No. 10483-2010 &
No 10484-2010

SOLICITORS DISCIPLINARY TRIBUNAL

SOLICITORS ACT 1974

IN THE MATTER OF *[RESPONDENT 1]*, solicitor's clerk (The Respondent)
A person (not being a solicitor) employed or remunerated by a solicitor
and
SAMUEL VICTOR KORANTENG and *[RESPONDENT 3]*, solicitors
(The Respondents)

Upon the application of James Moreton
on behalf of the Solicitors Regulation Authority

Mr K W Duncan (in the chair)
Mr D Glass
Mr S Howe

Date of Hearing: 27th September & 29th November 2010

FINDINGS & DECISION

Appearances

James Moreton, solicitor and partner in the firm of Bankside Law Solicitors, 58 Southwark Bridge Road, London, SE1 OAS was the Applicant in both applications.

[RESPONDENT 1],was in person and present on both days of the hearing. Mr Koranteng was also in person but present only on the first day of the hearing. *[RESPONDENT 3]*, who was represented by Mr Afzal of HMA Solicitors, was present on both days.

The Applications to the Tribunal, on behalf of the Solicitors Regulation Authority ("SRA"), under Rule 8 and Rule 5 of the Solicitors (Disciplinary Proceedings) Rules 2007 were made on 22 March 2010. The Application under Rule 7 was made on 23 July 2010.

Allegations

The allegation against *[RESPONDENT 1]*,, was that he had, in the opinion of The Law Society, occasioned or been a party to an act or default in relation to a legal practice which had involved conduct on his part of such a nature that in the opinion of the Law Society it would be undesirable for him to be involved in a legal practice in one or more of the ways mentioned in s.43(1)(A) of the Solicitors Act 1974 as amended by the Legal Services Act 2007 in that he had procured the involvement of a solicitor's firm in order to facilitate receipt of monies into a solicitor's client account in a transaction in which there had been no underlying legal transaction and which without the involvement of a solicitor's firm would not otherwise have proceeded.

The allegations against Samuel Victor Koranteng and *[RESPONDENT 3]*were that they had:

(i) failed to comply with the terms of an undertaking promptly, or at all;

(ii) failed to disclose material information to mortgagee clients contrary to Rule 1 of the Solicitors Code of Conduct 2007 ("the Code");

(iii) failed to act in their mortgagee clients' best interests contrary to Rule 1 of the Code;

(iv) acted for the sellers, buyers and lenders in the same conveyancing transactions without first informing the lenders in writing contrary to Rule 3.18 of the Code;

(v) acted for the sellers and buyers in the same conveyancing transactions contrary to Rule 3.09 and 3.10 of the Code.

A further allegation against Samuel Victor Koranteng and *[RESPONDENT 3]* was that they had:

(vi) failed to deliver promptly an Accountant's Report for the year ending 31 March 2009 as required by s.34 of the Solicitors Act 1974 and the Rules made thereunder.

A further allegation against Samuel Victor Koranteng alone was that he had:

(vii) failed to pay the premium due in respect of Professional Indemnity Run Off Insurance cover for the period 1 October 2009 to 30 September 2015 and had fallen into policy default in breach of Rule 16 of the Solicitors Indemnity Insurance Rules 2009.

Factual Background

1. Samuel Victor Koranteng, born in 1962, was admitted to the Roll of Solicitors on 15 September 1997. As at the date of the hearing, his name remained on the Roll.

2. *[RESPONDENT 3]*, born in 1960, was admitted to the Roll on 1 September 2006. His name also remained on the Roll.

3. At all material times Mr Koranteng and *[RESPONDENT 3]* had carried on practice in partnership under the style of Koranteng Hughes & Co of Berkeley House, 4th Floor, 18-24 High Street, Edgware, Middlesex HA8 7RP ("the firm") which had ceased to practice on 30 September 2009.

4. At all material times *[RESPONDENT 3]* had also been a partner in another practice, Frederick Rine Solicitors. He had left the firm of Koranteng Hughes & Co on 2 March 2009 but had remained a partner in Frederick Rine Solicitors.

5. *[RESPONDENT 1]*, had been a self-employed, non-qualified legal assistant who at the material time had worked for the firm.

6. Upon due notice, an Investigation Officer ("IO") of the SRA had carried out an inspection of the books of account and other documents of the firm resulting in a Report dated 11 June 2009 ("the Report").

Allegation (i)

7. The IO had found that the firm had acted for Prodeva Intel Ghana Ltd ("Prodeva") and GK and CNK, said to be directors of the company, who had been seeking to obtain a loan to facilitate a petroleum oil transaction.

8. The IO had been informed that the clients had been introduced to the firm by Mr Quaynor of Akufo-Addo Prempeh & Co, legal practitioners based in Ghana. *[RESPONDENT 1]*, had been acting for the clients prior to their introduction to the firm on or about 17 July 2008. *[RESPONDENT 1]*, had continued to be involved in the matter throughout.

9. Mr Koranteng had informed the IO that Prodeva, GK and CNK had been involved in an oil transaction which had run into difficulty and that funds had been required to enable the matter to proceed. Mr Koranteng had admitted that he had not previously been engaged in an oil transaction.

10. Mr Quaynor was said to have been a mutual contact of Mr Koranteng and *[RESPONDENT 1]*. The IO had not been provided with any evidence to show that either Mr Koranteng or *[RESPONDENT 1]* had obtained verification of the identity and bona fides of the client Prodeva, GK and CNK.

11. Documentation provided by Mr Koranteng had revealed that a sum of US$1million was to have been made available by Mr KJ, both to facilitate the transaction and for Mr KJ to share in the subsequent profits. Mr KJ had been represented by Bond Adams LLP of Leicester.

12. In e-mail correspondence passing between Bond Adams and *[RESPONDENT 1]* on 29 July 2008, Bond Adams had sought confirmation that the firm had sufficient indemnity insurance.

13. By letter dated 29 July 2008 Mr Koranteng had written to Bond Adams in anticipation of receipt of the loan. The letter had contained undertakings, inter alia, to return US$1million plus interest to Bond Adams should the proposed petroleum transaction not proceed within 14 days. An undertaking had also been given for payment to Mr KJ as part financier of the transaction, of a profit share of US$4.286million following the successful completion of the transaction.

14. During interview, Mr Koranteng had informed the IO that *[RESPONDENT 1]* had drafted the undertaking and that he, Mr Koranteng had read and signed it.

15. Later, on 29 July 2008, *[RESPONDENT 1]* had written to Bond Adams confirming that the firm had had sufficient indemnity insurance cover in respect of the principal advance of US$1million and confirming that there would be adequate cover should there be a claim in respect of Mr KJ's profit share of US$4.286million.

16. On 30 July 2008 the firm had received the sum of £501,474.45 into its client account. The transaction had been recorded on the firm's client ledger as being for Proveda [sic].

17. The IO had been informed that *[RESPONDENT 1]* had provided Mr Koranteng with a document from Intercontinental Bank Ghana Ltd, headed "Payment Guarantee". The document had purported to guarantee payment to Prodeva of an amount not exceeding US$300,000 in the event that the purchaser of the oil, Global Energy Ltd, failed to perform its contractual obligations. It had been noted that the guarantee was set to expire on 27 August 2008.

18. During his interview on 28 April 2009 Mr Koranteng informed the IO that the reason he had given an undertaking for US$1million had been because he had the bank guarantee to fall back on and that he had been told the transaction would complete in a matter of days. Mr Koranteng had not known why the guarantee had only been for US$300,000 rather than US$1million.

19. The IO had found that between 1 August 2008 and 19 August 2008 the firm had made payments from client account to Mr CNK and to third parties totalling £186,005.32. Also on 19 August 2008 the firm had transferred £1,878.16 from client account to office account in respect of disbursements.

20. On 26 August 2008 Bond Adams had written to the firm in the knowledge that the transaction had failed to complete within the 14 day period provided for in the undertaking. Bond Adams had requested repayment of an amount of between £200,000 and £250,000 by 27 August 2008. The letter had also set out terms and conditions for repayment of the remainder of the funds advanced, extending time for settlement until 20 September 2008.

21. The firm's client ledger account had shown that on 27 August 2008 the sum of £200,000 had been transferred to Bond Adams. The IO had found that further payments totalling £74,435.61 had been made to third parties on 1 September and 2 September 2008, bringing the total of the sums paid to Mr CNK and to third parties to £260,440.93.

22. Mr Koranteng had informed the IO that the payments had been made at the request of Prodeva in order to progress the oil transaction.

23. The IO had noted that on 2 September and 8 September 2008 a total of £9,987.50 had been transferred from client account to office account in respect of costs.

24. On 22 September 2008 Bond Adams had written to the firm requesting the return of £306,329.11 plus interest and payment of £5,000 in respect of agreed costs. The client ledger account had shown that on 22 September 2008 the firm had held £29,167.86 and had therefore been unable to comply with its undertakings.

25. In his response dated 22 September 2008 Mr Koranteng had informed Bond Adams that the undertaking had been secured under arrangements involving third party securities, being securities against assets outside the UK.

26. On 23 September and 25 September 2008 the firm had transferred a total of £25,875 to Bond Adams.

27. In a letter dated 15 October 2008 the firm had written to Prodeva, GK and CNK. Amongst other matters raised the letter had made reference to the firm having received instructions for payments to be made to various companies which had turned out to be fraudulent. The letter had demanded the sum of £290,000 to be transferred to the firm in order to satisfy the terms of the undertaking.

28. On 16 October 2008 the lender of the funds, Mr KJ, had issued High Court proceedings against Mr Koranteng and *[RESPONDENT 3]* for enforcement of the undertaking.

29. On 28 October 2008 the firm had notified its insurers of a potential claim. In December 2008 the firm had been informed that the insurers would not indemnify the firm.

30. Mr Koranteng had reported matters to the Metropolitan Police in a letter dated 24 November 2008.

31. In relation to the involvement of *[RESPONDENT 1]* the IO had not been provided with any evidence to show that the Respondent had obtained verification of the identity and bona fides of Prodeva, GK and CNK.

32. The IO had been provided with documentation which had revealed *[RESPONDENT 1]*'s involvement in attempts to obtain funding for the transaction, both from a Swiss bank and from an individual, Mr KJ, based in England.

33. Email correspondence from *[RESPONDENT 1]* to GK dated 16 July 2008 indicated that Mr KJ was to provide an advance on US$1million. It was suggested to GK by *[RESPONDENT 1]* that:

> "..... if [Mr KJ] is prepared to make a commitment on an advance, then I think you should ask for GB £1million instead of US$1million. This is to cover contingencies - At the very least try it on to get the higher advance whilst sticking to the magical figure of 'one'. It will work for you."

34. Attached to the email of 16 July 2008 was a document described as a Memorandum of Understanding. The document dealt with the advance to be provided by Mr KJ and indicated the intention for the loan monies to be received into a bank account in *[RESPONDENT 1]*'s name.

35. In an email to Prodeva dated 17 July 2008, *[RESPONDENT 1]* had confirmed:

> "....the London law firm I act as a consultant to and which is relevant to this transaction is Messrs Koranteng Hughes & Co....."

36. On 17 July 2008 Alex Quaynor of Akufo-Addo Prempeh & Co had written to the firm requesting that the firm provide legal services to his client Prodeva.

37. On 18 July 2008, *[RESPONDENT 1]* had written to Mr Koranteng referring to previous discussions and, inter alia, stating:

> "....what is now needed is for the one million Dollars advance needed to pay pre contract expenses to be received by the firm from the Buyer against an undertaking of the firm..... I will draft a form of transaction related irrevocable undertaking.....

38. In email correspondence dated 18 July 2008 to parties involved in the matter, *[RESPONDENT 1]* had described his status as Legal Counsel.

39. Later on 18 July 2008 *[RESPONDENT 1]* provided Mr Koranteng with the terms of an undertaking for his consideration and signature.

40. By email dated 24 July 2008 Bond Adams LLP had written to the firm (marked for the attention of *[RESPONDENT 1]*) advising that they represented Mr KJ in the matter of an advance payment of US$1million. Bond Adams had requested that the undertaking be redrafted to include their client's further requirements.

41. *[RESPONDENT 1]* had engaged in correspondence with Bond Adams LLP regarding the terms of the undertaking and had produced several drafts of the letter of undertaking for the approval of the parties.

42. By email to *[RESPONDENT 1]* dated 29 July 2008, Bond Adams had approved a fifth draft of the letter of undertaking; had requested that *[RESPONDENT 1]* arrange for it to be executed "by an equity partner of your firm....."

and had sought confirmation of:

> "..... the level of your firm's indemnity cover per claim ..... [and that] ..... at the time of this transaction, indemnity cover at that level is in place."

43. By letter dated 29 July 2008 the firm had written to Bond Adams in anticipation of receipt of the loan. The letter had contained undertakings, inter alia, to return US$1million plus interest to Bond Adams should the proposed petroleum transaction not proceed within 14 days. An undertaking had also been given for payment to Mr KJ, as part financier of the transaction, of a profit share of US$4.286million following the successful completion of the transaction.

44. *[RESPONDENT 1]* had provided answers to questions raised by the IO's during an interview conducted on 28 April 2009. However, although he had been written to by the SRA for an explanation in letters dated 30 July 2009 and by a chasing letter dated 3 September 2009, *[RESPONDENT 1]* had failed to provide a response.

<u>Allegations (ii) and (iii)</u>

45. In March/April 2008 the firm had been instructed to act for Mr and Mrs A-A in the purchase of Plot 69, The E-----, Edgware. Contracts had been exchanged on 18 April 2008 at a purchase price of £269,950 from which a discount of £16,000 was to be made, resulting in a net purchase price of £249,950.

46. On 8 October 2008 the firm had written to TW requesting that consideration be given to a reduction in the purchase price to reflect the current market value of the property.

47. A mortgage offer dated 30 October 2008 from the lender, Birmingham Midshires, had shown the purchase price to be £269,950 and the property to have been valued at £240,000.

48. By fax letter on 27 November 2008 TW had confirmed that the purchase price would be revised downwards to a net price of £224,000, provided that completion was effected on 28 November 2008.

49. The IO had been unable to find evidence on file that the firm had notified Birmingham Midshires of the revised purchase price of £240,000 nor that the firm had notified Birmingham Midshires that the purchase price was to be further reduced by a discount of £16,000.

50. A Certificate of Title in respect of a mortgage advance from Birmingham Midshires of £161,989 based on a purchase price of £240,000 had been signed by *[RESPONDENT 3]* on 27 November 2008.

51. The transaction had completed on 28 November 2008. Stamp Duty Land Tax had been paid on a purchase price of £240,000. The property had been registered at HM Land Registry on 7 January 2009, the purchase price being shown as £224,000.

52. In or about February 2008 the firm had been instructed to act for Mr and Mrs O in the purchase of Plot 99 the E-----, Edgware. Contracts had been exchanged on 4 April 2008 at a purchase price of £278,950 from which a discount of £13,998 was to be made, resulting in a net purchase of £264,952.

53. By letter dated 16 October 2008 the firm had written to TW advising that the property had been valued at £250,000. The firm had requested that consideration be given to a reduction in the purchase price to reflect current market value. Reference had been made to there having been another property in the development valued at £240,000.

54. On 3 December 2008, the Woolwich had written to the firm enclosing a mortgage offer for Mr and Mrs O in respect of Plot 99. The offer document showed the total loan amount approved of £162,500 based on a purchase price of £250,000.

55. A Certificate of Title in respect of a mortgage advance from the Woolwich of £162,500 had been signed by *[RESPONDENT 3]* on 30 December 2008. The document had been completed showing a purchase price of £250,000.

56. A supplemental agreement, dated 13 January 2009, showed the purchase price variation to £250,000 to which a discount of £13,998 was to be applied.

57. The transaction had completed on 13 January 2009. Stamp Duty Land Tax had been paid on the basis of a purchase price of £250,000.

58. The property had been registered at HM Land Registry on 15 February 2009 the purchase price being shown as £250,000.

59. The IO had found no evidence that the firm had notified the Woolwich that the purchase price was to be reduced by a discount of £13,998.

Allegations (iv) and (v)

60. The IO's Report had exemplified two conveyancing transactions in which Koranteng Hughes had been instructed by the purchasers and by the lender, Birmingham Midshires. One transaction had completed in October 2008 and the other in November 2008.

61. The IO had found that in both transactions Frederick Rine Solicitors had acted for the vendors. At the time of the transactions *[RESPONDENT 3]* had been a partner in both firms. In his response to matters raised by the SRA he had admitted that he had been acting on both sides of the transactions.

62. The IO had found no evidence on the files that the lender had been informed of the position or that the firm had obtained written consent from the parties to continue to act in the transactions in the circumstances; acting for both seller and buyer.

63. *[RESPONDENT 3]* had provided explanations by letter dated 14 August 2009 and Mr Koranteng by letter dated 24 August 2009.

Allegation (vi)

64. On 5 November 2009, the SRA informed Mr Koranteng and *[RESPONDENT 3]* that they had failed to supply an Accountant's Report for the period ending 31 March 2009, such report having been required by 30 September 2009.

65. *[RESPONDENT 3]* replied to the SRA by letter dated 12 November 2009 advising that he did not have access to the books and records of the firm but that he had written to the First Respondent prompting him to deal with the matter.

66. Following further correspondence, Mr Koranteng had written to the SRA requesting an extension of time until 16 December 2009 within which to file the required report and *[RESPONDENT 3]* had replied to the SRA by letter dated 9 December 2009.

67. It appeared that *[RESPONDENT 3]* had subsequently obtained the relevant books and accounting records of the firm and had made arrangements for the report to be prepared.

68. The Accountant's Report for the period ending 31 March 2009 had been received late, on 6 July 2010.

Allegation (vii)

69. On 27 October 2009 Mr Koranteng had signed a "no claims declaration and acceptance of quote" form in respect of professional indemnity insurance mandatory run-off cover. He had been issued with an invoice dated 3 November 2009 for the period 1 October 2009 to 30 September 2015 in the total amount of £18,831.17.

70. By letter and email correspondence dated 11 November 2009 PYV Legal had written to Mr Koranteng informing him that the premium had not been received. He had been requested to make immediate settlement and warned that he would be classified as being in policy default should settlement become two months overdue.

71. Having been informed by PYV Legal that Mr Koranteng had failed to make any payment towards the premium and had therefore fallen into policy default, the SRA had written to him on 10 February seeking an explanation. Mr Koranteng had failed to reply to that letter or to a further letter dated 26 February 2010 or to make payment of the required premium for professional indemnity insurance run-off cover.

Preliminary Matter

72. The Tribunal was informed by Mr Koranteng that he did not dispute any of the facts, except that he maintained that he had provided the IO, Mr Grehan, with copies of the passport of Mr GK, and that subject to that point, he admitted all the allegations.

73. Mr Afzal, on behalf of *[RESPONDENT 3]*, confirmed that the facts were agreed and that his client admitted all the allegations against him except for allegation (vi) which he denied on the basis that he had left the firm by the time the Accountant's Report had become due.

74. *[RESPONDENT 1]* denied the single allegation against him and opposed the application for an Order pursuant to Section 43(2) of the Solicitors Act 1974 (as amended by the Legal Services Act 2007).

Application for an Adjournment

75. *[RESPONDENT 1]*, who arrived some 20 minutes after the commencement of the hearing, applied for an adjournment on the basis that he was not ready to proceed in that he believed that the matters would take more than one day, he wished to take legal advice and he was feeling unwell. *[RESPONDENT 1]* accepted that he had chosen not to attend the directions hearing, that he had received notice of the substantive hearing in July 2010 and that he has not obtained a medical report. As an alternative, *[RESPONDENT 1]* suggested that the proceedings as against him proceed on another day.

76. The other three parties opposed the application on the basis of expense and delay. The Applicant submitted that the proceedings had been consolidated by order of the Tribunal because it had considered that given the factual background it would need to consider the allegations as against all three Respondents at the same hearing. He also opposed the application for severance on the basis that all the Respondents would

need the opportunity to cross-examine all the witnesses, including any of the individual Respondents giving evidence.

77. Having considered the representations of all the parties, the Tribunal refused the application for an adjournment. It noted that the application had not been made on notice but during the course of the hearing and that *[RESPONDENT 1]* had been aware of the date of the substantive hearing since July. In the absence of medical evidence, the Tribunal considered that it was not in the interests of justice to adjourn the substantive hearing.

Documentary Evidence before the Tribunal

78. The Tribunal reviewed the Rule 5, Rule 7 and Rule 8 Statements and their documentary exhibits. It also had the benefit of Mr Koranteng's statement dated 24th September 2010, *[RESPONDENT 3]*'s statement dated 23rd September 2010 and a document titled Preliminary Comment handed to the Tribunal during the hearing on 27th September 2010 by *[RESPONDENT 1]*.

Witnesses

79. Sean Grehan, a Forensic Investigation Officer with the SRA, gave evidence relating to the contents of the Forensic Investigation Report dated 11th June 2009. He confirmed that *[RESPONDENT 1]* had attended a formal interview and had complied with all requests for information.

80. *[RESPONDENT 1]* relied on his statements to the SRA and on the contents of his document entitled Preliminary Comments sent under cover of his letter of 11th September 2009. Inter alia, he explained that before instructing the firm Prodeva had been a client of Mr Quaynor, a lawyer in Ghana. Mr Quaynor had been a friend of Mr Koranteng. *[RESPONDENT 1]* said that it was because of his own link with Mr Koranteng that Mr Quaynor had approached him.

81. *[RESPONDENT 1]* explained that Mr Quaynor had been aware that he had worked on occasion in Geneva and that Mr Quaynor had asked for his help, on behalf of his client Prodeva, in securing a purchaser in Geneva for a petroleum cargo at the disposal of Prodeva. *[RESPONDENT 1]* said that he had introduced a purchaser and had been involved in negotiations that had aborted. He explained that he had experience and knowledge of commodity transactions.

82. Subsequently, *[RESPONDENT 1]* said that Mr Quaynor had contacted him again and had told him that Prodeva's CEO (Mr GK) was making arrangements to secure funding to conduct and complete the petroleum transaction and that his client, Prodeva, would require a solicitor's undertaking so Mr Quaynor would ask Mr Koranteng to take over professional conduct of the matter.

83. *[RESPONDENT 1]* insisted that he had understood that Mr Quaynor, Mr Koranteng and the CEO of Prodeva were to have taken steps to perfect the securities for the undertaking. He had also believed that Mr Koranteng would not have exposed himself, or his firm, to risk if the securities for his undertaking had not been in place.

84. *[RESPONDENT 1]* said that the Payment Guarantee from the Intercontinental Bank Ghana Ltd for US$300,000 had needed to be further supported to cover the firm's undertaking for US$1,000,000 and that he had told Mr Quaynor, Mr Koranteng and the CEO of Prodeva of that need.

85. While he had dealt with the drafting of the undertaking with Bond Adams LLP, *[RESPONDENT 1]* insisted that he had not been involved in any instructions to Mr Koranteng to make payments out of the funds subject to the firm's undertaking.

86. *[RESPONDENT 1]* stressed that he had facilitated a legal transaction with Mr KJ, a client of Bond Adams LLP, in that he had helped to draft an undertaking to facilitate the receipt of monies into a solicitor's client account on the basis that a genuine, lawful, legal transaction was being planned.

87. In cross-examination, *[RESPONDENT 1]* agreed that the undertaking had referred to two million barrels of oil and that the value of the petroleum, subject to the transaction between Prodeva and Mr KH, had been some £235,000,000 in March 2008. He agreed that he had been involved at an early stage and had been aware that there had been liens on the cargo, which Prodeva would have had to secure funding to clear, before the cargo could have been sold with a clean title.

88. However, *[RESPONDENT 1]* insisted that monies, subject to the undertaking, had been dispersed on the basis of demands for payments that had not been properly investigated by Mr Koranteng.

89. *[RESPONDENT 1]* agreed that he had sent an email from Geneva on 18th July 2008 to Mr Koranteng saying:

> "What is now needed is for the one million dollars advance needed to pay pre contract expenses to be received by the firm from the Buyer against an undertaking of the firmam (sic) incorporating the following terms....."

90. *[RESPONDENT 1]* agreed that on 7th August 2008 he had sent an email to Mr Koranteng saying:

> "Client presently has two cargoes at his disposal. He has this morning indicated to me that following the USD40,000 payment, the bunkering and preparation of the first vessel for its voyage to Tema refinery has began and is likely to be completed by tomorrow. He will indicate when the vessel will set sail tomorrow. More later.!"

He explained that that was what he had been told by Prodeva.

91. *[RESPONDENT 1]* agreed that he had been copied into emails sent to Mr Koranteng requesting payments to be made, including one sent on 31st July 2008 for US$250,000, but stressed that what he maintained was that no attempts had been made by Mr Koranteng to verify the provenance or the validity of any invoices. However, *[RESPONDENT 1]* agreed that the full extent of the necessary payments had not been known.

92. *[RESPONDENT 1]* also agreed that he had sent a fax to Prodeva on 17th July 2008 which he had not copied to Mr Koranteng, confirming that he acted as a Consultant to Koranteng Hughes & Co which he had described as a "London law firm" and also confirming various issues in the negotiations between Prodeva and the buyer.

93. In response to a question from the Tribunal, *[RESPONDENT 1]* said that the legal services to be provided by the firm had been in connection with Proveda obtaining a loan of US$1,000,000, the due diligence required to perfect the security of the firm, the removal of the liens and in dealing with the sale of the petroleum. He explained that his role as a consultant to the firm had been to assist with those legal services.

Findings as to Fact and Law

The allegation as against *[RESPONDENT 1]* **- that he had procured the involvement of a solicitor's firm in order to facilitate receipt of monies into a solicitor's client account in a transaction in which there had been no underlying legal transaction and which without the involvement of a solicitor's firm, would not otherwise have proceeded**

94. The Tribunal did not find the allegation proved against *[RESPONDENT 1]* in that it noted the existence of a letter of instruction, dated 17 July 2008, from Mr Quaynor, on behalf of his client Prodeva, to the firm in relation to the provision of legal services connected with obtaining a loan for US$1,000,000.

95. The Tribunal accepted *[RESPONDENT 1]*'s evidence that the legal services to be provided by the firm had been in connection with Proveda obtaining a loan of US$1,000,000, the due diligence required to perfect the security in respect of the firm's undertaking, the removing of liens and in dealing with the sale of the petroleum.

96. However, the Tribunal found that *[RESPONDENT 1]* had, in his role as a consultant to the firm, been intimately engaged in the matter throughout. The Tribunal was satisfied that Mr Koranteng had had no previous experience of that type of work whereas *[RESPONDENT 1]* said in his evidence that he had experience and knowledge of commodity transactions.

Allegation (i) - as against Mr Koranteng and *[RESPONDENT 3]* **- that they failed to comply with the terms of an undertaking promptly or at all.**

97. Both Mr Koranteng and *[RESPONDENT 3]* admitted the allegation and the Tribunal found it to have been substantiated on the facts as against them both as partners of the firm. The Tribunal accepted that *[RESPONDENT 3]* had had no knowledge of the undertaking, given on 28 July 2008 by Mr Koranteng on behalf of the firm, until 9th February 2009.

Allegation (ii) - as against Mr Koranteng and *[RESPONDENT 3]* **- that they failed to disclose material information to mortgagee clients.**

98. Both Mr Koranteng and *[RESPONDENT 3]* admitted the allegation and the Tribunal found it to have been substantiated on the facts. The Tribunal accepted that the failures had been by way of oversight rather than as a result of any deliberate intention not to disclose.

Allegation (iii) - as against Mr Koranteng and *[RESPONDENT 3]* **– that they failed to act in their mortgagee clients' best interests.**

99. Both Mr Koranteng and *[RESPONDENT 3]* admitted the allegation and the Tribunal found it to have been substantiated on the facts. The Tribunal accepted that the failures had been by way of oversight rather than as a result of any deliberate intention.

Allegation (iv) - as against Mr Koranteng and *[RESPONDENT 3]* **– that they acted for the sellers, buyers and lenders in the same conveyancing transactions without first informing the lenders in writing.**

100. Both Mr Koranteng and *[RESPONDENT 3]* admitted the allegation and the Tribunal found it to have been substantiated on the facts. The Tribunal accepted that their failures had been by way of oversight in that they had not appreciated the requirements of the Code.

Allegation (v) - as against Mr Koranteng and *[RESPONDENT 3]* **– that they acted for the sellers and buyers in the same conveyancing transactions contrary to Rules 3.09 & 3.10 of the Code.**

101. Both Mr Koranteng and *[RESPONDENT 3]* admitted the allegation and the Tribunal found it to have been substantiated on the facts. The Tribunal accepted that their failures had been by way of oversight in that they had not appreciated the requirements of the Code.

Allegation (vi) - as against Mr Koranteng and *[RESPONDENT 3]* **– that they failed to deliver promptly an Accountant's Report for the year ending 31st March 2009.**

102. The Tribunal found the allegation proved as against both Mr Koranteng and *[RESPONDENT 3]* who as partners in the firm had been jointly responsible for the delivery of the Accountant's report.

Allegation (vii) – as against Mr Koranteng alone that he failed to pay the premium in respect of Professional Indemnity Run Off Insurance cover for the period 1 October 2009 to 30th September 2015 and had fallen into Policy Default.

103. The Tribunal found the allegation both admitted and substantiated on the facts.

Mitigation

104. In the absence of Mr Koranteng, the Tribunal took account of the mitigation within his statement of 24 September 2010.

105. In mitigation, Mr Afzal stressed that *[RESPONDENT 3]* had been totally unaware of both the undertaking and the oil transaction. He reminded the Tribunal of his client's efforts to obtain the books of account and to arrange for the Accountant's Report to be prepared and submitted. In relation to the firm's lender clients, Mr Afzal submitted

that although the incentives should have been reported, there had been no consequential losses and the failure to report had been in no way deliberate.

106. As a former partner of the firm, Mr Afzal explained that his client remained liable in respect of the undertaking. There was an outstanding judgment and although the insurers had not yet indicated their position, it was possible that *[RESPONDENT 3]* would be made bankrupt.

107. Mr Afzal provided the Tribunal with references and details of his client's personal and financial circumstances. He stressed that *[RESPONDENT 3]* had been naive in entering into partnership when relatively newly qualified and inexperienced and that he apologised unreservedly for his shortcomings.

Application for Costs

108. The Applicant sought an order for costs against all three Respondents referring to his schedule showing total costs of £28,158.11. He submitted that although the allegation against *[RESPONDENT 1]* had not been proved, the proceedings against him had been properly brought and as such costs should be awarded.

109. Mr Afzal accepted his client's liability for costs but asked that they be apportioned on a culpability basis. He noted that most of the costs related to the breach of undertaking in the oil transaction.

110. *[RESPONDENT 1]* submitted that as the allegation against him had not been proved and as no proceedings should have been brought against him, he should not be liable in costs. He denied bringing the oil transaction to the firm.

Previous disciplinary sanctions before the Tribunal

111. The Tribunal noted that Mr Koranteng had appeared before it on 11th August 2009 when he had been fined £3,000 and ordered to pay costs of £9,000.

The Decision of the Tribunal as to Sanction

112. The Tribunal considered that in giving an undertaking in respect of US$1milllion which he did not ensure that he could honour and in paying out some of the monies he had received, to his client and to third parties in the absence of appropriate identity investigations, Mr Koranteng had been grossly reckless as to his duties and obligations in relation to a transaction that had the hallmarks of fraud and/or money laundering.

113. In the light of such gross recklessness and of the seven admitted and proved allegations and his previous appearance before the Tribunal, the Tribunal considered that Mr Koranteng should be struck off the Roll of Solicitors and it so ordered.

114. Turning to *[RESPONDENT 3]*, the Tribunal was concerned that his penalty should reflect his much lesser culpability for allegations in which he was responsible as a Partner. In addition it accepted that his failures relating to lender clients had been at

the lower end of the scale of seriousness. In all the circumstances the Tribunal considered the appropriate penalty to be a Reprimand and it so ordered.

The Decision of the Tribunal as to Costs

115. The Tribunal was satisfied that the proceedings had been properly brought as against all three Respondents.

116. The Tribunal did not accept *[RESPONDENT 1]*'s evidence and submissions as to his subsidiary role in the oil transaction.

117. Moreover, the Tribunal was satisfied that *[RESPONDENT 1]* had been intimately engaged in the matter throughout and had borne a heavy burden of responsibility in both orchestrating and drafting the undertaking at the centre of the transaction.

118. In the circumstances the Tribunal was satisfied that *[RESPONDENT 1]* should make a contribution of £10,000 towards the costs of the proceedings and it so ordered.

119. On the basis of their respective culpability, the Tribunal was satisfied that Mr Koranteng should make a contribution to the costs of £15,658.11 and *[RESPONDENT 3]* of £2,500 and it so ordered. However, in the light of the financial information provided to the Tribunal, it determined that those costs orders should not be enforced without its leave.

The Orders of the Tribunal

120. The Tribunal Ordered that *[RESPONDENT 1]* of London, SE26, do pay a contribution towards the costs of and incidental to this application and enquiry fixed in the sum of £10,000.

121. The Tribunal Ordered that the Respondent, Samuel Victor Koranteng, solicitor, be Struck Off the Roll of Solicitors and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £15,658.11, such costs not to be enforced without leave of the Tribunal.

122. The Tribunal Ordered that the Respondent *[RESPONDENT 3]* of Hertfordshire, EN5, solicitor, be Reprimanded and it further Ordered that he do pay a contribution towards the costs of and incidental to this application and enquiry fixed in the sum of £2,500.00, such costs not to be enforced without leave of the Tribunal.

Dated this 11th day of January 2011
On behalf of the Tribunal

K W Duncan
Chairman