# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12052-2020

**BETWEEN:**

SOLICITORS REGULATION AUTHORITY Applicant

and

MUNPREET SINGH VIRDEE Respondent

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Before:

Mr D. Green (in the chair)
Mr P. Booth
Mrs C. Valentine

Date of Hearing: 13 July 2020

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**Appearances**

Alastair Willcox, solicitor in the employ of the Solicitors Regulation Authority, The Cube, 199 Wharfside Street, Birmingham, B1 1RN for the Applicant.

The Respondent did not attend and was not represented.

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# JUDGMENT

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**Allegations**

1. The allegations against the Respondent, a former solicitor in the firm of Reemans Solicitors Limited ("the Firm") made by the Solicitors Regulation Authority ("SRA") were that he:

1.1 By allowing debit balances on three suspense ledgers and an historic debit balance to arise totalling £8,522.37, breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the SRA Principles 2011 ("the Principles"), Rules 1, 6, 7.1 and 7.2 of the SRA Accounts Rules 2011 ("the Accounts Rules"), and failed to achieve Outcomes 1.1 and 1.2 of the SRA Code of Conduct 2011 ("the Code").

1.2 Between 2012 and 2016, deliberately falsified the consideration figures on 36 Stamp Duty Land Tax ("SDLT") forms with the intention of deliberately underpaying Stamp Duty Land Tax on those transactions in breach of all or any of Principles 2, 4, 5, 6, 8 and 10 of the Principles, Rules 1 and 6 of the Accounts Rules and Outcomes 1.1, 1.2 and 7.4 of the Code.

1.3 By making improper transfers from the client account to the office bank account of the firm between 2012 and 2016, of client money and improper payments from the client bank account of the firm due to HM Revenue and Customs amounting to £311,862.50, breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the Principles, Rules 1 and 6 of the Accounts Rules, and failed to achieve Outcomes 1.1 and 1.2 of the Code.

1.4 By utilising client money for the purpose of enabling the Firm to trade between 2012 and 2016, breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the Principles, Rules 1, 6, 7.1 and 7.2 of the Accounts Rules, and failed to achieve Outcomes 1.1, 1.2 and 7.4 of the Code.

1.5 In his capacity as the Compliance Officer for Finance and Administration ("COFA") of the firm at the material time, did not report the material breaches of the Accounts Rules and the Code set out in this statement to the SRA, in breach of Rule 8.5 of the Authorisation Rules 2011, in breach of all or alternatively any of Principles 2, 6, 7, 8 and 10 of the Principles, and thereby failing (sic) to achieve Outcomes 7.1, 7.2, 7.3, 7.4 and 10.3 of the Code.

2. In addition, allegations 1.1, 1.2, 1.3, 1.4 and 1.5 were advanced on the basis that the Respondent's conduct was dishonest. Dishonesty was alleged as an aggravating feature of the Respondent's misconduct but was not an essential ingredient in proving the allegations.

**Documents**

3. The Tribunal reviewed all the documents submitted by the parties, which included:

- Notice of Application dated 3 February 2020
- Rule 12 Statement and Exhibit AHJW1 dated 3 February 2020
- Respondent's Answer dated 27 April 2020
- Applicant's Schedule of Costs

**Preliminary Matters**

4. The Respondent failed to attend and was not represented. Mr Willcox applied to proceed in his absence pursuant to Rule 36 of the Solicitors (Disciplinary Proceedings) Rules 2019 ("SDPR"). Mr Willcox submitted that it was clear that the Respondent had been served with the papers in this matter in accordance with the Rules, as he had provided an Answer to the allegations contained within the Rule 12 Statement.

5. The Respondent had been in contact with both the Tribunal and the Applicant throughout the proceedings. The substantive hearing date had been adjourned and relisted to commence on 13-16 July 2020. The Tribunal's memorandum of the hearing that took place on **29 April 2020**, was sent by the Tribunal to the parties on 5 May 2020. That memorandum clearly detailed the new hearing date. The email had been sent to the email address provided by the Respondent, and had not been returned as undeliverable. Further, the Applicant had, during its correspondence with the Respondent, referred to the new hearing date.

6. The Respondent had, at 9.33am on the morning of the hearing, sent an email to the Tribunal confirming that due to reasons of ill health, finances and an inability to access documents, he would not be attending the hearing.

7. The Tribunal was referred to R v Jones [2002] UKHL 5 which the Tribunal must have in mind when considering whether to proceed in the absence of the unrepresented Respondent. In particular, Mr Willcox reminded the Tribunal of its discretion to proceed in the Respondent's absence with fairness to the Respondent being of prime importance. The Tribunal was also referred to GMC v Adeogba [2016] EWCA Civ 162 which required fairness to the regulator to be considered. Mr Willcox submitted that in all the circumstances, the Respondent had voluntarily absented himself from the hearing such that he had waived his right to appear.

8. The Tribunal determined that the Respondent had been properly served with the proceedings and notice of this hearing. He had provided an Answer to the allegations contained in the Rule 12. That he was aware of the hearing date was evidenced by his email to the Tribunal of 13 July 2020, stating that he would not attend the hearing.

9. The Tribunal had regard to the principles in Jones and Adeogba. There was nothing to indicate that the Respondent would attend or engage further with the proceedings if the case were adjourned. The Respondent had not, in his email to the Tribunal, applied for the matter to be adjourned. The Respondent had cited a lack of funds as one reason for his non-attendance. The Tribunal noted that the inability of a Respondent to instruct solicitors or counsel was not a sufficient reason to adjourn a hearing.

10. The Respondent had also cited health conditions as a reason for his non-attendance, however he had provided no medical evidence in support of his assertion that his health prevented him from attending the hearing.

11. The Respondent had further referred to his inability to access documents which he required in order to defend himself, as his laptop was with HMRC. The Tribunal noted that the Respondent had (i) provided a full response to the allegations and (ii) there had been no application made by the Respondent for disclosure.

12. In all the circumstances, the Tribunal was satisfied that in this instance the Respondent had chosen voluntarily to absent himself from the hearing. The Tribunal considered that it was in the public interest that this case should be heard and determined as promptly as possible. Having carefully considered the reasons for the Respondent's non-attendance, the Tribunal determined that it was in the interests of justice to proceed with the case, notwithstanding the Respondent's absence.

**Factual Background**

13. The Respondent was born in 1971 and was admitted to the Roll of Solicitors in April 2001. He did not hold a current practising certificate. At the material time, the Respondent was a director of the Firm. He was also the Firm's COFA from 10 December 2012 until 26 November 2018.

**Witnesses**

14. The following witnesses provided statements and gave oral evidence:

- Stephen Cassini – Forensic Investigation Officer

15. The written and oral evidence of the witness is quoted or summarised in the Findings of Fact and Law below. The evidence referred to will be that which was relevant to the findings of the Tribunal, and to facts or issues in dispute between the parties. For the avoidance of doubt, the Tribunal read all of the documents in the case and made notes of the oral evidence. The absence of any reference to particular evidence should not be taken as an indication that the Tribunal did not read, hear or consider that evidence.

**Findings of Fact and Law**

16. The Applicant was required to prove the allegations beyond reasonable doubt. The Tribunal had due regard to the Respondent's rights to a fair trial and to respect for his private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

**Dishonesty**

17. The test for dishonesty was that set out in Ivey v Genting Casinos (UK) Ltd t/a Crockfords [2017] UKSC 67 at [74] as follows:

> "When dishonesty is in question the fact-finding Tribunal must first ascertain (subjectively) the actual state of the individual's knowledge or belief as to the facts. The reasonableness or otherwise of his belief is a matter of evidence (often in practice determinative) going to whether he held the belief, but it is not an additional requirement that his belief must be reasonable; the question is whether it is genuinely held. When once his actual state of mind as to knowledgeable belief as to facts is established, the question whether his conduct was honest or dishonest is to be determined by the factfinder by applying the (objective) standards of ordinary decent people. There is no requirement that the defendant must appreciate that what he has done is, by those standards, dishonest."

18. When considering dishonesty the Tribunal firstly established the actual state of the Respondent's knowledge or belief as to the facts, noting that the belief did not have to be reasonable, merely that it had to be genuinely held. It then considered whether that conduct was honest or dishonest by the standards of ordinary decent people.

**Integrity**

19. The test for integrity was that set out in Wingate and Evans v SRA and SRA v Malins [2018] EWCA Civ 366, as per Jackson LJ:

> "Integrity is a useful shorthand to express the higher standards which society expects from professional persons and which the professions expect from their own members … [Professionals] are required to live up to their own professional standards … Integrity connotes adherence to the ethical standards of one's own profession".

20. **Allegation 1.1 - By allowing debit balances on three suspense ledgers and an historic debit balance to arise totalling £8,522.37, the Respondent breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the Principles, Rules 1, 6, 7.1 and 7.2 of the Accounts Rules, and failed to achieve Outcomes 1.1 and 1.2 of the Code.**

The Applicant's Case

20.1 As 23 November 2018, the Firm's books of account were not in compliance with the Accounts Rules. One of the reasons for this was due to the existence of debit balances across three client suspense ledgers and an historic difference, creating a total minimum shortage on the books of account in the sum of £8,522.37.

20.2 During his inspection, the FI Officer discovered that the Firm was operating three client suspense ledgers:

1. Unallocated (-)/2017/001/MISC // balance: £7,343.30;
2. Reemans Invoices/2017/001/MISC // balance: £748.23;
3. Land Registry/2017/001/MISC // balance: £354.00.

20.3 The Unallocated suspense ledger detailed 9 items dating from 31 August 2018 to 15 November 2018. The FI Officer reported that it had arisen due to bank charges being deducted from the client account, and payments to LL from that account. NT, the Firm's COLP, stated that the payments to LL "were not related to client disbursements". During his interview, the Respondent accepted that this ledger was £6,609.77 overdrawn.

20.4 The Reemans suspense ledger detailed 102 items. It represented cost transfers between 31 August 2018 and 23 November 2018. During his interview, the Respondent accepted that there had been a number of round sum transfers from the Reemans ledger, and that some of those transfers were in excess of total invoices. The Respondent agreed the Firm had not been entitled to the sums transferred and agreed that the transfers were improper and in breach of the Accounts Rules.

20.5 The Land Registry suspense ledger detailed 27 items, with transactions dating from 4 September 2018 to 20 November 2018. The FI Officer reported that the debit entries related to payments in respect of payments made by HMLR (and previously deducted by direct-debit from the office account) and connected with conveyancing work undertaken by the Firm on behalf of clients.

20.6 The FI Officer also identified an unresolved historic debit balance in the sum of £76.84 which, together with the suspense ledger balances, created the debit balance in the sum of £8,522.37. Also identified was a minimum cash shortage of £320,384.87, of which £8,522.37 was replaced by 18 January 2019. The remaining shortage in the sum of £311,862.50 was not replaced.

20.7 Mr Willcox submitted that by treating client monies in this way, the Respondent was not acting in his clients' interests in breach of Principle 4. It followed that he had failed to provide a proper standard of service in breach of Principle 5. Further, members of the public would not expect the Respondent to operate stewardship of client monies in this way. By doing so he had failed to behave in a way that maintained the trust the public had in him and in the provision of legal services in breach of Principle 6. It was submitted that in failing to comply with the Accounts Rules, the Respondent had failed to cooperate with the SRA and thus his conduct was in breach of Principle 7.

20.8 It was clear from the deficiencies in his governance that the Respondent had failed to run his business or carry out his role in the business effectively and in accordance with proper governance and sound financial and risk management principles in breach of Principle 8. Further, in making round sum transfers of client monies to which he was not entitled, the Respondent had failed to protect client monies in breach of Principle 10.

20.9 That such conduct failed to achieve the standards other solicitors would expect of the Respondent was clear and was in breach of Principle 2.

20.10 As regards the Accounts Rules, the Respondent had failed to keep client money safe in breach of Rule 1.1, and had failed to replace client monies promptly in breach of Rules 7.1 and 7.2.

20.11 By using client monies in the way that he did, the Respondent had not treated his clients fairly and had thus failed to achieve Outcome 1.1. Further the service he had provided to his clients had not protected their interests thus he failed to achieve Outcome 1.2.

20.12 Mr Willcox submitted that the Respondent's conduct was plainly dishonest. He had knowingly transferred client monies in excess of that to which the Firm was entitled. Ordinary and decent people would consider that conduct to be dishonest.

<u>The Respondent's Case</u>

20.13 The Respondent admitted allegation 1.1, save that he denied dishonesty.

<u>The Tribunal's Findings</u>

20.14 Rule 1 of the Accounts Rules provided that:

> "The purpose of these rules is to keep client money safe. This aim must always be borne in mind in the application of these rules."

20.15 Rule 6 of the Accounts Rules provided that:

> "All the principals in a firm must ensure compliance with the rules by the principals themselves and by everyone employed in the firm. This duty also extends to the directors of a recognised body or licensed body which is a company, or to the members of a recognised body or licensed body which is an LLP. It also extends to the COFA of a firm (whether a manager or non-manager)."

20.16 Rule 7.1 and 7.2 of the Accounts Rules provided that:

> "7.1 Any breach of the rules must be remedied promptly upon discovery. This includes the replacement of any money improperly withheld or withdrawn from a client account.
>
> 7.2 In a private practice, the duty to remedy breaches rests not only on the person causing the breach, but also on all the principals in the firm. This duty extends to replacing missing client money from the principals' own resources, even if the money has been misappropriated by an employee or another principal, and whether or not a claim is subsequently made on the firm's insurance or the Compensation Fund"

20.17 Outcome 1.1 of the Code provided that: "you treat your clients fairly". Outcome 1.2 of the Code provided that: "you provide services to your clients in a manner which protects their interests in their matter, subject to the proper administration of justice".

20.18 Notwithstanding the Respondent's admission to allegation 1.1, the Tribunal considered whether the Respondent's conduct was in breach of his duties as alleged.

20.19 In his response to the EWW letter, the Respondent stated that he had bought the issues of the suspense ledgers to the FI Officer's attention. It was thus clear that the Respondent was aware of the suspense ledgers debit balance prior to the investigation. He had also accepted in his interview that he had made transfers of client monies in excess of the amounts to which the Firm was entitled.

20.20 The Tribunal found that in transferring excess amounts and allowing debit balances to arise, the Respondent had failed to act in the best interests of his clients. It was not in his clients' best interests for the Respondent to use their monies improperly. Accordingly, the Tribunal found that the Respondent had breached Principle 4 and that his admission had been properly made. In acting in the way that he did, the Respondent had failed to provide his clients with a proper standard of service in breach of Principle 5; his admission in that regard was properly made.

20.21 Members of the public would be extremely concerned to know that the Respondent had used client monies by taking more than he was entitled to due to "the need to survive". That such conduct failed to maintain the trust placed in him and in the provision of

legal services in breach of Principle 6 was clear. The Tribunal found the Respondent's admission was properly made.

20.22 Mr Willcox submitted that in failing to comply with the Rules, the Respondent had failed to cooperate with the SRA and accordingly had breached Principle 7. The case had not been put on the basis that the Respondent, in failing to comply with his regulatory obligations had breached Principle 7. The Tribunal determined that as the Principles were not strict liability, there needed to be more that a breach of the Rules to establish a breach of the Principles. To suggest otherwise would mean that each time a solicitor breached a Rule, that conduct was in breach of Principle 7 and amounted to professional misconduct. On the basis of the way in which the Principle 7 breach had been put, the Tribunal was not satisfied that the Respondent's conduct was in breach of Principle 7. Accordingly, the Tribunal did not find a Principle 7 breach, notwithstanding the Respondent's admission.

20.23 The Tribunal determined that in conducting himself in the way that he did, the Respondent had failed to protect client monies in breach of Principle 10 and had failed to run the Firm in accordance with proper governance and sound financial and risk management principles in breach of Principle 8. The Tribunal found the Respondent's admissions to be properly made.

20.24 That the Respondent had failed to act in accordance with the ethical standards of the profession that other solicitors would expect of him was plain. A solicitor of integrity would not knowingly use client monies to support his Firm, nor would he transfer more monies from the client account than that to which he was entitled. In doing so, the Respondent's conduct was plainly in breach of Principle 2. The Tribunal found the Respondent's admission to be properly made.

20.25 His conduct was evidently in breach of the Accounts Rules – The Respondent had not kept his clients' monies safe in breach of Rule 1.1. It was clear that the Respondent was aware of the shortfall caused by the debit balances prior to the investigation. He had failed to ensure compliance with the Accounts Rules in breach of Rule 6. He failed to replace that shortfall in full until 18 January 2019 in breach of Rules 7.1 and 7.2. Further, his failure to achieve the Outcomes was clear. The Respondent had neither treated his clients fairly, nor had he provided a service to his clients that had protected their interests.

20.26 The Tribunal considered whether the Respondent's conduct had been dishonest as alleged. The Tribunal found that the Respondent knew, as he had admitted in his interview, that he was not entitled to the sums in excess of the invoices that he had transferred from the client account. He also knew that he was not entitled to use client monies to prop up the finances of the Firm. During his interview the Respondent explained that the reason he had transferred the round sum amounts was for the "survival of the office" and that it was he who had authorised the transfers. The Tribunal found that the Respondent knew that he was not entitled to use client monies in order to ensure the survival of his Firm.

20.27 The Tribunal considered that ordinary and decent people would find that in using client monies in the way that he did, the Respondent's conduct was dishonest. Accordingly, the Tribunal found allegation 1.1 proved on the balance of probabilities, save that it did not find that the Respondent's conduct amounted to a breach of Principle 7.

21. **Allegation 1.2 - Between 2012 and 2016, the Respondent deliberately falsified the consideration figures on 36 SDLT forms with the intention of deliberately underpaying SDLT on those transactions in breach of all or any of Principles 2, 4, 5, 6, 8 and 10 of the Principles, Rules 1 and 6 of the Accounts Rules and Outcomes 1.1, 1.2 and 7.4 of the Code.**

**Allegation 1.3 - By making improper transfers from the client account to the office bank account of the firm between 2012 and 2016, of client money and improper payments from the client bank account of the Firm due to HM Revenue and Customs amounting to £311,862.50, the Respondent breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the Principles, Rules 1 and 6 of the Accounts Rules, and failed to achieve Outcomes 1.1 and 1.2 of the Code.**

The Applicant's Case

21.1 In addition to the debit balance detailed at allegation 1.1 above, the FI Officer discovered an additional shortage that was not shown by the books of accounts in the sum of £311,862.50. The FI Officer reported that the shortage has been caused by the improper transfer of client monies from client to office account between 2012 and 2016 and improper payments from the client account due to HMRC.

21.2 The total amount of SDLT declared by the Firm on the SDLT1's was £196,123.00, whereas the total amount that should have been paid by the Firm, based on the information in the TR1s was £463,335.50. The resulting underpayment was £267,212.50. The Respondent informed the FI Officer that he had transferred the balance of £267,212.50 improperly from the client account to the office account.

21.3 An additional £44,650.00 arose due to the Firm repaying the shortfall on four client matters from the client account instead of from the office account. In 2016, HMRC raised enquiries relating to four matters. The Respondent dealt with the enquiries, which resulted in him making four payments to HMRC totalling £44,650.00. It was later revealed that the four payments had been made from client bank account when the Firm was not holding any funds for the four clients. The effect of these payments was to shift the shortfall relating to the four clients (£44,650.00) to all the clients for whom the Firm held funds at the time of the payments.

21.4 HMRC notified the SRA that it was investigating the Firm due to concerns that the Firm had failed to account to the revenue for SDLT monies which it had received from clients in connection with 36 transactions between 2012 and 2016. A list of the 36 client matters was provided by HMRC to the FI Officer. The Firm had acted for the purchasers of residential properties on all matters. The FI Officer reported that for each matter, the purchase price recorded at HM Land Registry was higher than that declared by the Firm and submitted on behalf of the client to HMRC as a SDLT return.

21.5 HMRC provided the SRA with copies of the 36 SDLT forms, all of which had been submitted to HMRC online. Following submission, payment was then made. It was noted that in each case the consideration stated, giving rise to the amount of SDLT payable, was less than the consideration stated in the TR1. On 13 November 2018, both the Respondent and NT were arrested by HMRC.

21.6 Mr Willcox submitted that the Respondent had submitted all of the SDLT forms. As only the Respondent operated the online client bank account payments for post-completion payments, it was the Respondent who made all of the corresponding payments to the revenue. Accordingly, it was submitted, the Respondent was responsible for the incorrect information given and the incorrect payments made.

21.7 Mr Willcox exemplified two matters:

*Ms O*

21.7.1 The Firm was instructed by Ms O in May 2014 in connection with the purchase of a property. NT had conduct of that matter which completed in August 2014. The TR1 form recorded the purchase price as £450,000.00.

21.7.2 A draft SDLT form was completed which stated the SDLT liability resulting from the purchase to be £13,500.00. An extract from the Firm's bank statement recorded a payment of £2,500.00 to HMRC in September 2014 in respect of Ms O's property.

21.7.3 HMRC provided the FI Officer with a copy of the final SDLT form which was submitted in respect of Ms O's property purchase. It recorded the consideration as being £250,000.00.

21.7.4 An examination of the Firm's accounts showed that it held sufficient funds to discharge the SDLT liability in full at the date of completion, however the Firm failed to account to HMRC for £11,000.00. The FI Officer stated that the Respondent provided no explanation in respect of this matter.

*Mr A*

21.7.5 The Firm was instructed by Mr A in connection with the purchase of a property. The Firm was also instructed by Birmingham Midshires. MB, a trainee solicitor, had conduct of the matter under the supervision of the Respondent. The transaction completed in May 2013.

21.7.6 The TR1 recorded the purchase price as £275,000.00. A draft SDLT form was completed stating the SDLT liability resulting from the purchase to be £8,250.00. The Firm's accounts recorded a payment of £2,500.00 to HMRC in May 2013 in respect of Mr A's property.

21.7.7 The final SDLT form submitted to HMRC recorded the consideration as being £250,000.00. The FI Officer undertook a review of the Firm's available banking and accounting information and noted that, as at May 2013, the Firm

had enough funds to pay the full SDLT liability in the sum of £8,250.00. The Firm therefore failed to account to HMRC for £5,750.00.

21.7.8 Following an enquiry about the amount of SDLT paid, the Respondent stated that he paid the shortfall from the Firm's office account, however the FI Officer noted that the payment had in fact been made from the Firm's client account.

21.7.9 The Firm sent a letter dated 3 October 2016 to HMRC in respect of this matter. It stated, amongst other things:

> "We confirm that the property was purchased for £275,000 and accordingly, owing to the discrepancy we have made an immediate payment of £5,750.00 by bank transfer today …
>
> We note that this case coincided with a brand-new member of staff taking over from another member of staff during this period of which [Mr A] is fully aware.
>
> Accordingly, we take full responsibility for this error. We have made prompt payment and are investigating this fully. We intend to let you have a full report by 31st October 2016."

21.7.10 The FI Officer was not provided with any evidence that Mr A was advised of the error. Furthermore, NT told the FI Officer that no new staff were appointed during the period referred to by the Respondent.

21.8 The FI Officer was alerted to the fact that HMRC had raised enquiries with the clients and the Firm in respect of SDLT underpayments on a further three matters. The three clients were advised of the underpayments and made aware of the fact that they were also accruing penalty interest at 2.75%.

21.9 The Respondent explained to the clients, NT, RR (who was the COFA and MLRO at the Firm) and HMRC that he had made an error when completing the SDLT returns. He stated that he had made the payments in bulk and mistakenly understated the consideration. The Respondent admitted responsibility for the error and dealt with the corrections.

21.10 In interview with the FI Officer on 14 November 2018, the Respondent stated that he had made payments out of the Firm's office account to make the corrections, however, having investigated the matter further, the FI Officer found this not to be the case.

21.11 When the FI Officer asked the Respondent why he had not disclosed the correct amounts on the SDLT forms, the Respondent replied that he was under financial pressure and had to survive. He stated that he wanted his business to survive and that people's livelihoods depended on it. He also stated that he considered his conduct to have been dishonest.

21.12 When asked by the FI Officer what he did with the balance of the funds that should have been paid to HMRC, the Respondent stated:

> "Um again, I would have to look at each individual ledger. But in many of those ledgers the balance was um transferred to um either an office, office account or um to another client deposit account."

21.13 The Respondent accepted that the transfers were improper and in breach of the Accounts Rules. The Respondent told the FI Officer that the clients concerned authorised and confirmed the completion of their SDLT forms, and accepted that it was after that that they were altered. The Respondent accepted that the falsification of the SDLT forms with the intention of underpaying the SDLT and diverting funds from client account was dishonest. As at the date of the FI report, the Respondent had only replaced the shortfall of £8,522.37. When asked how he intended to replace the remainder of the shortfall, the Respondent explained that he planned to sell his house which was already on the market.

21.14 Mr Willcox submitted that in falsifying consideration figures so as to divert monies away from HMRC when those monies had been paid by his clients to satisfy their liabilities for SDLT, the Respondent had failed to act in his clients' best interests, provide a proper standard of service and to protect client assets in breach of Principles 4, 5 and 10. Further in creating a shortage on the client account, the Respondent had not run his business effectively and in accordance with proper governance and sound financial and risk management principles in breach of Principle 8.

21.15 Members of the public, it was submitted, would be appalled to know that the Respondent had conducted himself in that way; such conduct did not maintain the trust place by the public in the Respondent and in the provision of legal services in breach of Principle 6. In failing to comply with the Rules and Principles, the Respondent's conduct was in breach of Principle 7.

21.16 Mr Willcox submitted that by falsifying consideration figures to divert monies away from HMRC when those monies had been paid by clients to satisfy their SDLT liabilities, the Respondent had failed to live up to standards expected of the profession and expected of him by other solicitors. Accordingly, his conduct was in breach of Principle 2.

21.17 In making improper transfers from the client account, and diverting monies away from HMRC, the Respondent had failed to keep client money safe in breach of Rule 1 and had failed to ensure compliance with the Rules in breach of Rule 6.

21.18 The Respondent had not treated his clients fairly, and had not protected their interests. Accordingly, he had failed to achieve Outcomes 1.1 and 1.2. He had also failed to maintain systems and controls for monitoring the financial stability of the Firm and risks to money and assets entrusted to him by clients and others, and to take steps to address issues identified pursuant to Outcome 7.4.

21.19 Mr Willcox submitted that the Respondent's conduct was clearly dishonest, as had been admitted by him during his interview. At the time the Respondent entered the figures on the SDLT forms as the correct duty to be paid to HMRC, he knew that they were not correct and that he was falsifying those figures, that they were lower than they should have been, and that the information he was entering on the forms was false. He

also knew when misappropriating client monies in order that the Firm could continue to trade that he should not have been conducting his business in that way. Ordinary and decent people would consider that such conduct was dishonest.

The Respondent's Case

21.20 The Respondent denied allegation 1.2. The Respondent admitted allegation 1.3, save that the amount due to HMRC was £207,300 and not £311,862.50. The Respondent denied that his conduct was dishonest.

21.21 In his response to the EWW letter, the Respondent explained that some of the amounts due to HMRC were discovered in 2016. On a minority of returns (probably less than 5 per cent of the annual returns made) a lower amount than actually owed to HMRC was paid leaving "surplus funds" in the client account. Those Surplus Funds were transferred to the office account giving rise to further tax liability, namely a bigger VAT and Corporation Tax burden that was paid to the HMRC. In addition to the bigger VAT and Corporation Tax burden, the shortfalls to HMRC were met partly in 2016 and the rest was paid by the sale of the Respondent's house on 10 June 2019. The Respondent asserted that the net effect of those actions was that the HMRC had been enriched by the receipt of repayments, and greater sums for VAT and Corporation Tax. The Respondent denied that he had ever intended to cause any loss to anyone included and not limited to the HMRC. The errors had been caused by his negligence or recklessness. He accepted that he had been unable to meet the standards of conduct expected of him due to (a) work pressure, (b) lack of accounting processes, (c) a lack of support from the Firm's accountants and (d) bullying and undermining from his work colleagues.

21.22 In his submissions to the SDT document, the Respondent stated that the allegation that he deliberately altered documents so as to benefit was wrong for the following reasons:

- He did not benefit directly from any of the proceeds – all surplus monies ended up into the Firm's office account. The errors made gave rise to increased VAT and corporation tax liabilities which the Firm paid. The Respondent submitted that had the accountant dealt with the matters in a timely manner the Firm might have discovered the discrepancies and avoided excess payments to HMRC which the Respondent estimated to be well over £150,000.00

- There were occasions where the HMRC were overpaid SDLT during this period. The Respondent recalled having to deal with the issues of overpayments. There were also occasions where clients had been overpaid by considerable sums, £20,000 on one occasion and £6,000 on another

- There were occasions where the transactions involved deeds of gifts, a commercial lease where sums were apportioned. The Respondent identified those matters for 2013/14 and sent a statement to HMRC setting out his own consideration of the files and ledgers for the matters HMRC had identified. The Respondent had been unable to do so for 2012 files as the Firm had not retained those files. The Respondent asserted that there must have been matters within that list for 2012 that involved deeds of gifts and commercial leases where the sums were apportioned resulting in genuine discrepancies between the SDLT return and TR1.

- Genuine errors were made due to a shortage of staff with the Respondent "doing the work of 4 different people". He also reported difficulties with the premises, the overpayment of clients by considerable sums, the renewal of the Firm's CQS and Lexcel memberships, updating the ledgers and making payments. The Respondent asserted that he was responsible for all of those actions in addition to networking and marketing. Owing to the scale of work he undertook, and the lack of support principally from NT, but also from the Firm's accountants, the process of filing SDLT returns was haphazard, and were being filed in bulk usually on a Friday afternoon. The Respondent usually had a number of matters open on his computer in addition to the litigation, and family law work he was doing. This had resulted in errors.

- The fact that there were no discovered discrepancies post 2014 demonstrated the Respondent's "genuine concern about the need to change our office processes and focus on problem areas". The Respondent devised a computerised system which accurately recorded client account transactions. Before that, the Firm's software added to the "haphazard procedures" the Respondent was working with.

- When first notified by HMRC of some underpayments in 2016 the Firm immediately paid them. The Respondent re-mortgaged his home to meet a shortfall in the client account.

- The Respondent sold his house in 2019 and paid the balance of proceeds to the HMRC to address the alleged shortfall as he "could not bear to live with the fact that any of my clients would suffer as a result of my actions." The Respondent asserted that approximately £210,000.00 was paid to HMRC.

- In light of the payments made to HMRC in 2016 and 2019 and if proper account was taken of the increased sums paid in VAT and Corporation Tax by the Firm as a result of paying the SDLT sums into the Firm's office account erroneously, the Respondent did not believe that HMRC was entitled to further sums.

- The errors discovered by the HMRC in respect of SDLT "probably amount to less than 15 per cent of the total sums paid to the HMRC in the same period in respect of SDLT". The Respondent asserted that it was "a fact that the vast majority of SDLT returns made by [the Firm] were correct and accurate. Where they were not correct, prompt efforts have been made to address these. The amounts in question amounts to less than 2 per cent of the total number of payments made on the client's (sic) account in the same period. These errors were genuine errors caused by systemic issues described above in our work practice".

The Tribunal's Findings

21.23 The Tribunal found, as had been accepted by the Respondent during the course of his interview, that it was the Respondent that had altered the figures on the SDLT forms. The Tribunal further determined that the Respondent had made those alterations without informing his clients. The Tribunal did not accept the Respondent's explanation in his documentary evidence that those alterations were as a result of the pressure of work. Nor was it accepted that the transactions "involved deeds of gifts and commercial leases where the sums were apportioned resulting in genuine

discrepancies between the SDLT return and TR1". The Respondent had not offered that explanation during his interview, nor had he provided any evidence in support of that assertion.

21.24 During his interview the Respondent explained that the SDLT form would be completed either by a fee earner or he completed the form himself. The fee earner would put in the correct amount. There "were occasions" when he would have altered it after that. With regard to those matters, the Respondent accepted that such conduct would be dishonest. When asked if he was aware of any instances where the fee earner altered the SDLT form, the Respondent replied "No". Whilst the Respondent did not accept that he had been dishonest as regards all 36 matters, he stated: "the figures on the returns in comparison to the purchase price on some of those matters related to dishonesty", and that "there is an element of dishonesty, yes". He explained that the ultimate destination of the funds not paid towards his clients SDLT liabilities was the office account. He accepted that the transfers were improper and in breach of the Rules. The Respondent further confirmed that he accepted that the falsification of the SDLT form with the intention of making an underpayment and diverting the funds from the client account was dishonest, and that no-one else had been involved with that course of action. He further explained that his conduct had been the result of "the pressure of maintaining the office and making sure bills were paid. We had financial difficulties. It was an absolute last resort."

21.25 The Tribunal found that by falsifying the consideration on the SDLT forms, and transferring client monies to the office account, when those monies were not due to the Firm in order for the Firm to survive, the Respondent had failed to act in his clients bests interests in breach of Principle 4, had failed to provide them with a proper standard of service in breach of Principle 5, and had failed to protect his clients assets in breach of Principle 10. That such conduct failed to maintain the trust the public had in the Respondent and in the provision of legal services in breach of Principle 6 was plain. Members of the public would not expect a solicitor to alter forms so that the monies that were properly due to HMRC could be diverted and used for the Firm's own purposes.

21.26 In altering the forms and using the monies in the way that he did, the Respondent had failed to run his business and carry out his role in the business in accordance with proper governance and sound financial and risk management in breach of Principle 8.

21.27 That such conduct failed to adhere to the ethical code of the profession was clear. Solicitors would not expect their colleagues to conduct client matters and to deal with client monies in this way. The Tribunal found that the Respondent's conduct lacked integrity in breach of Principle 2.

21.28 His conduct was in breach of the Accounts Rules as alleged, as he had failed to keep his clients' monies safe in breach of Rule 1.1. Further, he had failed to ensure compliance with the Accounts Rules in breach of Rule 6. Indeed, had acted entirely contrary to the Rules that were in place so as to protect client money.

21.29 Outcome 7.4 required:

> "you maintain systems and controls for monitoring the financial stability of your firm and risks to money and assets entrusted to you by clients and others, and you take steps to address issues identified".

21.30 The Tribunal was not satisfied that the Applicant had provided any evidence to show that the Respondent had not maintained systems and controls for monitoring the financial stability of the Firm. The fact that the Respondent had falsified the consideration figures and deliberately underpaid SDLT did not provide evidence in support of a failure of the Firm's systems. Accordingly, the Tribunal did not find that the Respondent's conduct failed to achieve Outcome 7.4.

21.31 As regards the allegation that in making improper transfers and improper payments, the Respondent's conduct was in breach of Principle 7, the Tribunal repeated its findings as regards allegation 1.1 and accordingly found that a breach of Principle 7 was not proved.

21.32 The Tribunal found, as had been admitted by the Respondent in his interview, that the Respondent knew that he was not entitled to the sums he transferred from the client account, and that he knew that it was dishonest to amend the SDLT forms. The Tribunal did not accept the Respondent's explanation that the amendments had been made in error. Had that been the case, the Tribunal determined that the Respondent would not have used the excess monies to support his business but would instead have returned those monies to his clients. The Tribunal found that the Respondent had knowingly and deliberately amended the SDLT forms so that a lesser payment could be made thereby allowing him improperly transfer client monies and to then make use of those monies. The Tribunal found that ordinary and decent people would consider that such conduct was dishonest.

21.33 The Tribunal found allegation 1.2 proved on the balance of probabilities, including that the Respondent's conduct was dishonest, save that the Tribunal did not find that his conduct failed to achieve Outcome 7.4

21.34 The Tribunal found allegation 1.3 proved in the balance of probabilities, including that the Respondent's conduct was dishonest, save that the Tribunal did not find that his conduct was in breach of Principle 7.

22. **Allegation 1.4 - By utilising client money for the purpose of enabling the Firm to trade between 2012 and 2016, the Respondent breached all or alternatively any of Principles 2, 4, 5, 6, 7, 8 and 10 of the Principles, Rules 1, 6, 7.1 and 7.2 of the Accounts Rules, and failed to achieve Outcomes 1.1, 1.2 and 7.4 of the Code.**

<u>The Applicant's Case</u>

22.1 Mr Willcox submitted that the Respondent had misappropriated client funds for the purpose of enabling the firm to trade between 2012 and 2016.

22.2 During the course of his inspection, the FI Officer interviewed NT (the Firm's COLP from 10 December 2012 to 27 June 2019), and RR (the Firm's COFA and MLRO from 11 February 2019 until its closure).

22.3 In her witness statement dated 3 April 2019 NT stated (amongst other things):

- When she began at the Firm, only the Respondent had access to make payments from the Firm's accounts with all requests for payments being submitted to him.
- The Respondent was the only signatory on CHAPS requests; however, the Respondent's father was authorised to confirm CHAPS payments.
- The Respondent had the mobile banking application on his phone and he was the only person able to make standard online payments.
- NT was only permitted to make payments on the date of completion, with all other payments being made by the Respondent. The Respondent instructed NT to make payments when he was unable to do so.
- The Respondent informed NT that he reconciled the accounts weekly.
- When the Respondent moved to India in January 2017, NT was required to email him with any debit request. The Respondent would send a return email attaching the debit request with a tick to indicate it had been paid.
- The Respondent was the Financial Director and was responsible for everything to do with the Firm from practice management to the accounts.
- The Respondent had full control of the office account. NT did not review the accounts

22.4 In her witness statement dated 3 April 2019 RR stated:

- The Respondent dealt with all the finances including completion payments, redeeming mortgages, sending client monies to solicitors/clients and paying stamp duty.
- The Respondent was very defensive when questioned about outgoings. He told RR that it was her job was to fee earn and stabilise the firm.
- The Respondent was very good at concealing any information to do with the accounts. He was also very secretive about the accounts. RR was not aware that he had created suspense ledgers.
- The Respondent had sole control over the accounts, making all payments and transfers. RR never paid myself a salary. The Respondent would always dictate what salary would be received.

22.5 The FI Officer met with the Respondent on 14 November 2018. The Respondent accepted that he had authorised the various SDLT transfers. When asked why he had not disclosed the correct SDLT amounts, the Respondent stated:

> "Under financial pressure had to survive…it was a difficult time lots of pressure no excuse…Just wanted business to survive peoples livelihoods depended on it."

22.6 During the course of the interview which took place on 15 November 2018, the Respondent told the FI Officer that he was responsible for maintaining the books of accounts and that the other directors had access to the books of accounts and the monthly client bank reconciliations. He also stated: "It was the pressure of maintaining the office and making sure that bills were paid. We had financial difficulties. It was an absolute last resort." The Respondent agreed that the transfers were improper and in breach of the Rules.

22.7 Mr Willcox submitted that by using client money to enable the Firm to survive, the Respondent had failed to act in his clients' best interests in breach of Principle 4, had failed to provide them with a proper standard of service in breach of Principle 5 and had failed to protect client monies in breach of Principle 10.

22.8 By breaching the Rules, the Respondent had failed to cooperate with his regulator in breach of Principle 7.

22.9 The use of client monies to keep the Firm in business evidenced that the Respondent had not run his business or carried out his role in the business effectively and in accordance with proper governance and sound financial risk management principles in breach of Principle 8.

22.10 Mr Willcox submitted that it was plain that the Respondent's conduct failed to maintain the trust the public placed in him and in the provision of legal services in breach of Principle 6, and that his conduct fell below the ethical standards of the profession in breach of Principle 2.

22.11 The Respondent had failed (i) to keep client money safe, (ii) to ensure compliance with the Accounts Rules and (iii) to promptly remedy the breaches on discovery in breach of the Rules 1, 6, 7.1 and 7.2 of the Accounts Rules. It followed that such conduct failed to achieve Outcomes 1.1 and 1.2 of the Code. Further, the Respondent failed to have effective systems and controls in place to comply with his regulatory obligations and thus failed to achieve Outcome 7.4

22.12 The Respondent's conduct was dishonest. In his interview the Respondent had accepted that he had used client monies due to the Firm's difficulties, and that such conduct was dishonest. Ordinary and decent people would consider that the Respondent's actions were dishonest.

<u>The Respondent's Case</u>

22.13 The Respondent admitted allegation 1.4 save that it was denied that the utilisation of client monies served to enable the Firm to trade. The Respondent submitted that the

utilisation of client monies had, in fact, led to liabilities for VAT and Corporation Tax which the Firm paid.

22.14 The Respondent denied that his conduct had been dishonest.

The Tribunal's Findings

22.15 For the reasons detailed at allegation 1.1 above as regards Principle 7, and allegation 1.2 as regards Outcome 7.4, the Tribunal found those matters not proved.

22.16 It was plain that in using client monies to prop up the Firm, the Respondent's conduct was in breach of Principles 4, 5, 6, 8 and 10 as alleged. That such conduct lacked integrity was also plain. A solicitor acting with integrity would not misappropriate client funds in order to ensure the survival of his Firm. Such conduct fell well below the ethical standards of the profession.

22.17 He had clearly failed to keep client monies safe or treat his clients fairly. He had flagrantly breached the Accounts Rules that were designed to protect clients, had disregarded his regulatory obligations and had failed to promptly remedy the breaches. The Tribunal found that the Respondent had breached the Accounts Rules as alleged and had failed to achieve Outcomes 1.1 and 1.2 of the Code.

22.18 The Tribunal did not accept that the Respondent had not utilised client monies with the purpose of enabling the Firm to continue to trade. On 14 November 2018 during a conversation with the FI Officer, the Respondent explained that he had altered the SDLT forms as he "just wanted the business to survive" and that "peoples livelihoods depended on it". He confirmed that considered his conduct to have been dishonest.

22.19 During his interview on 15 November 2018, the Respondent was asked about the comments he had made to the FI Officer the previous day. He explained that he was responsible for altering the forms, that he had done so intentionally (although not in relation to all matters), that the monies had eventually been diverted to the office account (whether directly or via another client account) and that such conduct was dishonest. He further explained that "It was the pressure of maintaining the office and making sure that bills were paid. We had financial difficulties. It was an absolute last resort." He further explained that the reason for the round sum transfers was to facilitate the "survival of the office".

22.20 The Tribunal determined that it was clear, from the comments made by the Respondent in his communication with the FI Officer, that the transfers were made so as to provide financial support for the Firm. That such conduct was dishonest was plain, and whilst denied in the proceedings, had been admitted by the Respondent during the investigation. The Respondent knew that he was not entitled to use client monies to prop up his business. In order to do so he had made round sum transfers in excess of that to which the Firm was entitled and he had falsified the consideration on SDLT forms so that the additional monies could be used by the Firm. The Tribunal found that ordinary and decent people would consider such conduct to be dishonest. Members of the public would not find that a solicitor could honestly conduct themselves in the way that the Respondent had.

22.21 Accordingly, the Tribunal found allegation 1.4 proved on the balance of probabilities, including that the Respondent's conduct had been dishonest, save that it did not find that his conduct was in breach of Principle 7 or that he failed to achieve Outcome 7.4.

23. **Allegation 1.5 - In his capacity as the Compliance Officer for Finance and Administration of the firm at the material time, the Respondent did not report the material breaches of the SRA Accounts Rules 2011 and the SRA Code of Conduct 2011 set out in this statement to the SRA, in breach of Rule 8.5 of the Authorisation Rules 2011, in breach of all or alternatively any of Principles 2, 6, 7, 8 and 10 of the SRA Principles 2011, and thereby failing to achieve Outcomes 7.1, 7.2, 7.3, 7.4 and 10.3 of the SRA Code of Conduct 2011.**

The Applicant's Case

23.1 SRA records indicated that the Respondent was the COFA of the Firm from 10 December 2012 until 26 November 2018. He was the MLRO until 29 June 2018. Accordingly, the Respondent was the Firm's COFA at the time the breaches alleged in this statement occurred.

23.2 As the COFA at the material time, the Respondent was responsible for taking all reasonable steps to ensure compliance with the Code and compliance with the Accounts Rules. Note (vi) to Rule 8.5 of the Authorisation Rules 2011 provided that "The roles of COLP and COFA are a fundamental part of a firm's compliance."

23.3 By not reporting the very serious breaches of the Principles and the Accounts Rules detailed above to his regulator in accordance with his obligations as COFA, the Respondent had accordingly:

- failed to comply with his legal and regulatory obligations and deal with his regulators and ombudsmen in an open, timely and co-operative manner, thereby breaching Principle 7;

- failed to run his business or carry out his role as the Firm's COFA effectively and in accordance with proper governance and sound financial and risk management principles, thereby breaching Principle 8;

- failed to achieve Outcomes 7.1, 7.2. 7.3, 7.4 and 10.3 which provide that "you notify the SRA promptly of any material changes to relevant information about you including...serious failure to comply with or achieve the Principles, rules, outcomes and other requirements of the Handbook" ;

- failed therefore to protect client money by not reporting these very serious matters to the SRA, thereby breaching Principle 10;

- failed to maintain the trust the public placed in him and in the provision of legal services because members of the public and other members of the profession would expect a solicitor who was the COFA of a Firm to comply with their reporting requirements to their regulator, thereby breaching Principle 6; and

- in view of the above, it is alleged that the Respondent breached Principle 2 by failing to act with integrity because he failed to live up to his own professional standards, which came from the privileged and trusted role he had in society as a solicitor.

23.4 The Respondent's conduct was dishonest as the COFA he would know that it was incumbent to report material breaches. The Respondent, it was submitted, had chosen not to do so in order to conceal his wrongdoing from the regulator. Ordinary and decent people would consider such conduct to be dishonest.

The Respondent's Case

23.5 The Respondent admitted allegation 1.5. The Respondent denied that his conduct had been dishonest.

The Tribunal's Findings

23.6 Save for the allegation that the Respondent failed to achieve Outcomes 7.1, 7.2, 7.3 and 7.4, the Tribunal found allegation 1.5 proved on the balance of probabilities and found the Respondent's admission to the Accounts Rules and Principle breaches to have been properly made.

23.7 Outcome 7.1 required: "you have a clear and effective governance structure and reporting lines;"

23.8 Outcome 7.2 required: "you have effective systems and controls in place to achieve and comply with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable;"

23.9 Outcome 7.3: "you identify, monitor and manage risks to compliance with all the Principles, rules and outcomes and other requirements of the Handbook, if applicable to you, and take steps to address issues identified;"

23.10 Outcome 7.4 required: "you maintain systems and controls for monitoring the financial stability of your firm and risks to money and assets entrusted to you by clients and others, and you take steps to address issues identified".

23.11 The Tribunal was not satisfied that the Applicant had provided any evidence to show that the Respondent had breached Outcomes 7.1–7.4 as alleged. There was no evidence as to the systems the Respondent had in place. It was the Applicant's case, and the Tribunal had found, that the Respondent was responsible for the misappropriation of client funds and altering the SDLT forms so as to utilise clients' monies for the Firm's purposes. Those factors did not speak to the systems that the Respondent had in place at the Firm. There was no evidence that the Respondent had not simply ignored all of the systems that were in place in order to conduct himself in the way that he did. Accordingly, the Tribunal did not find that the Respondent's conduct failed to achieve Outcomes 7.1-7.4.

23.12 The Tribunal found that the Respondent had failed to comply with his obligations as the COFA, as to do so would have meant reporting his own serious misconduct. He had knowingly elected not comply with his obligations so as to conceal that misconduct. Ordinary and decent people would consider that the Respondent's conduct had been dishonest.

23.13 Accordingly, save for the allegation that the Respondent failed to achieve Outcomes 7.1-7.4, the Tribunal found allegation 1.5 proved on the balance of probabilities, including that the Respondent's conduct was dishonest.

**Previous Disciplinary Matters**

24. None

**Mitigation**

25. None.

**Sanction**

26. The Tribunal had regard to the Guidance Note on Sanctions (7th Edition). The Tribunal's overriding objective, when considering sanction, was the need to maintain public confidence in the integrity of the profession. In determining sanction, it was the Tribunal's role to assess the seriousness of the proven misconduct and to impose a sanction that was fair and proportionate in all the circumstances.

27. The Respondent's motivation for his conduct was, as he explained to the FI Officer, the survival of the Firm. His actions were planned. He waited until after he had received full funds from his clients. Thereafter he amended the forms so that the liability for SDLT appeared reduced and pocketed the difference between what had been provided to him by his clients, and the declarations made. The Respondent had breached the trust placed in him by his clients to pay the full level of duty they owed. The Respondent was fully and solely responsible for his conduct. He was an experienced solicitor whose misconduct arose from planned and deliberate acts. The Tribunal assessed the Respondent's culpability as extremely high.

28. The Respondent's conduct had caused harm to his clients. He had made them liable for interest payments and had made false declarations on their matters. Further, the Respondent had caused significant harm to the reputation of the profession. As was stated by Coulson J in SRA v Sharma [2010] EWHC 2022 (Admin):

> "34. There is harm to the public every time that a solicitor behaves dishonestly. It is in the public interest to ensure that, as it was put in Bolton, a solicitor can be "trusted to the ends of the earth"."

29. The Tribunal considered the Respondent had caused significant harm, both to his clients and to the reputation of the profession.

30. The Respondent's conduct was aggravated by his proven dishonesty, which he knew was in material breach of his obligation to protect the public and maintain confidence in the profession. His misconduct was deliberate, calculated, repeated and had continued over a significant period of time. He had concealed his conduct from those with whom he worked. When initially contacted by HMRC, he explained to his colleagues and to HMRC that the shortage in the payments had been made in error when he knew that was not the case.

31. In mitigation, the Respondent had made some admissions and had been open and frank during the Applicant's investigation.

32. Given the serious nature of the allegations, the Tribunal considered and rejected the lesser sanctions within its sentencing powers such as no order, a reprimand or restrictions. The Tribunal had regard to the case of Bolton v Law Society [1994] 2 All ER 486 in which Sir Thomas Bingham stated:

> "….Lapses from the required standard (of complete integrity, probity and trustworthiness)….may….be of varying degrees. The most serious involves proven dishonesty….In such cases the tribunal has almost invariably, no matter how strong the mitigation advanced by the solicitor, ordered that he be struck off the roll of solicitors."

33. The Tribunal did not find any circumstances (and indeed none were submitted) that were enough to bring the Respondent in line with the residual exceptional circumstances category referred to in the case of Sharma, in which the Court said "Save in exceptional circumstances, a finding of dishonesty will lead to the solicitor being struck off the roll." The Tribunal found that the only appropriate and proportionate sanction, in order to protect the public, and maintain public confidence in the integrity of the profession and the provision of legal services, was to order that the Respondent be struck off the Roll.

**Costs**

34. Mr Willcox applied for costs in the sum of £30,559.84. This sum took into account a reduction in the sum of £2,340 which should be applied given the shortened hearing time (the estimate in the costs schedule having been for a four-day hearing).

35. The Tribunal examined the costs schedule with care. Given the nature of the admissions made, the Tribunal considered that there should be a reduction of £910 on the preparation time claimed for the hearing. The Tribunal considered that the time claimed by the FI Officer was excessive. He had claimed for just over 7 days to review information and just under 18 days for the preparation of the report. The Tribunal considered that there should be a reduction of £7,897.84 from the £25,879.84 claimed.

36. The Tribunal determined that reasonable and proportionate costs in this matter were £21,752.00 and accordingly ordered that the Respondent pay costs in that amount.

**Statement of Full Order**

37. The Tribunal Ordered that the Respondent, MUNPREET SINGH VIRDEE, 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 £21,752.00.

Dated this 3rd day of August 2020
On behalf of the Tribunal

D. Green
Chair