SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12310-2022

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD. Applicant

and

MOHIT CHOPRA First Respondent
PAUL LEVY Second Respondent

Before:

Mr J P Davies (in the chair)
Miss H Dobson
Mr P Hurley

Date of Hearing:
09 June 2022

Appearances

Victoria Sheppard-Jones, Counsel, employed by Capsticks Solicitors LLP, 1 St George's Road, Wimbledon, London SW19 4DR instructed by the Solicitors Regulation Authority Ltd of The Cube, 199 Wharfside Street, Birmingham B1 1RN for the Applicant

Jonathan Goodwin, Solicitor Advocate of Jonathan Goodwin, Solicitor Advocate Ltd, 69 Ridgewood Drive, Pensby, Wirral CH61 8RF, for Mr Paul Levy the Second Respondent

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JUDGMENT IN RESPECT OF THE SECOND RESPONDENT

(The allegations against the First Respondent were dealt with previously by way of an Agreed Outcome approved by an earlier Panel of the Tribunal.)

Executive Summary

Allegations (admitted on a strict liability basis*)*

1. The allegations against the First and Second Respondent were that while in practice as solicitors and partners at Miramar Legal ("the Firm"):

The improper transfer

1.1 Between 20 and 21 August 2015, they caused or allowed an improper transfer of £3,184.12 from the client account to the office account, in respect of invoice 3240 on Client Matter A and thereby breached Rule 20.1 of the SRA Accounts Rules 2011 and Principles 6 and 10 of the SRA Principles 2011.

The SRA Accounts Rules 2011 breaches

1.2 Between approximately September 2012 and August 2018, they caused or allowed money to be withdrawn from the Firm's client account that exceeded money held for those clients and thereby breached Rule 20.6 of the SRA Accounts Rules 2011 and Principle 10 of the SRA Principles 2011.

1.3 Between approximately May 2014 and February 2019, the Respondents failed to maintain accurate accounting records and thereby breached Rule 29.1 of the SRA Accounts Rules 2011.

1.4 Between approximately April 2016 and September 2020, the Respondents failed to ensure that client money was promptly returned to clients as soon as there was no longer any proper reason to retain the funds and thereby breached:

i. Rule 14.3 of the SRA Accounts Rules 2011, so far as the conduct occurred before 25 November 2019.

ii. Rule 2.5 of the SRA Accounts Rules 2019, so far as the conduct occurred on or after 25 November 2019.

The SRA Accounts Rules 2019 breach

1.5 Between approximately 30 April 2020 and 14 October 2020, the Respondents caused or allowed money to be withdrawn from the client account that exceeded money held for those clients and thereby breached Rule 5.3 of the SRA Accounts Rules 2019.

2. Allegations 1.1 to 1.5 were made against each Respondent separately. The allegations against both Respondents were identical.

Sanction

3. The Tribunal ordered that the Second Respondent, Paul Levy solicitor, pay a fine of £5,000.00 and made an order for costs.

Documents

4. The Tribunal considered all of the documents in the case, which were contained within an agreed electronic hearing bundle. The Tribunal also had access to various aspects of the Agreed Outcome entered into between the Solicitors Regulation Authority Ltd ("the SRA") and the First Respondent Mr Chopra and approved by the Tribunal.

Preliminary and Other Matters

5. There were two points in respect of which the Tribunal wished to have clarification: first the basis upon which the case against Mr Levy was to proceed and secondly the Panel understood that an Agreed Outcome had been entered into between the First Respondent Mr Chopra and the SRA. The Agreed Outcome has been approved by a different panel of the Tribunal but not yet published. It arose out of the same Rule 12 Statement. The Panel wished to know whether there would be a point later in these proceedings when this Panel would be told about the Agreed Outcome.

The way in which the case against Mr Levy was to be advanced

6. For the SRA, Ms Sheppard-Jones submitted that the Tribunal would have seen that Mr Levy had made admissions very early on in respect of all the allegations on a strict liability basis and that was the way that the SRA advanced the case against him in any event. The misconduct alleged in the Rule 12 Statement had taken place over quite a broad spectrum of time; from 2012 to 2020. During that time Mr Levy was a partner in the Firm; not an equity partner as was Mr Chopra. From 2016, the work Mr Levy conducted for the Firm slowed down and from 2018 he did not conduct any work for the Firm at all and was not involved in its management but during that time he remained a partner and retained the responsibilities relevant in this case in respect of the Solicitors Accounts Rules. He also bore responsibility to ensure that he and those at the Firm complied with the Solicitors Accounts Rules and the Rules had not been complied with in respect of the allegations. The case was advanced against him on that basis and on the basis that he admitted the Accounts Rules breaches. The case was advanced in a passive sense in that for a period of time Mr Levy took a passive approach and did not actively comply with the Accounts Rules.

7. The Chair pointed out to Mr Goodwin that allegation 1.1 included breaches of SRA Principles 6 and 10 but felt that it was not clear from Mr Levy's Answer whether these were admitted. Mr Goodwin referred to Mr Levy's Answer where it stated:

> "The Second Respondent admits the allegation on the basis set out in the written representations of 12th April 2021…"

The Chair pointed out that the April letter was sent in response to the SRA's initial letter when other matters were being alleged. (Mr Goodwin had already mentioned that the SRA had raised other matters but there had not been any redaction to the bundle in respect of them. Mr Goodwin knew that the Tribunal as an expert Tribunal was vastly experienced and would put out of its mind consideration of matters not the subject of the Rule 12 allegations.) Mr Goodwin referred to a document "Representations on

behalf of Paul Levy in response to the SRA Notice recommending referral to the Solicitors Disciplinary Tribunal dated 12 February 2021" where it was stated:

> "[Mr Levy] admits allegation 1 on the basis of a breach of Rule 20.1 (a) of the Accounts Rules on the basis of strict liability and, as a consequence, a breach of Principles 6 and 10 of the Principles."

Mr Goodwin submitted that the link to the Answer made it clear. It would have been open to Mr Levy to argue that the Accounts Rules breaches which attracted strict liability did not of themselves give rise to what was previously described as conduct unbefitting a solicitor and were now enshrined in the Principles. There had been a number of cases over the years that supported that proposition. Breaches of the Principles required an evaluative assessment of culpability and did not attract strict liability. In allegation 1.2, only Principle 10 was referred to (and admitted) no breaches of Principles were alleged in allegations 1.3, 1.4 and 1.5.

Disclosure of the agreed facts which formed the basis of the Agreed Outcome between the SRA and Mr Chopra

8. Ms Sheppard-Jones further clarified that there had been discussions between the SRA and Mr Goodwin for Mr Levy about whether the contents of the Agreed Outcome in respect of Mr Chopra which had not yet been published, should be included in the hearing bundle. There had been what she termed "an application" by Mr Goodwin to the SRA and the SRA had agreed, that the Agreed Outcome should not be made available to this Panel so that this Panel came to its own determination in terms of culpability and harm and in respect of sanction for Mr Levy. The SRA did not seek to disagree with Mr Goodwin prior to this hearing but it was essentially Mr Goodwin's application.

9. Mr Goodwin confirmed to the Tribunal that Mr Levy made admissions from the earliest opportunity on a strict liability basis through Mr Goodwin and that he would make submissions on Mr Levy's behalf in mitigation. (Reference to the detail of the mitigation is not included in this section of the judgment as it is set out below under the relevant heading.) Mr Goodwin clarified that he had not made a formal application to the Tribunal in respect of non-disclosure of the Agreed Outcome but it had been raised in an e-mail (copied) to the Tribunal and the Tribunal (office) had said that it should not be disclosed or published pending the outcome of this hearing. An earlier Panel of the Tribunal had appropriately exercised its discretion in respect of Mr Chopra. Mr Goodwin submitted that this Panel was not tasked with determining anything to do with Mr Chopra's position but was to consider and determine sanction in relation to Mr Levy on the basis of the Rule 12 Statement, the case as put at this hearing and the explanation and mitigation advanced on his behalf. Mr Goodwin's mitigation would cover the nature, extent and scope of the culpability of Mr Levy as distinct from Mr Chopra who was the sole remaining equity partner from 2013 to the closure of the firm in 2020.

10. The Chair informed the parties that he had some understanding of the approach to non-disclosure of the Agreed Outcome regarding sanction by way of speculation on his part because the parties might have come to the conclusion that the Tribunal should not be influenced by whatever Mr Chopra might have agreed to in terms of a particular sanction. However in relation to culpability, the Chair was concerned as to whether,

and if so why, the Tribunal could not be told about what Mr Chopra's case was in so far as the allegations arose out of the same Rule 12 Statement, bearing in mind that Mr Chopra's Answer was not included in the bundle for this hearing.

11. Mr Goodwin submitted that he was concerned that the level of sanction agreed between the SRA and Mr Chopra might influence the Tribunal even subconsciously as to sanction against Mr Levy. He felt that it was important that the Tribunal considered sanction if any based on Mr Levy's position however if the Tribunal thought it would help for Ms Sheppard-Jones to indicate without reference to sanction the position adopted as regards culpability by Mr Chopra that might be a different matter.

12. Mr Goodwin made detailed points to support his argument that there was a clear distinction between the level of responsibility between Mr Levy and Mr Chopra, including the absence of any inference in the Rule 12 Statement against Mr Levy that he had access to or saw the Accountants' reports because he did not. He also submitted that Mr Levy did the right thing but was effectively trapped as a partner following the departure of the other equity partner, Partner A (see below) in May 2013. If Mr Levy had left the firm in May 2013 or earlier there was probably only one discrete accounts breach which started in September 2012 by which he might have been liable.

13. Mr Goodwin clarified that it had always been the case that this hearing would involve mitigation only and that Mr Levy would not be called to give evidence. As long ago as 12 April 2021 admissions were properly made. Mr Goodwin submitted that Mr Levy had admitted the accounts rules breaches through Mr Goodwin.

14. The Tribunal could appreciate, although it did not necessarily agree with Mr Goodwin's approach to those parts of the Agreed Outcome which related to sanction being withheld but was not quite clear as to why paragraphs in the Agreed Outcome related to the basis of the agreed matters or facts were being withheld. Was Mr Goodwin arguing that the way the case was pleaded against Mr Levy was so narrow that taken with his admissions it meant that the Agreed Outcome with Mr Chopra was completely irrelevant even if Mr Chopra had as part of some agreed facts made all sorts of denials. Was there the possibility of a scenario arising where the Tribunal reached conclusions on sanctions based upon one sort of analysis of what happened, and somewhere else there were agreed facts and matters which presented a different picture?

15. Mr Goodwin reminded the Tribunal that the negotiations about the Agreed Outcome did not involve Mr Levy. The Accounts Rules were the only rules about a solicitor's conduct that attracted strict liability and the authority for that was the judgment in the case of SRA v Leigh Day and Others [2018] EWHC 2726 (Admin). The Rule 12 Statement and Ms Sheppard-Jones in using the word "passive" had made it clear that the case was advanced against Mr Levy on a very narrow basis of the strict liability principle. Whatever had been agreed between the SRA and Mr Chopra on the facts, it might not be appropriate for the Tribunal to know what had been agreed upon sanction because it could unconsciously, unfairly and even inadvertently inform the Tribunal's approach to sanction in relation to Mr Levy.

16. Mr Goodwin conceded that if the Tribunal felt that it would like to know the factual basis for the Agreed Outcome, he would find it more difficult to resist that rather than that the Tribunal should be told as to the sanction.

17. Ms Sheppard-Jones submitted that the Tribunal had read the Rule 12 Statement in respect of Mr Chopra's position and seen how the case had been advanced against him as an equity partner who would have had sight of the accountants' reports at the relevant time. It was the accountants' reports which had effectively put the SRA on notice of the misconduct and led to the forensic investigations. It was always put against Mr Chopra that he knew at the relevant time that there were breaches because he was the equity partner and he had sight of the accountants' reports. It was never advanced that at the time Mr Levy would have had access to those accountants' reports but rather that as a partner he had responsibilities and he abrogated them which he accepted. Ms Sheppard-Jones would not want the Tribunal to be distracted as to the difference between Mr Chopra and Mr Levy but she had no objection if the Tribunal wished to see the factual basis upon which Mr Chopra accepted his position in the Agreed Outcome. The Tribunal had seen the Rule 12 Statement but Mr Goodwin would need to take Mr Levy's instructions upon that proposition. There was a danger of speculation about the Agreed Outcome which was in fact very much aligned to way the Rule 12 Statement was advanced.

18. The Chair explained that at the end of the hearing the Tribunal would be asked to read out the decision which had been made on the Agreed Outcome involving Mr Chopra as approved by another panel of the Tribunal. He explained the Tribunal's concerns that if it proceeded in a vacuum and found the case as put at this hearing proved against Mr Levy and if the factual basis for this Panel's decision against him turned out to be different from the facts in the Agreed Outcome against Mr Chopra there would be an inconsistency.

19. The Tribunal retired for a short while to allow Mr Goodwin to take Mr Levy's instructions and for the Tribunal to consider its own position concerning what if anything it wanted to see at this point in the hearing of the Agreed Outcome between the SRA and Mr Chopra. The Tribunal was inclined to be cautious about knowing the sanction imposed by agreement on Mr Chopra before having the opportunity to determine its own approach to accepting the admissions made by Mr Levy and arriving at its findings in respect of Mr Levy. However as the proceedings against both Respondents had been based on the same Rule 12 Statement the Tribunal did not consider that it was appropriate and sound that it should be kept ignorant of the agreed facts upon which the Agreed Outcome had been based. The Tribunal was therefore inclined to require the parties to disclose the factual basis of the Agreed Outcome. Overall the Tribunal did not consider the position to be particularly satisfactory but felt that it could be fairly addressed by a two stage approach to its having knowledge of the terms of the Agreed Outcome.

20. Upon resuming the Chair informed the parties that it would like to have sight of the Agreed Outcome subject to any further representations Mr Goodwin might wish to make. The Tribunal did not at the stage of fact finding want to be told of what the agreed sanction was regarding Mr Chopra. The Chair alerted the parties that at an appropriate point later in the proceedings the Tribunal might wish to hear from Mr Goodwin again as to whether the Tribunal should be told about the sanction imposed on Mr Chopra for the sake of consistency bearing in mind the Tribunal was dealing with one Rule 12 Statement involving two Respondents.

21. Mr Goodwin informed the Tribunal that Mr Levy was agreeable to the Tribunal having sight of the factual basis upon which Mr Chopra made the admissions in the Agreed Outcome between the SRA and Mr Chopra but he maintained his position about it not having sight of the part of the Agreed Outcome relating to sanction.

22. The parties then agreed between them the form the redacted Agreed Outcome extract should take and it was uploaded to CaseLines. The Tribunal read the document and then considered the allegations against Mr Levy.

Clarification of document related issues

23. Under the heading of 'Late Submissions' in excess of 2,600 sides of documents had been added to CaseLines. This was approximately the same number as the pages of the exhibits to the Rule 12 Statement. Ms Sheppard-Jones explained that the exhibits to the Rule 12 Statement had been reloaded to CaseLines but with the same page cross references as some of the pages in the original bundle were very blurred.

24. Mr Goodwin also explained that the original CaseLines bundle had not included as an attachment to Mr Levy's Answer, the email which had been attached dated 6 October 2017 to the representations which Mr Levy had made dated 12 April 2021 against referral to the Tribunal,

Sanction and the Agreed Outcome between the SRA and Mr Chopra

25. After the Tribunal had arrived at its determination upon the allegations against Mr Levy and heard mitigation offered on his behalf, it considered whether it should now have sight of the section of the Agreed Outcome relating to sanction for Mr Chopra before arriving at a determination of sanction to be imposed on Mr Levy. The Tribunal asked if it was still Mr Levy's case that it should not be told about the sanction agreed between Mr Chopra and the SRA. The Tribunal did not want to be in the situation of arriving at a conclusion that would appear on the face of it to a member of the public to be a wholly inconsistent response to the same facts in the same case in respect of two people working in the same firm.

26. Ms Sheppard-Jones submitted that it would be arbitrary for the Tribunal not to see the section of the Agreed Outcome relating to sanction having regard to the fact it had been informed about Mr Chopra's costs position. By agreement with parties the Tribunal had been informed of the amount which Mr Chopra had agreed to contribute to the overall costs of the case brought against both Respondents (see Costs section below).

27. Mr Goodwin submitted that the Respondents were not working in the same firm at the time and repeated his earlier concerns. However he accepted that if Mr Chopra were also before the Tribunal, it would have been considering sanction taking into account the position of both Respondents. He appreciated the need for consistency generally and in a particular case arising from the same facts.

28. Ms Sheppard-Jones submitted that for the period 2012-2018 the Respondents were working in the same firm for a large part of the time to which the allegations related. For reasons of parity and consistency she felt that the Tribunal should see the sanction which had been imposed on Mr Chopra. She understood and considered it was quite

right that during the fact-finding stage sanction was not relevant but the Tribunal was now at the sanction stage and by way of analogy in a Crown Court while the jury would not hear how co-defendants had been sentenced, the judge would know.

29. The Tribunal retired to allow Mr Goodwin to take instructions from Mr Levy. Upon resuming Mr Goodwin explained that Mr Levy having heard the observations of the Tribunal and to assist was content for it to be informed of the sanction which had been imposed on Mr Chopra. Mr Goodwin also wished the Tribunal to be aware that there had been discussions with the SRA concerning Mr Levy in accordance with the encouragement in the Standard Directions and he did not want the Tribunal to think that Mr Levy had adopted an entrenched position. The sanction imposed upon Mr Chopra was a subjective assessment by the SRA and by him as to what was a proportionate outcome in his case. This Tribunal had complete discretion to impose what sanction it wished for the case against Mr Levy which Mr Goodwin had submitted was clearly and distinctly at a lower level than that against Mr Chopra.

30. Mr Goodwin then informed the Tribunal that Mr Chopra had been fined £20,000 and agreed to pay a contribution to the SRA's costs of £15,735 inclusive of VAT and detailed restrictions had been placed upon his Practising Certificate as follows:

> "That he must not:
>
> 1. practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body
> 2. be a COLP, COFA, MLCO or MLRO
> 3. hold client money
> 4. be a signatory on any client account"

Factual Background

31. The First Respondent Mr Chopra was admitted to the Roll on 15 December 2008. At the date of the Rule 12 Statement he held a Practising Certificate free from conditions.

32. The Second Respondent Mr Levy was admitted to the Roll on 15 September 1999. He held a Practising Certificate free from conditions.

33. The Firm commenced in April 2009 with Mr Chopra and Mr Levy (and another regulated individual, Partner A) as equal equity partners.

34. Mr Levy sold his equity to Mr Chopra and Partner A in May 2012 but remained a partner on a consultancy basis.

35. Partner A sold his equity to Mr Chopra in April 2013, leaving Mr Chopra as the sole equity partner from that date. Partner A subsequently left the Firm in July 2013.

36. Mr Levy remained as a partner until the Firm's closure in December 2020 but it was understood and not challenged that he effectively stopped conducting any work for the Firm beyond 2018.

37. The Firm closed in December 2020.

38. The allegations arose out of Accountants' reports for the Firm for years ending April 2016, April 2017 and April 2018, which were all qualified with multiple Accounts Rules breaches.

Witnesses

39. There were no witnesses.

Findings of Fact and Law

40. The Applicant was required by Rule 5 of The Solicitors (Disciplinary Proceedings) Rules 2019 to prove the allegations to the standard applicable in civil proceedings (on the balance of probabilities). The Tribunal had due regard to its statutory duty, under section 6 of the Human Rights Act 1998, to act in a manner which was compatible with the Respondent's rights to a fair trial and to respect for their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

41. **The allegations against the Second Respondent were that while in practice as solicitors and partners at Miramar Legal ("the Firm"):**

<u>The improper transfer</u>

Allegation 1.1 - Between 20 and 21 August 2015, he caused or allowed an improper transfer of £3,184.12 from the client account to the office account, in respect of invoice 3240 on Client Matter A and thereby breached Rule 20.1 of the SRA Accounts Rules 2011 and Principles 6 and 10 of the SRA Principles 2011.

41.1 For the SRA, Ms Sheppard-Jones submitted that following notice being given to the firm there were two forensic investigations into the Firm. As set out in the Rule 12 Statement they resulted in forensic investigation reports ("FIRs") which the Tribunal had seen. An initial forensic investigation was conducted between November 2018 and April 2019, which identified breaches of the SRA Accounts Rules 2011. A further forensic investigation was conducted between August 2020 and October 2020, which provided information regarding the breaches identified in the initial report and further identified breaches of the SRA Accounts Rules 2019.

41.2 Ms Sheppard-Jones referred to the Rule 12 Statement. In July 2013, the Firm acted for Client A in relation to a property purchase. From September 2013, the fee earner on the case was Mr Levy. In a client care letter dated 24 July 2013 but signed on 29 July 2013, the Firm's costs and disbursements were provided to Client A. The Firm's estimated costs for the purchase were £650 plus VAT. Stamp Duty was calculated as £2,350, the Land Registration Fee at £270 and the estimated costs of searches, £600. The letter also advised that the Firm would also charge the sum of £40 plus VAT for each telegraphic transfer arranged and £70 plus VAT for the preparation and submission of stamp duty land tax ("SDLT"). The Chair noted that the client care letter was sent out under the reference of Mr R. Mr Levy was mentioned as being the person to contact if there was a complaint. Ms Sheppard-Jones clarified that the Firm acted for Client A from July 2013 and Mr Levy was the supervisor but from September 2013 Mr Levy was the fee

earner. Mr Goodwin submitted that his instructions were that Mr R was not supervised by Mr Levy but by Mr Chopra and Mr Levy became involved when Mr R was away, to deal with the exchange and completion. Ms Sheppard-Jones had no difficulty with those submissions.

41.3 On 26 September 2013, Mr Levy exchanged contracts and completion took place on 9 October 2013 which Ms Sheppard-Jones understood to be uncontroversial. The client ledger showed that the completion monies of £234,995 were paid out of the client account on 9 October 2013. On the same date as completion, Mr Levy raised two invoices in respect of the Firm's costs. The first (Invoice 2081) was for "Professional Charges for the Provision of Legal Services" in the sum of £750 plus £150 VAT. The second (Invoice 2082) was for "Professional Charges for the Provision of Legal Services: Telegraphic Transfer Fee" in the sum of £40 plus £8 VAT. Transfers were made from the client account to the office account in respect of those sums on that day. That left the balance on the account as £3,184.12.

41.4 The balance should have been used to pay the SDLT and Land Registration Fee as set out in the client care letter. However, this was not done. Ms Sheppard-Jones emphasised that no allegations were made in respect of the fact that the SDLT and Land Registry fees had not been paid when the transaction the subject of allegation 1.1 was undertaken. On 9 October 2013, Mr Levy invoiced Mr Chopra for his legal services that he provided on Client Matter A, in the sum of "70% of £790", which totalled £553. Payment of that invoice was made on the same day. There were no submissions on that arrangement at all.

41.5 On 20 August 2015, invoice 3240 was raised for £2,653.43, plus VAT of £530.69, which totalled the exact sum remaining in the client account. The invoice stated, "Professional Charges for the Provision of Legal Services. Balance of legal fees due following the purchase of the above property to include additional advice provided post transaction". The invoice was raised by Person A, an employee of the Firm and assistant to Mr Levy. The invoice itself was signed by Mr Chopra. The Tribunal noted that Mr Chopra's email address appeared in the top right hand corner. The client ledger showed that on 21 August 2015, that balance of £3,184.12 was transferred from the client account to the office account, leaving a zero balance on the client account. The SRA was not in possession of the Firm's office bank account statements for that period and therefore there was no evidence to show how the money was disbursed by the Firm. There appeared to be no evidence on the client file that invoice 3240 related to further work undertaken by the Firm on the client's behalf. The Firm had already invoiced its costs in October 2013, which were in line with the estimated costs in the client care letter. No further work had been conducted on the matter since completion, and therefore there was no reason why this further invoice was raised and why the money was transferred from the client account.

41.6 In July 2018, Client A sought to sell the property and arranged for his new firm of solicitors to liaise with the Firm to obtain the title deeds. As a result of this request, Mr Chopra realised that neither the SDLT nor the Land Registration fees had been paid and that due to the transfer in respect of invoice 3240 there was a cash shortage on the client account of £3,184.12. Mr Chopra therefore arranged for payment of the outstanding SDLT and Land Registration fees and completed registration of the property in Client's A's name by March 2019. Nothing arose in the way the case was

put against Mr Chopra or in respect of these allegations about any possible penalty for late payment. Following Mr Chopra arranging for payment of the outstanding SDLT and Land Registration fees there was a cash shortage on the account of £565.12. Mr Chopra replaced the remaining cash shortage on 18 April 2019.

41.7 Mr Levy was interviewed by the Forensic Investigation Officer ("FIO") on 2 April 2019 in relation to invoice 3240 and the corresponding transfer from the client account to office account. He agreed that the invoice was incorrect and that the monies on the account up to August 2015 should have been for the SDLT and Land Registration fee, with the balance due to the client. In respect of invoice 3240, Mr Levy said, "I have no idea". He said that he only had conduct of Client A's matter briefly. He did not admit to receiving any commission in respect of invoice 3240. In response to the Notice recommending referral to the Tribunal, Mr Levy clarified that what he had said to the FIO on 2 April 2019 was, "I have no idea why it was billed but I note that I did not sign the bill or create it".

41.8 Mr Levy admitted a breach of Rule 20.1 of the SRA Accounts Rules 2011 and Principles 6 and 10 of the SRA Principles 2011 on a strict liability basis. He denied that he had any actual knowledge of the improper transfer taking place. Mr Chopra made his admissions on the same strict liability basis but he also denied actual knowledge at the time. It was his signature on the invoice but he said he signed such matters fairly frequently and he did not particularly recollect this invoice or transfer. The SRA was content with the admissions on the strict liability basis because there was no evidence as to who instructed that the invoice be raised and as to the intention behind that and there was no allegation in respect of lack of integrity or indeed dishonesty. The evidence was simply not there in respect of the improper transfer.

41.9 Ms Sheppard-Jones submitted that the Tribunal would be well aware of the limited circumstances set out in Rule 20.1 of the SRA Accounts Rules 2011 in which client money might be transferred from the client account. Clearly Invoice 3240 and the corresponding transfer did not fall within any of those circumstances. The money held in the account ought to have been used for client purposes. The Firm had undertaken all the work it had to on that case and did not undertake further work or pay the SDLT and the Land Registration fee, with the balance being paid to the client. The invoice stated that it related to costs incurred by the Firm but it had been confirmed by Mr Chopra that the Firm had already billed its costs in October 2013. Furthermore, the client file did not appear to evidence any further work being carried out on the matter that would have justified the further invoice. Both Respondents admitted that invoice 3240 should not have been raised and the transfer should not have been made. Accordingly, it was an improper transfer. As Mr Levy was a partner in the Firm at the time of the improper transfer and was conducting work for the firm at the time and conducted work on this file he was responsible for ensuring the Firm's compliance with the Accounts Rules and indeed the compliance of everyone within the Firm pursuant to Rule 6.1 of the SRA Accounts Rules 2011, they were responsible for ensuring both their own compliance with the Rules and the compliance of everyone employed within the Firm.

41.10 Ms Sheppard-Jones submitted that transferring money from the client account, or in Mr Levy's case allowing that to happen, albeit without an intention, left a shortage on the client account for a lengthy period of time. Client money is absolutely sacrosanct

therefore the conduct of Mr Levy in not complying with Rule 20.1 albeit on a strict liability basis was such that his conduct undermined public trust in the profession. The public would expect solicitors, or in this case a partner in the Firm, to comply with their obligations and ensure that client money was protected and managed in line with the SRA Accounts Rules. Mr Levy to his credit accepted a breach of Principle 6 well before the hearing. By failing to ensure compliance with the Accounts Rules, Mr Levy allowed the improper transfer to take place. It was fair to say that the client did not suffer any harm in the sense that when matters became known Mr Chopra resolved matters. Having said that the client's property was not registered for a period of time but no allegations arose out of that. Ms Sheppard-Jones did not believe that the client was prejudiced by the late registration but the breach of Rule 20.1 constituted a breach of Principle 10.

41.11 The Tribunal had regard to the evidence before it, to Ms Sheppard-Jones' submissions, the clarification from Mr Goodwin and Mr Levy's admissions. It found the admissions to have been properly made and that allegation 1.1 was proved on the evidence to the required standard against Mr Levy on a strict liability basis and that he thereby breached Rule 20.1 of the SRA Accounts Rules 2011 and Principles 6 and 10 of the SRA Principles 2011.

42. **Allegation 1.2 Between approximately September 2012 and August 2018, he [Mr Levy the Second Respondent] caused or allowed money to be withdrawn from the Firm's client account that exceeded money held for those clients and thereby breached Rule 20.6 of the SRA Accounts Rules 2011 and Principle 10 of the SRA Principles 2011.**

42.1 Ms Sheppard-Jones submitted that allegations 1.2 to 1.5 related to more straightforward breaches of the Accounts Rules. The Accountants' reports for the Firm for years ending April 2016, April 2017 and April 2018, all included details of debit balances on client accounts and noted that there had been breaches of the SRA Accounts Rules 2011 in respect of them. At the start of the investigation into the Firm, Mr Chopra produced a list of client balances as at 30 September 2018. The FIO inspected the list and identified that between 4 September 2012 and 28 August 2018, on eighteen client matters, there had been overpayments in varying amounts between £0.25 and £1,141 from the client account. Those payments or transfers exceeded the money held for the client and thus resulted in debit balances on the client accounts. Those debit balances had remained on the respective client accounts for varying lengths of time, between 79 and 2,262 days. The total of the debit balances as at 30 September 2018 was £4,439.29. Mr Chopra rectified the debit balances when given the opportunity to do so between 14 and 16 November 2018.

42.2 Rule 20.6 of the SRA Accounts Rules 2011 states:

> "Money withdrawn in relation to a particular client or trust from a general client account must not exceed the money held on behalf of that client or trust in all your general client accounts (except as provided in rule 20.7 below)."

Ms Sheppard-Jones submitted that Rule 20.7 did not apply in this case. As partners of the Firm, both Respondents were strictly liable for ensuring compliance with the SRA Accounts Rules and both therefore breached Rule 20.6 by causing or allowing money

to be withdrawn which exceeded that held for a client. The breach existed over a significant period of time. As set out in the Rule 12 Statement and in the Agreed Outcome, Mr Chopra must have known of the breaches at the time and admitted that he did because he had sight of the Accountants' Reports. Mr Levy admitted and it was accepted that he was responsible on a strict liability basis only as a partner for complying with the Accounts Rules and abrogated that responsibility by not ensuring compliance. In breaching Rule 20.6, the Respondents failed to protect client money by allowing a situation to develop over a number of years whereby debit balances existed on numerous client accounts. In failing to protect client money, Mr Levy breached and admitted that he breached Principle 10 of the SRA Principles 2011.

42.3 The Tribunal had regard to the evidence before it, to Ms Sheppard-Jones' submissions and Mr Levy's admissions. It found the admissions to have been properly made and that allegation 1.2 was proved on the evidence to the required standard against Mr Levy on a strict liability basis and that he thereby breached Rule 20.6 of the SRA Accounts Rules 2011 and Principle 10 of the SRA Principles 2011**.**

43. **Allegation 1.3 - Between approximately May 2014 and February 2019, he [Mr Levy the Second Respondent] failed to maintain accurate accounting records and thereby breached Rule 29.1 of the SRA Accounts Rules 2011.**

43.1 Ms Sheppard-Jones submitted that the Accountants' reports for the Firm for years ending April 2016, April 2017 and April 2018, all included details of numerous transactions and reconciliations that had not been appropriately recorded. At the start of the investigation Mr Chopra produced the client account reconciliation as at 30 September 2018. The client reconciliation showed that there were twenty-three items comprising; unreconciled receipts, unreconciled transfers, payments to be posted, receipts to be posted and transfers to be posted, that had not been appropriately recorded. The dates of these items ranged between 7 May 2014 and 13 September 2018 which Ms Sheppard-Jones submitted was a significant date range. Mr Chopra was given the opportunity to take remedial action and he did. On 1 April 2019, the FIO examined the client account reconciliation as at 28 February 2019. There remained ten items that had not been appropriately reconciled and seven of those ten had existed on the earlier client reconciliation list as at 30 September 2018. Mr Chopra was involved in taking remedial action as the equity partner and the person who had management of the finances at the time.

43.2 Rule 29.1 of the SRA Accounts Rules 2011 states:

> "You must at all times keep accounting records properly written up to show your dealings with:
>
> (a) client money received, held or paid by you; including client money held outside a client account under rule 15.1(a) or rule 16.1(d); and
>
> (b) any office money relating to any client or trust matter."

43.3 Ms Sheppard-Jones submitted that it was clear from the Accountants' Reports for years ending 2016 to 2018 and the reconciliation document to which she had referred that Rule 29.1 of the SRA Accounts Rules 2011 was breached. The way the case was

advanced was that Mr Levy as a partner for the entirety of this period was responsible for compliance with the Accounts Rules and therefore breached Rule 29.1 over a significant period of time. The Panel had seen the basis upon which Mr Chopra had admitted his knowledge at the time.

43.4 The Tribunal had regard to the evidence before it, to Ms Sheppard-Jones' submissions and Mr Levy's admissions. It found the admissions to have been properly made and that allegation 1.3 was proved on the evidence to the required standard against Mr Levy on a strict liability basis and that he thereby breached Rule 29.1 of the SRA Accounts Rules 2011.

44. **Allegation 1.4 - Between approximately April 2016 and September 2020, he [Mr Levy the Second Respondent] failed to ensure that client money was promptly returned to clients as soon as there was no longer any proper reason to retain the funds and thereby breached:**

i. Rule 14.3 of the SRA Accounts Rules 2011, so far as the conduct occurred before 25 November 2019.

ii. Rule 2.5 of the SRA Accounts Rules 2019, so far as the conduct occurred on or after 25 November 2019.

44.1 Ms Sheppard-Jones submitted that the Accountants' reports for the Firm for years ending April 2016, April 2017 and April 2018, recorded details of instances whereby matters appeared to have been concluded but funds remained on the client account and therefore Rule 14.3 of the SRA Accounts Rules 2011 had thereby been breached During the course of the first investigation, Mr Chopra produced a report titled, "Slow Moving Matters Report" which listed matters that had not moved since 1 December 2017. It ran to 85 pages (and included 1,744 "active matters"). The total of the client balances on the report was £26,077.24. Throughout these investigations the FIO tried to see if efforts by Mr Chopra to reduce that report were such that credit balances had been paid. Some work was done by Mr Chopra in that regard. Mr Levy was not involved in that as he was not involved in the management of the firm.

44.2 Four matters were exemplified by the FIO in respect of this allegation: Client Matters B to E. Those client matters showed that the firm had acted for each of these clients, had undertaken a variety of work and the client ledger showed that various monies had moved in respect of that matter. After a certain period it would appear from the client file ledger that work had stopped and that the matter had come to an end but that the money left on the client ledger had not been returned to the client. This allegation covered a significant period of time. For example in Client matter C a residual balance was left on the account for five years in the amount of £3,470. The FIO exemplified the four largest client balances. Mr Chopra was given the opportunity to undertake remedial work. Mr Levy was not part of that remedial action given his position at the time.

44.3 Rule 14.3 of the SRA Accounts Rules 2011 states:

> "Client money must be returned to the client (or other person on whose behalf the money is held) promptly, as soon as there is no longer any proper reason to retain those funds. Payments received after you have already accounted to the client, for example by way of a refund, must be paid to the client promptly"

Ms Sheppard-Jones submitted that it appeared as though all matters on the Slow Moving matters report were concluded well in advance of the SRA Accounts Rules 2019 coming into force. However as there was a failure to return client money for a significant period of time there were instances where the money remained on the client account beyond 25 November 2019 although the evidence would suggest that the matter had been finalised and finished. This applied to Clients B, C and E. The SRA alleged that the continuance of the breaches explained why allegation 1.4 was not only a breach of Rule 14.3 of the 2011 Accounts Rules but also a breach of the equivalent Rule 2.5 of the 2019 Accounts Rules and that was accepted by Mr Levy prior to his admissions at this hearing. There were no breaches of Principle in respect of allegation 1.4.

44.4 The Tribunal had regard to the evidence before it, to Ms Sheppard-Jones' submissions and Mr Levy's admissions. It found the admissions to have been properly made and that allegation 1.4 was proved on the evidence to the required standard against Mr Levy on a strict liability basis and that he thereby breached Rule 14.3 of the SRA Accounts Rules 2011 and Rule 2.5 of the SRA Accounts Rules 2019.

45. **Allegation 1.5 - Between approximately 30 April 2020 and 14 October 2020, he [Mr Levy the Second Respondent] caused or allowed money to be withdrawn from the client account that exceeded money held for those clients and thereby breached Rule 5.3 of the SRA Accounts Rules 2019.**

45.1 Ms Sheppard-Jones submitted that this allegation related to the SRA Accounts Rules 2019. During the course of the FIO's second investigation, a list of liabilities to clients was produced as at 31 July 2020. A comparison of the total liabilities to clients with cash held on the client bank account showed that there was a cash shortage at that time of £2,192.78. That shortage was caused by two factors. Firstly, there was an unexplained book difference of £1,934.92. That book difference was rectified by Mr Chopra. The SRA did not make any allegations in respect of the book shortage. It was put in the Rule 12 Statement to help the Tribunal understand part of the cash shortage. Secondly, on Client F's matter, there had been a reversal of a £300 credit that resulted in a debit balance on the client account of £257.86. The client ledger showed that the account had been credited with the £300 on 28 July 2016 and that on 30 April 2020, that credit was reversed. That shortage was also rectified by Mr Chopra making an office to client account transfer on 13 August 2020.

45.2 Rule 5.3 of the SRA Accounts Rules 2019 states:

> "You only withdraw client money from a client account if sufficient funds are held on behalf of that specific client or third party to make the payment."

The SRA alleged the Respondents breached Rule 5.3 of the SRA Accounts Rules 2019 in respect of Client F's matter and the reversal of £300 on 30 April 2020. The client ledger shows that the reversal of that £300 credit left the client account in debit and therefore the reversal exceeded the money held on the account for that client.

45.3 The Tribunal had regard to the evidence before it, to Ms Sheppard-Jones' submissions and Mr Levy's admissions. It found the admissions to have been properly made and that allegation 1.5 was proved on the evidence to the required standard against Mr Levy

on a strict liability basis and that he thereby breached Rule 5.3 of the SRA Accounts Rules 2019.

45.4 In closing and to be fair to Mr Levy, Ms Sheppard-Jones drew to the Tribunal's attention Mr Levy's representations. In a telephone meeting with the FIO on 14 October 2020, Mr Levy said that he understood his responsibilities as partner of the Firm but he was not involved in the accounting records or the management of the Firm both of which were dealt with by Mr Chopra. In Mr Levy's response to the notice recommending referral to the Tribunal he admitted that he had breached the relevant Rules and Principles and his admissions were made on a strict liability basis.

Previous Disciplinary Matters

46. None.

Mitigation

47. Mr Goodwin submitted that Mr Levy admitted the allegations against him from the earliest opportunity consistent with the representations submitted on his behalf dated 12 April 2021 in response to the notice recommending referral to the Tribunal of 12 February 2021. Mr Goodwin also offered on behalf of Mr Levy a sincere and genuine apology to the Tribunal, the regulator and the profession for his appearance at the Tribunal, the worst day of his professional life. He had always held an unconditional Practising Certificate and had an exemplary and unblemished regulatory and disciplinary history to date save for the matters the subject of these proceedings. He greatly valued his qualification as a solicitor and could never knowingly do anything to jeopardise his qualification of which even after 22 years of qualification he still remained tremendously proud and which afforded him the opportunity to provide for his family. He had cooperated in full with the SRA throughout the course of the investigation and with the Applicant and the Tribunal during the course of the proceedings.

48. Mr Goodwin referred to there having been no matters detrimental to Mr Levy being known prior to and subsequent to the matters the subject of these proceedings and to Mr Levy having an unconditional Practising Certificate throughout. Mr Goodwin felt this was entirely consistent with his submission which must be accepted by the SRA that Mr Levy posed no risk at all that would have justified the imposition of conditions. He was not and never had been any risk to the public in any respect.

49. Mr Goodwin referred to the way in which the case had been put and referred to use of words such as 'passive', 'narrow', 'limited' and 'strict liability'. It was also important to have regard to the nature, extent and scope of Mr Levy's involvement in the identified and admitted breaches to the Accounts Rules on strict liability principles. Mr Goodwin said that for the following reasons. The first FIR confirmed that Mr Levy sold his equity share to Mr Chopra and Partner A in May 2012 over 10 years ago, from which date they were the equity partners in the Firm. Mr Levy accepted he remained a non-equity partner albeit on a consultancy basis and he received indemnities from both of them for any losses suffered as a result of remaining a partner of the Firm. That did not impact the matters before the Tribunal but Mr Goodwin submitted was an important point to make about the relationships which existed from May 2012. Partner A left without

notice to Mr Levy in May 2013 leaving Mr Chopra as sole equity partner which was accepted by the SRA in the Rule 12 Statement, in the Agreed Outcome and in Ms Sheppard-Jones' opening. Mr Levy remained a non-equity partner until the Firm's closure but in the period from May 2012 until then he was remunerated on a consultancy basis. His involvement in the management, accounts and bookkeeping was nil. His involvement decreased considerably in the work of the firm from 2016 onwards and ceased from 2018. It was to Mr Levy's credit that he chose to remain as a partner from 2012 to 2020. He indicated in his representations of 12 April 2021 that after Partner A's departure he was unable to resign as advised by the SRA at some point in 2017 as to do so would mean that Mr Chopra would in effect become a sole practice. This would be a material change and would require an application to be made by Mr Chopra to the SRA for authorisation to practise as a registered sole practitioner.

50. The Tribunal queried the proposition that Mr Levy was unable to leave the partnership as Partner A had done. Could he not have served notice of dissolution of partnership? Mr Goodwin drew a distinction between a change from a three to two partner Firm which was not a material change of status and a change to a sole practice and submitted that even if Mr Levy was wrong about the position historically, he felt trapped and that he was duty bound to stay. He spoke to the SRA in 2017 and was told that was the position and there was no evidence to challenge that. Mr Goodwin referred to an email from Mr Levy to Mr Chopra dated 6 October 2017 attaching Form FA1 the form to register a sole practice. Whatever options were open to Mr Levy at the time he understood the position to be that he was effectively trapped and could not leave. If he and not Partner A had left earlier Partner A might have been before the Tribunal. The Tribunal queried that a solicitor with over 10 years' experience should have had that view. Mr Goodwin confirmed those were his instructions and referred in support to the fact that Mr Levy had remained a partner in the Firm from 2012 until its closure. It might seem an unusual situation and difficult to accept but it was also evidenced by Mr Levy's attempts in 2017 to get Mr Chopra to complete the form.

51. Mr Goodwin welcomed a short break to take instructions but before doing so mentioned that this was not a new point and Mr Levy's assertion had not been challenged by the SRA throughout the investigation. Upon resuming, Mr Goodwin confirmed that consistent with the representations of 12 April 2021, his instructions were that having spoken to the SRA in 2017 which he might have misunderstood, Mr Levy believed he could not just leave because there were professional implications for him. He was concerned about issues relating to the firm ceasing to trade and run-off cover. Rightly or wrongly and with the benefit of hindsight he felt a misguided sense of loyalty to Mr Chopra given that he would then be a sole practitioner who would have to apply for registration. Mr Levy did what he perceived to be the right thing at the time. It was a matter of real regret to him to this day that he did not take a different course of action or come to a different decision and left before Partner A.

52. Mr Goodwin referred the Tribunal to paragraph 14 in the representations of April 2021 where Mr Levy (through Mr Goodwin) had explained his view:

> "I am instructed that once [Partner A] left the firm, [Mr Levy] was unable to resign as a partner, as he was advised by the SRA on or around 2017, that to do so would mean that the firm would become a sole trader and [Mr Chopra] would be required to make application for authorisation to practise as a sole

> practitioner by completing a form FA1. [Mr Levy] felt that to resign in those circumstances may have caused potential regulatory issues for the firm, but because the relevant application could only be completed by [Mr Chopra], [Mr Levy] was trapped with the firm, as he could not leave without [Mr Chopra] lodging the relevant application form with the SRA, and which despite promises from [Mr Chopra], he never did…"

The Chair pointed out that this was against the background that Mr Levy had at one point been responsible for training Mr Chopra and it was seen from another of the documents that from about 2017 Mr Levy was practising elsewhere.

53. Mr Goodwin confirmed that Mr Levy was working at other firms. He submitted that in one sense the explanation even if it was found surprising was not a point made necessarily in favour of Mr Levy as his decision put him in the position of properly accepting and admitting breaches of the Accounts Rules arising from his continued status as a partner. Mr Goodwin suggested that the SRA had not challenged the explanation because it was not considered of direct relevance to the allegations the subject of these proceedings because Mr Levy remaining as a partner gave rise to the strict liability obligations.

54. Ms Sheppard-Jones did not doubt that the communications between Mr Levy and the SRA occurred in 2017 however she urged caution. In the papers Mr Levy stated that the SRA advised that Mr Chopra would need to make an application to be a sole practitioner if Mr Levy wanted to leave but this seemed to have shifted somewhat to Mr Levy now saying that the SRA told him that he could not leave the Firm. She submitted that this was a slightly different point and not one she could accept on behalf of the SRA without taking instructions if it became a point of relevance for the Tribunal. She might not get very far bearing in mind the communications took place in 2017 but the Tribunal needed to be careful.

55. Mr Goodwin expressed some concern that the Tribunal appeared to have formed an adverse view as to Mr Levy's competence. Mr Goodwin could understand that if he were advancing an argument that Mr Levy had not breached the Accounts Rules. Mr Goodwin submitted that it was not a matter of direct relevance to the allegations because throughout he had properly and to his credit accepted and admitted those breaches. Mr Goodwin submitted that he had tried to explain what Mr Levy understood at the time, not informed by the benefit of hindsight and by the greater regulatory experience that others might have beyond his then experience in this matter. The Tribunal noted the submissions upon its query.

56. Mr Goodwin submitted that after Partner A left, as the SRA accepted, Mr Chopra was the sole equity partner, COLP, COFA and MLRO. However, nothing in the written representations or said by Mr Goodwin should be interpreted as an attempt on the part of Mr Levy to abrogate his responsibilities. Mr Goodwin was seeking to give proper context and scope to his involvement. Mr Goodwin distinguished Mr Chopra's position; he accepted he was aware of the breaches. Mr Levy did not know; he had effectively left for a significant part of this period. He had no day-to-day responsibilities or involvement in the book- keeping or the management. Mr Goodwin referred to the email dated 19 October 2020 from Mr Levy to the FIO in which he commented on a telephone meeting note of 14 October 2020 with the FIO.

> "[FIO] can you state what involvement you have had with bookkeeping and accounts rules, [Mr Levy] none - no role with the accounts, bookkeeping or management of the firm."

In making that statement Mr Levy was merely seeking to explain the factual position.

57. In addition to the points which he had already made including about the narrow basis upon which the allegations were advanced and that a distinction could be drawn between strict liability breaches of the Accounts Rules and breaches of principle, Mr Goodwin submitted that the allegations could be categorised as historical breaches which were rectified but in respect of which the Respondents had made admissions. There were no allegations of dishonesty or lack of integrity.

58. As to any harm caused by the misconduct, Mr Goodwin submitted that the Tribunal had asked Ms Sheppard-Jones whether any investigation had been made on this point and she had not answered but did not think there had been any harm in respect of allegation 1.1 and the delayed payments. Mr Goodwin did not know if that had been investigated but pointed to paragraph 50 of the Rule 12 Statement which included:

> "Therefore, whilst the client did not in fact suffer any loss, the Respondents' conduct in causing or allowing the improper transfer, failed to protect the client's money, and thereby breached Principle 10 of the SRA Principles 2011."

It was also stated in the Rule 12 Statement that the SRA did not allege an intention to make the improper transfer; but the case was advanced on strict liability principles.

59. Having regard to the extent of Mr Levy's involvement in the matter the subject of allegation 1.1, Mr Goodwin pointed to paragraph 52 of his representations against referral to the Tribunal of 12 April 2021 which included a quotation from an e-mail from Mr Levy dated 12 May 2020:

> "This file was opened by [Mr R] and was over seen by Mr Chopra. I did not take over the file. I exchanged and completed on the matter when Mr [R] was ill, (that appears to be the extent of my work) but cannot recall what happened to the file after that".

Mr Chopra was the supervisor of Mr R and references in the documents to an assistant Person A were to a sole assistant to Mr Chopra and not to Mr Levy.

60. Mr Goodwin pointed out that the Rule 12 Statement made no distinction between the positions of the two Respondents but in the Agreed Outcome between the SRA and Mr Chopra he made admissions that he was aware of the Accounts Rules breaches at the time; his position was very different from that of Mr Levy as he had the aggravating feature of knowledge. Also in the Rule 12 Statement in relation to Allegation 1.2 it was set out that as the sole equity partner between 2013 and 2018, Mr Chopra must have had sight of the Accountants' Reports and therefore it could be inferred that he had knowledge of the existence of the breach and the period over which it occurred. That point was repeated in respect of allegations 1.3, 1.4 and 1.5. No such inference was drawn regarding Mr Levy because he did not have sight of the accountants' reports and had no knowledge at the time of the matters the subject of these proceedings.

61. Mr Goodwin submitted that Mr Levy was not physically able to commit breaches of the Accounts Rules as he was not involved on a day-to-day basis, nor was he in a position to remedy any breach should he become aware of it. He was not a signatory to the firm's bank accounts. He had not wilfully been involved in any breaches because of lack of knowledge of them. The case was pleaded on strict liability principles which did not engage culpability. He was a silent partner operating as a consultant. His culpability was at the lower end of the scale. Mr Levy was not involved following his departure in the accounts or management on a day-to-day basis and he could not sanction transfers of funds from client account to office account or vice versa. Even in October 2017 when Mr Levy sent the FA1 form to Mr Chopra to register the firm as a sole practice he was not aware of the breaches subsequently identified in the FIRs.

62. Referring to the Tribunal's Guidance Note on Sanctions, Mr Goodwin submitted that suspension or strike off would be wholly disproportionate absent allegations of dishonesty or lack of integrity and too severe. Mr Levy's appearance before the Tribunal and recognition of the adverse findings that would flow from his proper admissions and the publicity would be punishment enough without the need for a greater level of sanction. Mr Goodwin submitted that none of the aggravating factors set out in the Guidance applied. Relevant mitigating factors were as follows: lack of knowledge of the accounting issues, genuine insight in that as soon as matters were raised with him Mr Levy co-operated and accepted strict liability and offered open and frank admissions at a very early stage and full cooperation. His misguided loyalty was a mitigating factor; he attempted to do what he perceived at the time was the right thing and remained as a partner, a decision which in hindsight he regretted.

63. Mr Goodwin suggested that a reprimand might be appropriate bearing in mind that the SRA had issued unconditional Practising Certificates to Mr Levy throughout. The Guidance set out relevant factors for a reprimand including that culpability was low which was the case here bearing in mind the distinction from Mr Chopra. Secondly no identifiable harm was caused to any individual and the identified breaches had been rectified some time ago hence Mr Goodwin describing the breaches as historical and rectified. Some dated back eight to 10 years. Nothing was known to Mr Levy's detriment prior to this or since any of those matters. So, the likelihood of future misconduct of a similar type or any type was very low having regard to his 22 years of exemplary and unblemished regulatory practice save for these matters.

64. Mr Goodwin also submitted that the decision to refer the matter to the Tribunal was made on 13 May 2021 some time ago and proceedings were only lodged with the Tribunal on 28 February 2022 nearly a year after the referral decision. Having regard also to the length of time the investigation took, these matters had been causing Mr Levy some very real worry and anxiety that in some way his ability to practice might be in jeopardy.

65. Mr Goodwin referred the Tribunal to the admissions in Mr Levy's representations against referral and his Answer and submitted that Mr Levy having admitted breach of the Principles in respect of allegations 1.1 and 1.2 which he could have argued but did not, showed genuine insight. It was arguable given the nature of the allegations left against Mr Levy that the matters could and should have been dealt with internally by the SRA by way of a Regulatory Settlement Agreement particularly having regard to

the distinctions drawn even in the Rule 12 Statement as against Mr Chopra now made good in the Agreed Outcome.

66. If the Tribunal considered that a financial penalty was appropriate, Mr Goodwin referred to the detail of the Guidance Note with its Indicative Fine Bands and suggested that a Level 1 Fine £0-£2,000 the lowest level for conduct assessed as sufficiently serious to justify a fine (rather than a reprimand) would be proportionate. Mr Goodwin submitted that it would not be appropriate to go beyond Level 2 conduct assessed as moderately serious in the range of £2,001 to £7,500. Mr Goodwin reminded the Tribunal that £2,000 was the maximum fine that the SRA could impose, had it offered a Regulatory Settlement Agreement. If the Tribunal chose Level 2, Mr Goodwin suggested that the fine should be at the low level of the Band bearing in Mr Levy's low level of culpability albeit his proper acceptance of the strict liability principles.

67. Mr Goodwin referred to the Tribunal's power to impose restrictions upon a respondent's practice. The Guidance Note set out that restricted practice would only be ordered if it were necessary to ensure the protection of the public and the reputation of the legal profession from future harm by the respondent. Mr Goodwin emphasised the words 'future harm' in the context of Mr Levy's otherwise unblemished career prior to and subsequent to the allegations. The Tribunal must consider the restriction necessary, and appropriate and Mr Goodwin submitted that was not the case here as Mr Levy did not present a risk.

68. In conclusion, Mr Goodwin submitted that subject to sanction Mr Levy could put these matters behind him and look to the future with a degree of optimism. Mr Levy had a lot to contribute to the public and to his clients who valued him greatly and to the profession. Mr Goodwin asked the Tribunal to bear in mind the nature, extent and scope of Mr Levy's involvement in this matter and his culpability in arriving on a proportionate sanction.

Sanction

69. The Tribunal referred to its Guidance Note on Sanctions (9th edition December 2021) when considering sanction. It also had regard to the mitigation offered for Mr Levy and the sanction imposed upon Mr Chopra. The Tribunal assessed the seriousness of Mr Levy's misconduct. As to the level of his culpability, motivation was hardly relevant as his role had been asserted to be and had been accepted as passive. There was no indication that the misconduct arose from planned, or spontaneous actions and he had no direct control of the circumstances giving rise to the misconduct but he had responsibilities as a partner in the Firm. At the time the problems first arose he had been qualified for around 12 years. There had been harm to the reputation of the profession in that he and Mr Chopra had appeared before the Tribunal because they had not performed their responsibilities to the profession and the public as they should have. There had been no direct harm to a client. As an experienced solicitor Mr Levy should have anticipated that by allowing someone else to have control of the firm where he had liabilities as a partner, problems could arise. As to aggravating factors, the misconduct continued over a period of time from 2012 to 2020 when the firm closed although the problem regarding the improper transfer relating to Client A did not occur until 2015, but this was still a considerable period of time. There was an element of putting the blame for the misconduct on another, but Mr Levy acknowledged his

responsibility as a partner. As to mitigating factors, Mr Levy had an otherwise unblemished career, however the misconduct could not be described as a single episode or one of very brief duration. Mr Levy did show genuine insight once the matter became known and was brought to his attention and he cooperated fully with the investigation and with the SRA. As to the level of sanction, the Tribunal considered that the misconduct was too serious for no order and found that it would not be unfair or disproportionate to impose a sanction on Mr Levy. The Tribunal had been asked seriously to consider imposing only a reprimand which would be imposed where the Tribunal had determined that the seriousness of the respondent's misconduct justified a sanction at the lowest level and that the protection of the public and the reputation of the legal profession did not require a greater sanction. The sole equity partner was Mr Chopra but Mr Levy retained joint and several responsibility as a partner. He had obtained an indemnity against the possibility of being sued in respect of the partnership, but he was still liable to the regulator to ensure that the Firm conducted itself in accordance with regulatory requirements. In order for a reprimand to be appropriate relevant factors included that the respondent's culpability was low, there was no identifiable harm caused to any individual, and the risk of any such harm was negligible. The Tribunal agreed that the likelihood of future misconduct of a similar nature or of any misconduct was very low and there had been evidence of genuine insight once the matters had come to his attention. There was no evidence of any actual harm to clients, but the Tribunal considered that the risk of harm in the case of Client A was not negligible. The system of checks and balances which liability as a partner involved was important in protecting the reputation of the profession and protecting clients from harm and for a partner to absent themselves from any involvement in a system created a risk of harm. The Tribunal also considered that thereby Mr Levy's level of culpability was not low even though it was lower than that of Mr Chopra. Furthermore, there was identifiable harm to the reputation of the profession. A reprimand was therefore inappropriate. The misconduct needed to be marked by the imposition of a financial penalty. A Level 1 fine was awarded where the conduct was assessed as sufficiently serious to justify a fine rather than a reprimand. The Tribunal noted that client monies were involved and acting as a custodian of client money was one of the most important aspects of a solicitor's role. While Mr Levy's role was described as "passive" and the allegations against him were narrowly framed on a strict liability basis, the Tribunal considered that his failure to exercise his responsibilities as a partner in respect of client monies and client account, however low or non-existent his involvement in the firm at any given time and whatever his reason for remaining in the partnership, took the misconduct beyond Level 1 into Level 2. A partner's responsibilities could not be abrogated. The Tribunal also took into account that there was not just one allegation and breaches of principle had been admitted, the Tribunal considered rightly in respect of two of the allegations. The Indicative Fine Band for Level 2 ranged from £2,001 to £7,500 and the Tribunal considered that the misconduct fell in the middle of the range of conduct assessed as moderately serious and imposed a fine of £5,000. This amount appropriately reflected the different levels of responsibility between Mr Chopra and Mr Levy and overall, their different positions in respect of the misconduct. In all the circumstances the Tribunal did not consider that it was necessary to interfere with Mr Levy's right to practise and would not impose any restrictions.

Costs

70. Ms Sheppard-Jones applied for costs in the amount of £14,672.45 based on a schedule of costs dated 31 May 2022 costs for both Respondents and then apportioned. Part A of the schedule related to the SRA's total £14,493.62, comprising supervision costs of £1,575 and the costs of the forensic investigation at £12,918.62 which had resulted in two FIRs. Regarding the rest of the schedule, Capsticks worked to a fixed fee. Initially this was a two Respondent case with two FIRs with a number of breaches and was placed in a higher category with a fixed fee of £34,500. In the light of the admissions made by both Respondents and the work ultimately carried out the fixed fee was reduced to a category one case with a fixed fee of £18,500. Those involved were the overall supervisor for SRA work Mr R, a Legal Director/solicitor Mr B and herself a barrister. There was also a case handler Ms L who would normally have been present at this hearing but who had been substituted by another member of staff Mr H.

71. The work started with the firm's initial instruction. Stage B1 Review of case papers and case planning involved review of all the papers, drafting an initial advice/case plan. There was liaison with the client as to the scope of the allegations and the evidence that might be needed. Some further investigation had been undertaken. There was also correspondence with the client and case discussions. The total claimed was 11.1 hours involving only Mr R and Mr B.

72. Stage B2 Investigation and Preparation of Rule 12 and documents for issue – Ms Sheppard-Jones had drafted the Rule 12 Statement for which she took up the majority of hours at this stage, 37.7 hours. There was some further investigation. A proposed witness had been looked at. There was preparation of the bundle and case discussion. Mr. B had also been involved (in supervision) along with Ms L doing some of the investigation. The total was 54.7 hours.

73. (B3) Directions, Answer and Case Management - this stage included 3.5 hours for Ms Sheppard-Jones to deal with the Answers and provide any legal advice in respect of them. Mr B was involved in supervision and Ms L did some of the preparation for the bundles and for a case management hearing. The work totalled 8.3 hours.

74. (B4) Preparation for the substantive hearing - there was some drafting and finalisation of the Certificate of Readiness, the substantive hearing bundle, the costs schedule, further correspondence and case discussion. The work totalled 7.9 hours involving Mr R, Mr B and Ms L.

75. (B5) Tribunal Hearing - the hearing would take a full day. Preparation was estimated at 6 hours but had only taken 3 hours; some of which was to deal with the fact the exhibit bundle was not working. Ms L assisted on that. Mr. H had assisted the Tribunal and both parties (with CaseLines direction) at the hearing. The total time estimated was 18 hours.

76. The total for categories B1 to B5 was 100 hours subject to the deduction of 3 hours for Ms Sheppard-Jones' preparation for this hearing.

77. The Chair sought confirmation that the fee claimed for Capsticks was £18,500 plus VAT in addition to £14,493.62 for the SRA's investigation totalling something over

£36,000 for both Respondents. The Tribunal had not been told to what Mr Chopra had agreed to pay by way of costs (save that it was arrived at on the basis of a 60/40 split against Mr Chopra) but the amount apportioned to Mr Levy seemed to leave a balance of around £22,000.

78. Mr Goodwin explained that his concern about the Tribunal having information about the Agreed Outcome was limited to sanction. He had no objection to the Tribunal being informed of the costs position for Mr Chopra. He submitted that the greater proportion of the costs should have been borne by Mr Chopra. Ms Sheppard-Jones informed the Tribunal that Mr Chopra had agreed to pay £15,735 inclusive of VAT.

79. Mr Goodwin submitted that the amount paid by Mr Chopra related to the totality of the amount claimed and that the apportionment of the costs was a unilateral and broad-brush approach by the SRA without any input from Mr Levy and without any regard to the Tribunal's inherent and absolute discretion to determine where the costs should fall. Mr Goodwin's submitted that having regard to the way the Rule 12 Statement had been drafted and the way the case had been opened at this hearing there should be a much wider gap between the costs split. Mr Levy could argue that Mr Chopra should bear the totality of the costs given that he was the sole remaining equity partner but to be realistic Mr Goodwin proposed a 90/10 split would be fair and reasonable.

80. As to the quantum of the costs, Mr Goodwin submitted that the number of hours worked was not of direct relevance to the way the fixed fee was calculated. That overlooked that the fixed fee arrangement was purely a matter negotiated between the SRA and Capsticks. It did not necessarily assist a respondent or the Tribunal as to the reasonableness of quantum claimed because they did not know the level of the work done, by whom, when and at what rate. Mr Goodwin had noted that sometimes the costs schedules included a notional hourly rate which Mr Goodwin submitted was artificial but here only some hours were included. Mr Goodwin gave as an example section B2. There was a list of six bullet points setting out general areas of work but no detail as to when the work was done, to what extent and at what hourly rate. Mr Goodwin submitted that the Tribunal would be in difficulty assessing the reasonableness of the work done.

81. Mr Goodwin submitted that to claim an overall total of 100 hours for a case of this type was excessive and even if six chargeable hours a day were claimed it meant that Capsticks said they spent 16 days on the case to the exclusion of all else. Mr Goodwin submitted that would be unreasonable, disproportionate and unrealistic. He referred to the representations made in April 2021 and pointed out that the decision to refer to the Tribunal was only made in May 2021 and Capsticks would not normally become involved until that point. It was indicated that Mr Levy would make admissions to the accounts rules breaches even before referral. Mr Goodwin also pointed to the admissions made in Mr Levy's Answer filed in March 2022.

82. Mr Goodwin submitted that Mr Levy was grateful for any additional work done in respect of matters not now part of the proceedings and appreciated the reduction which had been indicated for preparation for the hearing from six to three hours but even so felt this was excessive in an admitted case. Preparation should only involve reading the Rule 12 Statement and preparing brief submissions to assist the Tribunal in opening and not involve a full day's work.

83. Mr Goodwin reminded the Tribunal that the case involved accounts rules breaches. The forensic investigation costs were claimed as a significant sum totalling nearly £13,000. He referred to the schedule of costs lodged on issue which he accepted might have changed. It was supported by a one page schedule of the FIO's costs. If Mr Levy were to be ordered to pay it, he should have the detail so he could form a view as to the reasonableness or otherwise of those costs. For example, the schedule included 56 hours at the hourly rate for report preparation but did not say when the work was done or its extent. The Tribunal might need to adopt a broad brush approach to quantum and the apportionment of costs to determine against the nature, extent and scope of Mr Levy's involvement what would be a fair and proportionate amount for him to contribute and award a nominal level of contribution reflecting the points Mr Goodwin had made and not a sum around £7,000 less than that to be paid by Mr Chopra. Mr Levy should not be penalised on costs for having taken the decision to come to the Tribunal when his case had not been resolved by way of an Agreed Outcome.

84. Ms Sheppard-Jones submitted that when coming to an agreement with Mr Chopra as to costs it was taken into account that he had decided not to bring his case to the Tribunal which involved the costs of a substantive hearing and the preparation involved in that.

85. Ms Sheppard-Jones also submitted that preparation of a spreadsheet in respect of all the work undertaken would be disproportionate in terms of time and resources which would require additional costs being incurred. Capsticks had not undertaken unnecessary work. The work was not consecutive, the individuals all had other cases to work on. The work was quite appropriate for a case with two Respondents and a number of accounts rules breaches. Ms Sheppard-Jones appreciated that the Respondents' Answers showed they were making admissions but Capsticks' work did not stop at that point; once they received representations to the notice of referral, they still had to draft the Rule 12 Statement. The Respondents could resile from their admissions and care needed to be taken to ensure that the Rule 12 Statement would be certified; it had to be properly evidenced. The Tribunal hearing the case had to be satisfied the admissions were properly made. A great deal of work had to be done to put together a properly arguable case on the evidence which included drafting a detailed and thorough Rule 12 Statement. All of the people involved had different roles. She explained that it was easier for her as the advocate to prepare the Rule 12 Statement.

86. As to affordability, Mr Goodwin informed the Tribunal that Mr Levy had chosen not to file a personal financial statement because he was in a position to pay a proportionate fine if that were thought appropriate and to make a contribution to costs. Mr Levy had for some time acted as a consultant solicitor to a London firm and also in-house at a large client connected with that Firm. He had no management responsibility and was not a partner.

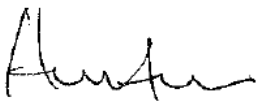
87. In assessing costs payable by Mr Levy, the Tribunal could not make a direct comparison with the costs agreed by Mr Chopra because the Tribunal did not know whether any regard had been had to his means. The Tribunal was aware that the total costs claimed by the SRA against both Respondents were in the region of £36,000. Overall, the Tribunal considered that the total amount claimed was excessive having regard to the nature of the case and the work done. The amount of time spent on preparing the two FIRs at the SRA seemed high. As to Capsticks' involvement, the number of days which

had been devoted overall even allowing for the five people working on different aspects of the case was too high. The number of people itself also seemed high having regard to the nature of the matter; essentially this was a straightforward case about breaches of the accounts rules. The time spent on (B2) Investigation and Preparation of Rule 12 and documents for issue was excessive, particularly in respect of the Rule 12 Statement. The Tribunal considered that a total costs figure of £20,000 to £25,000 rather than £36,000 would have been appropriate. Having regard to the respective degrees of culpability of the two Respondents, the Tribunal also considered the SRA's proposed apportionment of costs between them on the basis of 60% to Mr Chopra and 40% to Mr Levy to be disproportionate. However, the Tribunal took into account that this matter had come to a hearing before the Tribunal in respect of Mr Levy which was his right but which involved additional costs for the SRA and so he should pay a reasonable amount for costs at B4 Preparation for substantive hearing and at B5 SDT Hearing which Ms Sheppard-Jones had fairly indicated needed to be reduced by three hours. The Tribunal determined, taking all these points into consideration that Mr Levy should pay a contribution towards the SRA's costs in the amount of £7,500.

Statement of Full Order

88. The Tribunal Ordered that the Respondent, PAUL LEVY solicitor, do pay a fine of £5,000.00, such penalty to be forfeit to Her Majesty the Queen, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £7,500.00.

Dated this 20th day of July 2022
On behalf of the Tribunal



J P Davies
Chair