

SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12310-2022

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD.

Applicant

and

MOHIT CHOPRA
PAUL LEVY

First Respondent
Second Respondent

Before:

Mr W Ellerton (in the chair)
Ms A E Banks
Mr R Slack

Date of Hearing: 20 May 2022

Appearances

There were no appearances as the matter was dealt with on the papers.

JUDGMENT ON AN AGREED OUTCOME FOR THE FIRST RESPONDENT

Allegations

1. The allegations against the First Respondent, Mr Chopra, were that while in practice as a solicitor and partner at Miramar Legal (“the Firm”):

The improper transfer

- 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 (“the SARs 2011”) and Principles 6 and 10 of the SRA Principles 2011 (“the Principles”).

The SRA Accounts Rules 2011 breaches

- 1.2 Between approximately September 2012 and August 2018, he caused or allowed money to be withdrawn from the Firm’s client account that exceeded money held for those clients and thereby breached Rule 20.6 of the SARs 2011 and Principle 10 of the Principles.
- 1.3 Between approximately May 2014 and February 2019, he failed to maintain accurate accounting records and thereby breached Rule 29.1 of the SARs 2011.
- 1.4 Between approximately April 2016 and September 2020, he 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 SARs 2011, so far as the conduct occurred before 25 November 2019.
 - ii. Rule 2.5 of the SRA Accounts Rules 2019 (“the SARs 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- 1.5 Between approximately 30 April 2020 and 14 October 2020, he caused or allowed money to be withdrawn from the client account that exceeded money held for those clients and thereby breached Rule 5.3 of the SARs 2019.

Documents

2. The Tribunal had before it the following documents:
 - Rule 12 Statement dated 28 February 2022 and exhibits
 - Mr Chopra’s Answer dated 18 March 2022
 - Agreed Outcome application and Statement of Agreed Facts and Outcome dated 12 May 2022

Background

3. Mr Chopra was admitted to the Roll of Solicitors on 15 December 2008. At the date of the Agreed Outcome application, he held a practising certificate free from conditions.

4. The Firm commenced in April 2009 with Mr Chopra and the Second Respondent (and another regulated individual, Partner A) as equal equity partners. The Second Respondent sold his equity to Mr Chopra and Partner A in May 2012.
5. Partner A sold his equity to Mr Chopra in April 2013, leaving Mr Chopra as the sole equity partner. Partner A left the Firm in July 2013. The Second Respondent remained as a partner until the Firm's closure in December 2020 but it was said that he effectively stopped conducting any work for the Firm beyond 2018.
6. The Firm closed in December 2020.
7. The SRA was alerted to the alleged conduct following receipt of the Firm's Accountants' Reports for the years ending April 2016 to April 2018, which were all qualified with multiple Accounts Rules breaches. An initial forensic investigation was conducted between November 2018 and April 2019. A further forensic investigation was conducted between August 2020 and October 2020. The identified breaches gave rise to the allegations against both Respondents.

Application for the matter to be resolved by way of Agreed Outcome

8. The parties invited the Tribunal to deal with the Allegations against Mr Chopra in accordance with the Statement of Agreed Facts and Outcome annexed to this Judgment. The parties submitted that the outcome proposed was consistent with the Tribunal's Guidance Note on Sanctions.
9. The proposed sanction was that Mr Chopra pay a fine of £20,000 and be subject to various conditions restricting his practise and access to and responsibility for client money.

Findings of Fact and Law

10. The SRA was required to prove the allegations 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 Mr Chopra'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.
11. The Tribunal reviewed all the material before it and was satisfied on the balance of probabilities that Mr Chopra's admissions were properly made.
12. The Tribunal considered the Guidance Note on Sanction (9th Edition – December 2021). In doing so the Tribunal assessed the culpability and harm identified together with the aggravating and mitigating factors that existed. Mr Chopra had admitted liability and responsibility for the improper transfers and failures to protect client money and to scrupulously meet the requirements of the SARs. Given his role in the Firm, he had direct control over the circumstances of the admitted misconduct. The admitted breaches were very serious, undermined public trust and Mr Chopra was on notice of these issues given the references within the Accountants' Reports. He did thereafter make good the shortfalls and no client lost out financially.

13. The Tribunal considered that the appropriate sanction was a financial penalty falling within Level 4 of its Indicative Fine Bands (suitable for conduct assessed as “very serious”) coupled with indefinite restrictions preventing Mr Chopra having direct control of client money or acting in a compliance role in relation to legal practice or finance and administration. The Tribunal did not consider that a fine alone would adequately protect the public or the reputation of the profession and that restrictions were also required. The parties proposed a fine of £20,000 with the following conditions to be applied indefinitely, that Mr Chopra may not:
- Practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body;
 - Be a Head of Legal Practice/Compliance Officer for Legal Practice, a Head of Finance and Administration/Compliance Officer for Finance and Administration or a Money Laundering Reporting Officer;
 - Hold client money;
 - Be a signatory on any client account.
14. The Tribunal, having determined that the proposed sanction was appropriate and proportionate, granted the application for matters to be resolved by way of the Agreed Outcome.

Costs

15. The parties agreed that Mr Chopra should pay the SRA’s costs of these proceedings fixed in the sum of £15,735. The Tribunal considered the costs application to be appropriate and proportionate, and ordered that Mr Chopra pay the costs in the agreed amount.

Statement of Full Order

16. The Tribunal ORDERED that the First Respondent, Mohit Chopra, solicitor, do pay a fine of £20,000, 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 £15,735.
17. The First Respondent shall be subject to conditions imposed by the Tribunal as follows:
- 17.1 The First Respondent may not:
- 17.1.1 Practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body;
 - 17.1.2 Be a Head of Legal Practice/Compliance Officer for Legal Practice, a Head of Finance and Administration/Compliance Officer for Finance and Administration or a Money Laundering Reporting Officer;
 - 17.1.3 Hold client money;

17.1.4 Be a signatory on any client account;

18. There be liberty to either party to apply to the Tribunal to vary the conditions set out at paragraph 17 above.

Dated this 10th day of June 2022

On behalf of the Tribunal

A handwritten signature in black ink, appearing to read 'W Ellerton', written over a horizontal line.

W Ellerton
Chair

JUDGMENT FILED WITH THE LAW SOCIETY
10 JUN 2022

IN THE SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 (as amended)

AND THE MATTER OF:

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

and

MOHIT CHOPRA

First Respondent

and

PAUL LEVY

Second Respondent

**STATEMENT OF AGREED FACTS AND OUTCOME
IN RESPECT OF THE FIRST RESPONDENT**

Introduction

1. By statement made by Ian Brook on behalf of the Solicitors Regulation Authority Limited (the "SRA") pursuant to Rule 12 of the Solicitors (Disciplinary Proceedings) Rules 2019, dated 28 February 2022, the SRA brought proceedings before the Tribunal making allegations of professional misconduct against the Respondents.
2. The Tribunal issued Standard Directions on 7 March 2022. A case management hearing took place on 26 April 2022 and there is a substantive hearing listed for 9 June 2022.
3. The Respondents admit all the allegations in the Rule 12 statement, as set out herein.

Allegations

4. The allegations against the Respondents made by the SRA are that, while in practice as a solicitor and partner at Miramar Legal ("the Firm"):

The improper transfer

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.

The SRA Accounts Rules 2011 breaches

1.2 Between approximately September 2012 and August 2018, he 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 First Respondent 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 First 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.

The SRA Accounts Rules 2019 breach

1.5 Between approximately 30 April 2020 and 14 October 2020, the First 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.

5. The allegations are admitted.

Agreed Facts

6. The First Respondent was admitted to the Roll on 15 December 2008. He currently holds a practising certificate free from conditions.

7. The Second Respondent was admitted to the Roll on 15 September 1999. He currently holds a practising certificate free from conditions.

8. The Firm commenced in April 2009 with the Respondents (and another regulated individual, Partner A) as equal equity partners.

9. The Second Respondent sold his equity to the First Respondent and Partner A in May 2012 but remained a partner on a consultancy basis.
10. Partner A sold his equity to the First Respondent in April 2013, leaving the First Respondent as the sole equity partner. Partner A subsequently left the Firm in July 2013.
11. The Second Respondent remained as a partner until the Firm's closure in December 2020 but it is understood that he effectively stopped conducting any work for the Firm beyond 2018.
12. The Firm closed in December 2020.
13. The SRA was alerted to the alleged conduct following receipt of the Firm's Accountants Reports for the years ending April 2016 to April 2018, which were all qualified with multiple Accounts Rules breaches.
14. 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.

In respect of allegation 1.1

15. The Firm acted for Client A in a property purchase. Completion took place on 9 October 2013. On the same date, completion monies were paid out and the Firm raised two invoices in respect of the Firm's costs. The balance left on the account should have been used to pay for Stamp Duty and Land Registration Fee. However, these payments were not made.
16. On 20 August 2015, an invoice 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"
17. The invoice was raised by Person A, an employee of the Firm and assistant to the Second Respondent. The invoice was signed by the First Respondent.
18. The client ledger shows that on the 21 August 2015, £3,184.12 was transferred from the client account to the office account, leaving a zero balance on the client account.
19. In July 2018, when Client A sought to sell the property, it transpired that neither the Stamp Duty nor the Land Registry fees had been paid and that there was a shortage on the client account of £3,184.12.
20. The First Respondent arranged for payment of the outstanding items and replaced the remaining cash shortage left on the account.

In respect of allegation 1.2

21. Between 4 September 2012 and 28 August 2018, on eighteen client matters, there had been overpayments in varying amounts between £0.25 and £1,141.00, 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.
22. The debit balances had remained on the respective client accounts for varying lengths of time, between 79 and 2262 days. The total of the debit balances as at 30 September 2018 was £4,439.29.
23. The First Respondent rectified the debit balances between 14 and 16 November 2018.

In respect of allegation 1.3

24. As at 30 September 2018, the First Respondent produced the client account reconciliation which revealed that there were twenty-three items that had not been appropriately recorded. The dates of the items ranged between 7 May 2014 and 13 September 2018.
25. The First Respondent was given the opportunity to undertake remedial action and by 1 April 2019, there remained ten items that still had not been properly reconciled.

In respect of allegation 1.4

26. During the course of the first investigation, on 5 December 2018, the First Respondent 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.
27. During the course of the second investigation, on 13 August 2020, the First Respondent produced a copy of the Firm's list of client ledger balances as at that date. The FIO noted that there were 199 balances that were the same as they had been twenty-one months earlier in November 2018.
28. The client matters in respect of the four largest client balances were exemplified in the final Forensic Investigation Report.
29. In respect of Client B, a balance of £4,171.00 had remained on the client account for over three years.
30. In respect of Client C, a balance of £3,470.00 had remained on the client account for a period of over five years.
31. In respect of Client D, a balance of £918.54 had remained on the client account for a period of two years.
32. In respect of Client E, a balance of £723.00 had remained on the client account for a period of over two years.

In respect of allegation 1.5

33. 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 on the client account.
34. Part of that shortage had arisen on Client F's matter, due to a reversal of a £300.00 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 £300.00 on 28 July 2016 and that on 30 April 2020, that credit was reversed. That shortage was rectified by the First Respondent making an office to client account transfer on 13 August 2020.

Admissions

In respect of allegation 1.1.

35. Rule 20.1 of the SRA Accounts Rules 2011 sets out the limited circumstances in which client money may be transferred from the client account. The transfer made on 21 August 2015 did not fall within any of those circumstances.
36. It is not alleged that either Respondent had an intention to make the improper transfer. However, it is alleged, and admitted, that as partners of the Firm at the relevant time, they were both strictly liable for the improper transfer and breach of Rule 20.1 of the SRA Accounts Rules 2011.
37. The First Respondent admits that his conduct undermined public trust in the profession. The Public would expect solicitors to ensure that client money, which is sacrosanct, was protected and managed in line with the SRA Accounts Rules. The First Respondent admits that his conduct therefore breached Principle 6 of the SRA Principles 2011.
38. By failing to ensure compliance with the Accounts Rules, the First Respondent caused or allowed the improper transfer to take place. That transfer resulted in there being a shortage on the client account for Client A. The transferred money should have been allocated to Stamp Duty and Land Registration fees with the remaining balance being paid to the client. It was not until the client sought to sell the property, that the Firm rectified the position. Therefore, whilst the client did not in fact suffer any loss, the First Respondent's conduct in causing or allowing the improper transfer, failed to protect the client's money. The First Respondent admits that his conduct breached Principle 10 of the SRA Principles 2011.

In respect of allegation 1.2

39. Rule 20.6 of the SRA Accounts Rules 2011 states that money withdrawn in relation to a particular client account must not exceed money held for that client.
40. As partners of the Firm both Respondents were strictly liable for ensuring compliance with the SRA Accounts Rules. Therefore, by virtue of the facts set out at paragraphs 21 to 23, the First Respondent admits that he breached Rule 20.6.

41. As the sole equity partner of the Firm between 2013 and 2018, the First Respondent admits that he knew of the existence of the breach, having had sight of the Accountants reports, and failed to rectify the same within a timely manner.
42. In breaching Rule 20.6, the First Respondent admits that he failed to protect client money by causing or allowing a situation to develop over a number years whereby debit balances existed on numerous client accounts. In failing to protect client money, the First Respondent admits that he breached Principle 10 of the SRA Principles 2011.

In respect of allegation 1.3

43. Rule 29.1 of the SRA Accounts Rules 2011 provides that accounting records must be properly written up at all times.
44. The First Respondent admits that as a partner of the Firm he was strictly liable for compliance with the Accounts Rules and that by virtue of the conduct set out at paragraphs 24 and 25, he breached Rule 29.1 of the SRA Accounts Rules 2011.
45. The First Respondent, as sole equity partner, admits that he was aware of the breach at the relevant time, having had sight of the Accountants Reports and failed to rectify the same in a timely manner.

In respect of allegation 1.4

46. Rule 14.3 of the SRA Accounts Rules 2011 provides that client money must be returned to the client as soon as there is no longer a proper reason to hold the funds.
47. The First Respondent admits that as a partner of the Firm he was strictly liable for compliance with the Accounts Rules and that by virtue of the conduct set out at paragraphs 26 to 32, he breached Rule 14.3 of the SRA Accounts Rules 2011.
48. The First Respondent, as sole equity partner, admits that he was aware of the breach at the relevant time, having had sight of the Accountants Reports and failed to rectify the same in a timely manner.

In respect of allegation 1.5

49. Rule 5.3 of the SRA Accounts Rules provides that client money must only be withdrawn from a client account if sufficient funds are held for that client.
50. The First Respondent admits that as a partner of the Firm he was strictly liable for compliance with the Accounts Rules and that by virtue of the conduct set out at paragraphs 26 to 32, he breached Rule 14.3 of the SRA Accounts Rules 2011.
51. The First Respondent, as sole equity partner, admits that he should have been aware of the breach at the relevant time and rectified the same.

Mitigation

52. The following points are advanced by way of mitigation on behalf of the First Respondent but their inclusion in this document does not amount to adoption or endorsement of such points by the SRA:
53. The First Respondent regrets that he was unable to implement procedures to avoid the breaches of the Accounts Rules. He attempted to rectify the breaches but was unable to do so in a timely fashion. All shortages were made good on discovery and the sums of money involved were relatively small.

Agreed Outcome

54. The First Respondent agrees:

54.1 to pay a fine of £20,000

54.2 to pay costs to the SRA in the sum of £15,735 inclusive of VAT

54.3 to be subject to the following restrictions on his Practising Certificate. That he must not:

54.3.1 practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body

54.3.2 be a COLP, COFA, MLCO or MLRO

54.3.3 hold client money

54.3.4 be a signatory on any client account

55. The parties submit that the proposed outcome represents an appropriate and proportionate resolution of the matter, consistent with the Tribunal's Guidance Note on Sanctions 9th Edition.
56. The First Respondent was the sole equity partner and had direct control over these matters that occurred over a significant period of time.
57. The First Respondent has made open and frank admissions.
58. In the circumstances it is submitted that the seriousness of the conduct is such that it would not be appropriate to make no order or issue a reprimand.
59. However, it is submitted that the conduct does not justify a suspension or strike off.
60. The parties therefore submit that a financial penalty is the appropriate sanction. In respect of the level of the fine, it is submitted by the parties that the conduct falls at the lower end of Band 4 as detailed in the Tribunal's indicative fine bands for individuals (conduct assessed as very serious).
61. In the circumstances, it is submitted that the proposed outcome is the appropriate outcome in this case.

Signed by, or on behalf of, Mohit Chopra:

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Signed digitally by Robert Forman, solicitor, Murdochs, for and on behalf of, and as authorised to do so by, Mohit Chopra

Dated: 11 May 2022

Signed on behalf of SRA Limited:

Dated: