

# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12440-2023

## **BETWEEN:**

SOLICITORS REGULATION AUTHORITY LTD.

Applicant

and

ROSEMARY ANN JOYCE

Respondent

---

Before:

Mr P Jones (in the chair)  
Mrs F Kyriacou  
Mr A Lyon

Date of Hearing: 28 June 2023

---

## **Appearances**

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

---

## **JUDGMENT ON AN AGREED OUTCOME**

---

## **Allegations**

The allegations against the Respondent, Rosemary Ann Joyce, made by the SRA, were that, whilst a Solicitor at RJ Solicitors Limited ("the Firm"), she:

1. Between 29 December 2019 and 6 October 2020 inclusive, carried on practice at the Firm when the Firm did not have a policy of qualifying Professional Indemnity Insurance and in doing so breached any or all of Principles 2, 5, and 7 of the SRA Principles 2019 and Rule 2.1 of the SRA Indemnity Insurance Rules 2019.
2. Between 2 October 2019 and 8 October 2019 inclusive, failed to notify the SRA that the Firm had entered the extended indemnity period ("EIP") and in doing so breached any or all of Principle 7 of the SRA Principles 2011 and Rule 17.3(a) of the SRA Indemnity Insurance Rules 2013.
3. Between 1 November 2019 and 7 November 2019, failed to notify the SRA that the Firm had entered the cessation period ("CP") and in doing so breached any or all of Principle 7 of the SRA Principles 2011 and Rules 17.3(b) of the SRA Indemnity Insurance Rules 2013.
4. Failed to keep/maintain accounting records:
  - a. Between 7 October 2014 and 24 November 2019 inclusive, which at all times demonstrated the current balance on each client ledger, and in doing so breached any or all of Principle 6 of the SRA Principles 2011 and Rules 29.1, 29.2 and 29.9 of the SRA Accounts Rules 2011.
  - b. Between 25 November 2019 and 6 October 2020 inclusive, which maintained a list of all the balances of the liabilities of the clients, and in doing so breached any or all of Principle 2 of the SRA Principles 2019, Rule 8.1 of the SRA Accounts Rules 2019 and Paragraph 4.2 of the SRA Code of Conduct for Solicitors 2019.
5. Failed to undertake/ensure periodic reconciliations of client accounts at the Firm:
  - a. Between 7 October 2014 and 24 November 2019 inclusive, and in doing so breached any or all of Principle 6 of the SRA Principles 2011 and Rule 29.12 of the SRA Accounts Rules 2011.
  - b. Between 25 November 2019 and 6 October 2020 inclusive, and in doing so breached any or all of Principle 2 of the SRA Principles 2019, Rule 8.3 of the SRA Accounts Rules 2019 and Paragraph 4.2 of the SRA Code of Conduct for Solicitors 2019.

## **Recklessness**

6. Allegation 1 is advanced on the basis that the Respondent's conduct was reckless. Recklessness is an aggravating feature of the conduct alleged but is not an essential ingredient of proving the allegation : WITHDRAWN

## Documents

7. The Tribunal had before it the following documents contained within an electronic bundle which included:
  - Rule 12 Statement dated 16 February 2023 and Exhibit MJE1.
  - Application for permission to file an Agreed Outcome dated 27 June 2023.
  - Statement of Agreed Facts and Proposed Outcome dated 27 June 2023 (as redacted on 28 June 2023).

## Background

8. Ms Joyce was admitted to the Roll of Solicitors in June 1994. At all relevant times she was the sole director of RJ Solicitors Limited, Cleethorpes, Lincolnshire.
9. Ms Joyce was the Firm's Compliance Officer for Legal Practice ("COLP"), Compliance Officer for Finance and Administration ("COFA") and Money Laundering Reporting Officer ("MLRO").
10. As at the date of consideration of the Statement of Agreed Facts and Outcome ("the AO"), Ms Joyce did not hold a practising certificate.
11. The misconduct came to the attention of the Applicant following concerns that the Firm did not have indemnity insurance. A forensic investigation commenced and concluded in September 2020, following which the Applicant intervened into the Firm.

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

12. The parties invited the Tribunal to deal with the Allegations against the Respondent in accordance with the AO annexed to this Judgment. The parties submitted that the outcome proposed was consistent with the Tribunal's Guidance Note on Sanctions.

## Preliminary Issue

13. *Application for permission to consider the AO out of time*
  - 13.1 The Applicant filed and served an application dated 27 June 2023 (the day before the substantive hearing was due to commence) for permission to file an AO out of time. The application was predicated on independent medical evidence filed and the consequent impact on the fact that Ms Joyce was representing herself.
  - 13.2 Ms Joyce, by way of an email also dated 27 June 2023, confirmed her consent to the application.

## The Tribunal's Decision

- 13.3 Rule 25(1) of the Solicitors (Disciplinary Proceedings Rules) 2019 provides:

“... The parties may up to 28 days before the substantive hearing of an application (unless the Tribunal directs otherwise) submit to the Tribunal an Agreed Outcome Proposal for approval by the Tribunal...”

- 13.4 The Tribunal noted and deployed its discretion within Rule 25(1) to grant permission for consideration an AO within 28 days of the substantive hearing. Having considered the joint application for permission and the underpinning medical evidence in support, the Tribunal determined that there was no public interest in refusing the same.
- 13.5 The Tribunal therefore GRANTED the application for permission to consider the AO out of time.

### **Findings of Fact and Law**

14. The Applicant 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 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.
15. The Tribunal reviewed all the material before it and was satisfied on the balance of probabilities that the Respondent’s admissions were properly made.
16. The Tribunal considered, as set out within the appended AO, the Applicant’s unopposed application to withdraw Allegation 6 namely the aggravating feature of recklessness. The Tribunal determined that aggravating feature did not materially impact of the seriousness of the admitted misconduct. The Tribunal therefore GRANTED the same.
17. The Tribunal was, however, concerned that the AO in its first iteration contained highly sensitive information which would not ordinarily be placed in the public domain. That information related to the health of Ms Joyce and personal circumstances. The Tribunal sought clarity from the Parties in that regard which resulted in a redacted version of the AO being filed which is appended to this judgment.
18. The Tribunal considered the Guidance Note on Sanctions (Tenth Edition: June 2022). In doing so the Tribunal assessed the culpability and harm identified together with the aggravating and mitigating factors that existed.
19. The Tribunal approached sanction from the bottom of the scale upwards. In so doing it determined that the admitted misconduct was too serious to justify the sanction of No Order or a Reprimand.
20. The Tribunal carefully considered whether a financial penalty would be sufficient to protect the overarching public interest namely the protection of the public from harm, the declaration and upholding of proper standards within the profession and maintenance of public confidence in the regulation of solicitors. In circumstances where the admitted misconduct was not an isolated incident, occurred over a period of time and given the limited financial mean of Ms Joyce, the Tribunal did not consider that a financial penalty was appropriate or proportionate.

21. The Tribunal concluded that the proposed sanction appropriately reflected the gravamen of the misconduct and required in the public interest.

22. The Tribunal therefore GRANTED the application for an AO.

### Costs

23. Costs were agreed in the sum of £14,280.50 which the Tribunal considered were reasonable and proportionate to the case.

### 24. Statement of Full Order

1. The Tribunal Ordered that the Respondent, ROSEMARY ANN JOYCE, be suspended from practice as a solicitor for the period of 3 months to commence on the 28<sup>th</sup> day of June 2023 and it further Ordered that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £14,280.50.

2. Upon the expiry of the fixed term of suspension referred to above, the Respondent shall be subject to conditions imposed by the Tribunal indefinitely as follows:

2.1 The Respondent may not:

2.1.1 Act as a manager or owner of an authorised body or authorised non-SRA firm.

2.1.2 Act as a compliance officer for legal practice (COLP) or compliance officer for finance and administration (COFA) for any authorised body, or head of legal practice (HOLP) or head of finance and administration (HOFA) for any authorised non-SRA firm.

3. There be liberty to either party to apply to the Tribunal to vary the conditions set out at paragraph 2 above.

Dated this 13<sup>th</sup> day of July 2023

On behalf of the Tribunal



P Jones  
Chair

**JUDGMENT FILED WITH THE LAW SOCIETY**  
**13 JUL 2023**

**BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL  
IN THE MATTER OF THE SOLICITORS ACT 1974 (as amended)  
B E T W E E N:**

**SOLICITORS REGULATION AUTHORITY LIMITED**

**Applicant**

**and**

**ROSEMARY ANN JOYCE**

**Respondent**

---

**STATEMENT OF AGREED FACTS AND OUTCOME**

---

**Introduction**

1. By application and statement made by Matthew James Edwards on behalf of the Solicitors Regulation Authority Limited (the "SRA"), pursuant to Rule 12 of the Solicitors (Disciplinary Proceedings) Rules 2019, dated 16 February 2023, the SRA brought proceedings before the Tribunal making allegations of professional misconduct against the Respondent. Definitions and abbreviations used herein are those set out in the Rule 12 Statement. The Tribunal made Standard Directions on 22 February 2023. There is a substantive hearing listed for 28 to 30 June 2023.
2. The Respondent, Rosemary Ann Joyce, admits all the allegations as set out in the Rule 12 statement, save for the aggravating feature of recklessness.
3. The Applicant applies to the Tribunal to withdraw the aggravating feature of recklessness. This is on the basis that it is not in the public interest for the Tribunal to determine this allegation in light of (a) the admissions in this document and the severity of the outcome agreed; and (b) the medical report [REDACTED] dated 27 January 2023. This issue is further explained at paragraphs 5 to 7 below.

## Allegations

4. The Respondent admits all of the Allegations and the facts set out in this statement and the parties have agreed a proposed outcome (the numbering of the Allegations are retained from the Rule 12 Statement):
  1. *Between 29 December 2019 and 6 October 2020 inclusive, carried on practice at the Firm when the Firm did not have a policy of qualifying Professional Indemnity Insurance and in doing so breached any or all of Principles 2, 5, and 7 of the SRA Principles 2019 and Rule 2.1 of the SRA Indemnity Insurance Rules 2019.*
  2. *Between 2 October 2019 and 8 October 2019 inclusive, failed to notify the SRA that the Firm had entered the extended indemnity period ("EIP") and in doing so breached any or all of Principle 7 of the SRA Principles 2011 and Rule 17.3(a) of the SRA Indemnity Insurance Rules 2013.*
  3. *Between 1 November 2019 and 7 November 2019, failed to notify the SRA that the Firm had entered the cessation period ("CP") and in doing so breached any or all of Principle 7 of the SRA Principles 2011 and Rules 17.3(b) of the SRA Indemnity Insurance Rules 2013.*
  4. *Failed to keep/maintain accounting records:*
    - a. *Between 7 October 2014 and 24 November 2019 inclusive, which at all times demonstrated the current balance on each client ledger, and in doing so breached any or all of Principle 6 of the SRA Principles 2011 and Rules 29.1, 29.2 and 29.9 of the SRA Accounts Rules 2011.*
    - b. *Between 25 November 2019 and 6 October 2020 inclusive, which maintained a list of all the balances of the liabilities of the clients, and in doing so breached any or all of Principle 2 of the SRA Principles 2019, Rule 8.1 of the SRA Accounts Rules 2019 and Paragraph 4.2 of the SRA Code of Conduct for Solicitors 2019*
5. *Failed to undertake/ensure periodic reconciliations of client accounts at the Firm:*
  - a. *Between 7 October 2014 and 24 November 2019 inclusive, and in doing so breached any or all of Principle 6 of the SRA Principles 2011 and Rule 29.12 of the SRA Accounts Rules 2011.*
  - b. *Between 25 November 2019 and 6 October 2020 inclusive, and in doing so breached any or all of Principle 2 of the SRA Principles 2019, Rule 8.3 of the SRA Accounts Rules 2019 and Paragraph 4.2 of the SRA Code of Conduct for Solicitors 2019*

### Application to withdraw recklessness

5. The Respondent admits all of the allegations set out above.
6. With regard to allegation 1, this was initially advanced on the basis that the Respondent's conduct was reckless. The Respondent denies that her conduct was reckless. The Applicant still considers that there is a case to answer in respect of recklessness. However, the parties agree that the admitted conduct taken together justifies that the Respondent be suspended for a period of three months and thereafter subject to indefinite restrictions. In other words, a suspension of three months followed by indefinite restrictions could be properly imposed by the Tribunal and would reflect the gravamen of the case irrespective of whether a formal finding of recklessness is made or not. Accordingly, it is not necessary, proportionate or therefore in the public interest to proceed to a contested hearing in order to resolve the question of recklessness.
7. Furthermore, a medical report [REDACTED] [REDACTED] also encourages both parties to "*come to a negotiated conclusion thereby obviating the necessity for any hearing at the SDT*". In the circumstances of this case, and noting the balance of the public interest in light of the agreed sanction as set out above, the Respondent's health is relevant to the wider public interest in having the aggravating feature of recklessness determined at a substantive hearing. Accordingly, the Applicant applies to the Tribunal to withdraw the aggravating feature of recklessness in respect of allegation 1 on the basis that this Agreed Outcome is to be approved.

### Agreed Facts

8. The Respondent was admitted to the Roll of Solicitors on 1 June 1994. At all relevant times the Respondent was the sole director of RJ Solicitors Limited, 64 St Peters Avenue, Cleethorpes, Lincolnshire, DN5 5HP. The Firm is a recognised Sole Practice which was formed on 10 December 2009.
9. The Respondent was the Firm's Compliance Officer for Legal Practice ("COLP"), Compliance Officer for Finance and Administration ("COFA") and Money Laundering Reporting Officer ("MLRO").
10. The Respondent does not currently hold a practising certificate.
11. The misconduct came to the attention of the SRA following concerns that the Firm did not have indemnity insurance.



12. The SRA carried out an investigation and notified the Respondent on 15 September 2020. The letter outlined a visit to take place at the Firm's office the following day at 10:00.
13. The Respondent acknowledged receipt of this letter in a telephone call the same day. At the request of the Respondent the meeting place for 16 September 2020 was changed to the Doubletree Hilton, Forest Pines & Golf Resort, Ermine Street, Broughton, Nr Brigg, DN20 OAQ.
14. The scheduled forensic investigation started on 16 September 2020, and the same day the Forensic Investigation Officer, from the SRA interviewed the Respondent.
15. The forensic investigation concluded on 24 September 2020. Subsequent to this a Notice recommending intervention into the Respondent's Firm was prepared and an Adjudication Panel made the decision to intervene into the Firm. Intervention took place on 6 October 2020.
16. A previous investigation was commissioned into the Respondent's practice, which resulted a referral to the Solicitors Disciplinary Tribunal ("the SDT") on 6 December 2018. Subsequently, this referral decision was rescinded on 23 May 2019. Due to an administrative error, this was not communicated to the Respondent.

### **Allegation 1 – carrying on practice without qualifying PII**

#### ***Regulatory requirement***

17. Rule 2.1 of the SRA Indemnity Insurance Rules creates an obligation on an authorised body to effect insurance. It reads:

*“An authorised body carrying on a practice during any indemnity period beginning on or after 25 November 2019 must take out and maintain qualifying insurance under these rules with a participating insurer.”*

18. An authorised body means:
  - a. a body that has been authorised by the SRA to practise as a licensed body or a recognised body; or
  - b. a sole practitioner's practice that has been authorised by the SRA as a recognised sole practice
19. Carrying on a practice means the whole or such part of the private legal practice of an authorised body as is carried on from one or more offices in England and Wales.

20. Qualifying insurance means a policy that provides professional indemnity insurance cover in accordance with the minimum terms and conditions (“MTC”) but only to the extent required by the MTC
21. At all times between 28 December 2019 and 7 October 2020, the Firm were authorised by the SRA as a recognised body, namely RJ Solicitors Limited (521132).

### **Agreed Facts in support of the allegation**

22. For the period 1 October 2018 to 30 September 2019, the Firm held a professional indemnity policy of insurance with Maven Underwriting under policy number P90555.
23. SRA records demonstrate that the Firm did not go on to obtain professional indemnity insurance cover for the period 2019/20.
24. On 31 October 2019, the Respondent notified the SRA through the Firm’s recognition application (CAS-1576991) that the Firm were insured through Maven Underwriting on behalf of Syndicate 1200 between 30 September 2019 and 30 November 2019.
25. Despite the claim by the Respondent that the Firm held a valid professional indemnity policy of insurance for the period 30 September 2019 to 30 November 2019:
  - a. Maven Underwriting did not include the Firm in their Insured Firms Report (“IFR”) to the SRA submitted on 20 November 2019; and
  - b. Maven Underwriting ceased writing business on 2 September 2019 and as such no policies, new or renewal, started after that date.
26. By virtue of the Firm’s professional indemnity policy of insurance expiring on 30 September 2019, the Firm entered the extended policy period (“EPP”) on 1 October 2019. The EPP comprises a 30 day EIP and a 60 day CP. The Firm therefore entered the EIP on 1 October 2019. This means that if a firm does not renew its insurance, its last participating (qualifying) insurer will have to provide three month’s (90 days) coverage. After the EPP the firm will have to close if it cannot get a new policy.
27. The Respondent did not arrange a professional indemnity policy of insurance within 30 days (30 October 2019) and consequently the Firm entered into the CP on 31 October 2019. During this period the Firm were required not to take on any new clients and take steps to close.
28. The CP officially ended on 29 December 2019 together with the professional indemnity insurance cover provided by Maven Underwriting. The Firm was therefore required to close and cease practice completely on this date.

### Client Matters

29. The SRA reviewed the documentation after intervention on 6 October 2020. This process revealed the Firm attracted new clients and continued to practice during the period 29 December 2019 to 7 October 2020, as evidenced by the following client matters which were passed to either Wilkins Chapman LLP or Bridge McFarland LLP.

*Client A1*

30. The Firm represented Client A1 between February 2020 and September 2020 in respect of her divorce proceedings. There appears to have been an initial enquiry made by Client A1 of the Firm's capacity to take on her matter on 30 January 2020.

31. The client care letter addressed to Client A1 confirming the Firm were instructed is dated 19 February 2020. This letter references an enclosed terms of business and attention is drawn to the fact that "*limitation of liability within the enclosed terms of business sets an aggregate limit of £3 million.*"

32. An email from Client A1 to JP of the Firm dated 28 September 2020, confirms the Firm will no longer be instructed and a request is made for the file to be passed to Wilkin Chapman.

*Client B1*

33. The Firm represented Client B1 between February 2020 and July 2020 in respect of a property sale. Client B1 called on 5 February 2020 to see if she could instruct the Firm.

34. The client care letter addressed to Client B1 confirming she was instructing the Firm is dated 3 March 2020. This letter references an enclosed terms of business and attention is drawn to the fact that "*limitation of liability within the enclosed terms of business sets an aggregate limit of £3 million.*"

35. A letter from the Respondent to Client B1 dated 10 June 2020, demonstrates the Firm was still acting for her in this matter at this time.

*Client C1*

36. The Firm represented Client C1 between April 2020 and October 2020 in respect of the lease of two properties, Property C1 and Property C2 .

37. Money totalling £15,000.00 was paid into the client account in May 2020. The Firm made payments to the solicitors acting for the other side, Brabners LLP, on 22 May 2020 and 2 June 2020 totalling £10,000.00.

*Client D1*

38. The Firm represented Client D1 between July 2020 and October 2020 in respect of a property purchase.

39. The client care letter addressed to Client D1 confirming the Firm were instructed is dated 19 August 2020. This letter references an enclosed terms of business and attention is drawn to the fact that *“limitation of liability within the enclosed terms of business sets an aggregate limit of £3 million.”*
40. Further communication between the Firm and representatives for the seller, Wilkin Chapman LLP, found on the file is dated 15 September 2020. The email goes into significant detail about Client D1’s matter and refers to him as “our client”.

*Client E1*

41. The Firm represented Client E1 between March 2020 and September 2020 in respect of a property sale.
42. The client care letter addressed to Client E1 confirming his instruction of the Firm is dated 22 April 2020. This letter references an enclosed terms of business and attention is drawn to the fact that *“limitation of liability within the enclosed terms of business sets an aggregate limit of £3 million.”*
43. The last communication on file is dated 20 August 2020 and references completion of the sale being “fairly imminent”.

*Client F1*

44. Client F1 was a client of the Firm since at least 18 December 2017.
45. In September 2020, the Firm was working on Client F1’s behalf in respect of a property transaction.

Account analysis

46. From the end of the cessation period, 29 December 2019, to shortly before the SRA intervention, 1 October 2020, the amount of client money held by the firm fell from £1,946,059.31 to £673,178.24.
47. The Sage spreadsheet identified the following bills raised during the cessation period:

Date of Bill	Bill No.	Matter Type	Period covered
08/06/20	3205	Divorce Proceedings	01/01/20-03/06/20
17/01/20 (sic)	3215	Memorandum of understanding	23/03/20-15/07/20

21/07/20	3216	Children Act Application	01/04/20-30/06/20
21/07/20	3217	Divorce Proceedings	01/04/20-30/06/20
21/07/20	3218	Maintenance Arrears	27/04/20-30/06/20
22/07/20	3220	Divorce Proceedings	01/04/20-30/06/20
22/07/20	3221	Mediation	01/04/20-30/06/20
05/08/20	3232	Divorce Proceedings	01/04/20-31/07/20
05/08/20	3233	Divorce Proceedings	13/08/19-31/07/20
05/08/20	3234	Property Dispute	15/11/18-09/06/20
04/08/20	3235	Divorce Proceedings	01/11/19 – to date
20/08/20	3241	Potential Children Act Proceedings	06/19 – to date
24/08/20	3243	Divorce Proceedings	17/10/19-24/08/20
04/09/20	3246	Divorce Proceedings	04/07/19-13/08/20
03/09/20	3247	Divorce Proceedings	15/08/19-31/08/20

**Allegation 2 – failed to notify the SRA that the Firm had entered the extended indemnity period (“EIP”)**

**Regulatory requirement**

48. Rule 17.3(a) of the SRA Indemnity Insurance Rules 2013 states:

“Each firm shall notify the Society (or such person as the Society may notify to the firm from time to time) and its participating insurer in writing as soon as reasonably practicable and in no event later than five (5) business days after the date on which:

(a) the firm enters the extended indemnity period under its policy.”

49. As a director of the Firm the SRA Indemnity Insurance Rules 2013 apply to her.

### **Agreed facts relied upon in support of the allegation**

50. By virtue of the Firm's professional indemnity policy of insurance expiring on 30 September 2019, the Firm entered the EPP on 1 October 2019. The EPP comprises a 30 day EIP and a 60 day CP. The Firm therefore entered the EIP on 1 October 2019. This means that if a firm does not renew its insurance, its last participating (qualifying) insurer will have to provide three month's (90 days) coverage. After the EPP the firm will have to close if it cannot get a new policy.

51. The deadline for the Firm to tell the SRA that it had gone into the EIP was five business days after the commencement of the EIP, i.e. 8 October 2019.

52. The SRA did not receive notification from the Firm that it had entered the EIP at all.

### **Allegation 3 - failed to notify the SRA that the Firm had entered the cessation period ("CP")**

#### **Regulatory requirement**

53. Rule 17.3(b) of the SRA Indemnity Insurance Rules 2013 states:

"Each firm shall notify the Society (or such person as the Society may notify to the firm from time to time) and its participating insurer in writing as soon as reasonably practicable and in no event later than five (5) business days after the date on which:

(b) the firm enters the cessation period under its policy;

54. As a director of the Firm the SRA Indemnity Insurance Rules 2013 apply to her.

### **Agreed facts relied upon in support of the allegation**

55. By virtue of (a) the Firm's professional indemnity policy of insurance expiring on 30 September 2019; and (b) the Firm failing to obtain a professional indemnity policy of insurance within thirty days of 30 September 2019, the Firm entered the CP on 31 October 2019.

56. The deadline for the Firm to tell the SRA that it had gone into the CP was five business days after the commencement of the CP, i.e. 7 November 2019.

57. The SRA did not receive notification from the Firm that it had entered the CP at all.

#### **Allegation 4 – Failure to keep proper accounting records for clients**

##### **Regulatory requirement**

58. Prior to 25 November 2019, Rule 29 of the Solicitors Accounts Rules 2011 governed accounting records for client accounts.

59. Rule 29.1 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.*

60. Rule 29.2 states:

*All dealings with client money must be appropriately recorded:*

*(a) in a client cash account or in a record of sums transferred from one client ledger account to another; and*

*(b) on the client side of a separate client ledger account for each client (or other person, or trust).*

*No other entries may be made in these records.*

61. Rule 29.9 states:

*The current balance on each client ledger account must always be shown, or be readily ascertainable, from the records kept in accordance with rule 29.2 and 29.3 above.*

62. Since 25 November 2019, Rule 8 of the Solicitors Accounts Rules 2019 has governed accounting systems and controls.

63. Rule 8.1 states:

*You keep and maintain accurate, contemporaneous, and chronological records to:*

*(a) record in client ledgers identified by the client's name and an appropriate description of the matter to which they relate:*

*i. all receipts and payments which are client money on the client side of the client ledger account;*

*ii. all receipts and payments which are not client money and bills of costs including transactions through the*

*authorised body's accounts on the business side of the client ledger account;*

*(b) maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances; and*

*(c) provide a cash book showing a running total of all transactions through client accounts held or operated by you.*

#### **Agreed facts relied upon in support of the allegation**

64. During the course of the investigation and following the intervention the following bank accounts were accessed/scrutinised by the SRA:

<b>Account Name</b>	<b>Number</b>	<b>Balance at Discovery</b>
Client Account	22756xxx	£754,224.11
XXXX Trust Deposit	32884xxx	£115,026.25
Joseph MXXX Deposit	31355xxx	£32.12
J X XXXX/NXXX Deposit	31186xxx	Nil
SXXX XXX Deposit	31817xxx	Nil
OXXX XXX Deposit	31167xxx	Nil
PXXX XXX Deposit	32939xxx	£13,438.61
RXXX Deposit	31395xxx	Nil
S CXXX Deposit	31877xxx	Nil
WXXX Deposit	31741xxx	Nil
WXXX Deposit	31861xxx	Nil
Office Account	22754xxx	£2,166.52



Office Savings Account	22756xxx	£5,284.70
------------------------	----------	-----------

65. Documentation recovered by the SRA following the intervention on 6 October 2020, included:

- a. Cheque book stubs;
- b. Bank statements;
- c. Copies of bills;
- d. Receipts;
- e. Sage Accounts (which could not be accessed)
- f. Payments documentation; and
- g. Client reconciliations from 2015.

66. A 51,000 line spreadsheet was provided by the Respondent.

67. The SRA contacted the Respondent's cashier, Ms Brown, on 31 March 2021, regarding accounts information belonging to the Firm that may be in her possession. Ms Brown responded on 1 April 2021 stating:

*"Hi Dianne, I don't have any information on this client anymore, I deleted the records after I had given Heather Anderson a backup of the Sage data and I also send [sic] her a spreadsheet with the 51000 lines which made up the accounts on it. Regards, Jxxx"*

68. On 29 July 2021, the SRA wrote to the Respondent highlighting missing client bank reconciliations and financial ledgers relating to clients. The Respondent was requested to either provide them to the intervention team or provide an explanation for why they no longer existed. The SRA received no response to this letter.

69. A Production Notice dated 1 September 2021, required the Firm, *inter alia*, to produce client account reconciliations with supporting documents to include bank statements, client matter listings and cashbook balances for the period from 28 February 2020 to 6 October 2020.

70. The Respondent replied to the specific request contained within the Notice in the form of a letter dated 6 September 2021, in which she confirmed:

*"With regard to the accounts information I have already explained that all documentation relating to the same as held by me or my firm was*

*handed over at the time of intervention. A few further documents were later located and were handed over to Sean Joyce personally. I do not know what may have happened to any documents that you are missing, I do not hold any of the documents that you have requested”*

71. There were no lists of client balances, client ledger accounts, client account cashbooks or recent client account reconciliations.

72. It is noted from the 51,000 line spreadsheet produced that:

- a. There was no running balance or period balance identified;
- b. The ‘details’ field (to identify the nature of the transactions) contained no narrative in a number of instances.
- c. In a number of instances, the ‘details’ field contained narrative which included the word ‘cancel’. This indicated that adjustments were being made for mis-posted or incorrect entries. For example, c.50 transactions contained the word ‘cancel’ on.
- d. The entries were not chronologically sequential. For example, one entry contained transactions which were dated in a four year period between 2016 and 2020.
- e. On the spreadsheet there were reconciliation dates, but no recent client account or any office account reconciliations were provided.
- f. The spreadsheet showed that there was activity on the Sage accounts during September 2020. The spreadsheet showed that items were reconciled on 29 September 2020, but this was reconciling historical transactions going back to November 2018.
- g. There was editing of transactions on the spreadsheet, which would indicate that changes or deletions were being made on the Sage system to some transactions. Amendments and postings were still being made post 6 October 2020 on the accounts system and in some instances related to transactions that had been reconciled in 2016. The most recent amendments were dated 26 October 2020.
- h. There were 51,000 entries on the Sage spreadsheet which went back to 2011. These were listed line by line. Posting to the Sage system was retrospective, for example November 2019 transactions were posted to the system in September 2020 and May, June, July, and August 2020. Transactions were posted in September 2020.

73. The Financial investigator could not determine that the accounts were complete from what was provided. On the spreadsheet there were still amendments and deletions being made to the accounts as late as 26 October 2020, eighteen days after the Intervention. It is not clear whether these late amendments were to reconcile office account transactions or client account transactions.

74. In conclusion the books of account provided by the Respondent, which she confirmed to be a complete copy of the records held by the Firm, were incomplete and as a result, it is not possible to determine if the Firm held sufficient funds in the client bank account to match its liabilities to their clients.

### **Allegation 5 – client account reconciliations**

#### **Regulatory requirement**

75. Prior to 25 November 2019, Rule 29.12 of the Solicitors Accounts Rules 2011 governed client account reconciliations.

76. Rule 29.12 states:

*You must, at least once every five weeks:*

*(a) compare the balance on the client cash account(s) with the balances shown on the statements and passbooks (after allowing for all unpresented items) of all general client accounts and separate designated client accounts, and of any account which is not a client account but in which you hold client money under rule 15.1(a) or rule 16.1(d), and any client money held by you in cash; and*

*(b) as at the same date prepare a listing of all the balances shown by the client ledger accounts of the liabilities to clients (and other persons, and trusts) and compare the total of those balances with the balance on the client cash account; and also*

*(c) prepare a reconciliation statement; this statement must show the cause of the difference, if any, shown by each of the above comparisons.*

77. After 25 November 2019, Rule 8 of the Solicitors Accounts Rules 2019 governs client account reconciliations.

78. Rule 8.3 states:

You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manager of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.

**Agreed facts relied upon in support of the allegation**

79. The agreed facts outlined at paragraphs 64 to 74 apply also to this allegation.
80. Client account reconciliations for the period 31 May 2020 to 31 July 2020 formed part of the material required to be made available by the Respondent at the beginning of the investigation. This was explained in an appendix to the letter sent by the SRA to the Respondent on 15 September 2020.
81. The Respondent provided a computer generated client reconciliation document titled "*Bank Statement – Reconciled and Unreconciled*" in response to this request. The document covered the period 1 July 2020 to 31 July 2020.
82. The Respondent did not provide any reconciliations for either May 2020 or June 2020.
83. The computer-generated reconciliation as at 31 July 2020, provided by the Respondent was deficient for the following reasons:
- a. It did not contain any comparison to a list of the firms client liabilities and was therefore not a three way reconciliation;
  - b. It only referred to the main client bank account (22756xxx) and did not include any information concerning the two client deposit accounts held by the firm; and
  - c. It did not contain any unreconciled items.

**Mitigation**

84. The following points are advanced by way of mitigation on behalf of the Respondent but their inclusion in this document does not amount to adoption or endorsement of such points by the SRA:
- 84.1 I have suffered [REDACTED] since the commencement of the intervention proceedings against me. But also, before that due to some of the issues set out in my answer to the allegations made against me. I was just coping before the SRA case started.
- 84.2 Briefly I feel that matters went downhill for me about the time my father died in February 2016. This was roughly when the first case against me started when I was dealing with his death and looking after my grieving mother. [REDACTED]  
[REDACTED]  
[REDACTED] I had some very difficult clients at that time and also I had no support.  
[REDACTED]

84.3 I was left in a position of existing not living at this time. I know everything is temporary but was just waiting for things to get better. I never asked about the SRA investigation, which in my opinion was sour grapes from a large London firm from whom I had to suffer many misogynistic comments and remarks which were extremely unprofessional. I did not wish to "poke the hornet's nest" and find out the position with this SRA investigation.

84.4 Then I was on holiday in August 2019 when my insurance broker, AON, gave me written notice that they could no longer insure firms with less than 7 partners. I was a sole practitioner so that left me having to find a new insurer within 5 weeks. I was left in the position that I had to disclose the fact that there was an unfinished investigation against my firm. This left me in the position that I was unable to find an insurance company that would insure my firm.

[REDACTED]

[REDACTED]

84.6 I advised my colleagues of the position and explained that we could not take on any new work. I proceeded to negotiate with 2 local firms for the sale of my firm.

84.7 I was close to resolving this when covid19 closed the world and everything stopped.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

84.9 I was mostly unable to see any of my staff as they were furloughed.

84.10 I was in deep shock at this time due to the traumas I had suffered as a result of the efforts of a client involved in one of my cases in late 2019. He threw missiles at our office windows and sprayed clear liquid in our reception area. He was on drugs and had mental health issues and all this was very intimidating. The police were involved and I was given a number to call if he came near my office or my home and armed police would be deployed as he was seen as a threat.

[REDACTED]

[REDACTED]

[REDACTED]

84.13 I should be noted at this point it was not until 16 September 2020 when I had my first meeting with the SRA investigators that I was told that the previous case against me had been closed.

84.14 It was not until I eventually opened the trial bundle in April 2023 (after receiving a trial bundle for another case), that I was made aware that the previous case against me had been “rescinded”. I was also shocked to read the admission by the SRA – see paragraph 16 above, -“**Due to an administrative error, this was not communicated to the Respondent**”.

84.15 I am shocked that no one seems to have “joined the dots” to work out that had I been advised on 23 May 2019 that the case had been rescinded, I would not have had to declare this on my insurance application which would undoubtedly have resulted in my firm being granted insurance.

84.16 [REDACTED] I would not hold up well at a tribunal hearing. [REDACTED]

84.17 I think my statement of means has been lodged already from which it will be noted that a small “administrative error” has had a catastrophic effect on myself and my family. [REDACTED]

[REDACTED] I have lost my livelihood and the chance to sell my firm.

84.19 There seems to be a repeat pattern of neglect in respect for progressing my case throughout with many errors and delays being highlighted by me.

84.20 It seems that the regulator of the Solicitors does not receive regulation itself and there are no consequences or repercussions for its neglect and breach of duty. While I have to lose my profession, all my monies and my family.

### **Agreed Outcome**

85. The Respondent agrees:

85.1 To a period of suspension from the Roll for a period of three months.

85.2 That the following restrictions be imposed for an indefinite period upon the Respondent’s practising certificate (with liberty to apply):

85.2.1 The Respondent may not act as a manager or owner of an authorised body or authorised non-SRA firm.

85.2.2 The Respondent may not act as a compliance officer for legal practice (COLP) or compliance officer for finance and administration (COFA) for any

authorised body, or head of legal practice (HOLP) or head of finance and administration (HOFA) for any authorised non-SRA firm.

85.3 .To pay costs to the SRA in the sum of £14,280.50

86. The parties consider and submit that in light of the admissions set out above and taking due account of the mitigation put forward by the Respondent, the proposed outcome represents a proportionate resolution of the matter, consistent with the Tribunal's Guidance Note on Sanction (10<sup>th</sup> edition).
87. The first allegation arises out of the failure by the Respondent to obtain a qualifying professional indemnity policy of insurance following its expiry on 30 September 2019. What subsequently flowed was a deliberate and serious breach of the SRA Indemnity Insurance Rules with regard to receiving new instructions during the CP. This exposed clients to a significant degree of risk.
88. The rationale behind the EIP and CP is to enable a firm to have a short period (90 days in total) to obtain PII after the end of the last period of insurance. During the 30-day EIP a firm can continue to practise as normal and take on new clients. In the 60-day CP the focus of the firm has to turn to closure of the practice if it is unable to find PII and it must close no later than the last day of the CP. The EIP and CP provides firms a period of time to make arrangements for live files to be moved before the practice must cease altogether. Notifying the SRA allows the regulator to monitor the firm to ensure that client money and client files are secure and that there is a plan in place to close no later than the end of the CP.
89. The Respondent's failure to notify the SRA that the Firm had entered either the EIP or CP, meant that she avoided the scrutiny of the SRA and was able to continue to practise without a professional indemnity policy of insurance being in place, which necessitated an intervention. The Respondent did not take steps to close the Firm during the CP and accepted new clients during this period.
90. The Respondent should have been aware of the SRA Indemnity Insurance Rules given her level of seniority and positions she held within the Firm. Despite this, the Respondent continued to accept new instructions and when asked about her professional indemnity policy of insurance by the SRA, she maintained to them that she had one.

91. New and existing clients were put at considerable risk; many of these would have been oblivious to this fact and would presumably have been making decisions on the understanding that the Firm would have had a policy of qualifying insurance. The Respondent failed to inform them of this. The only rational explanation for her actions appears to have been that she was putting her own interests and the interests of the Firm above the interests of her client.

92. It is agreed that:

92.1 The seriousness of the misconduct is such that neither a Reprimand nor a Fine is a sufficient sanction or in all the circumstances appropriate.

92.2 There is a need to protect both the public and the reputation of the legal profession from future harm from the Respondent by removing their ability to practise, but

92.3 Neither the protection of the public nor the protection of the reputation of the legal profession justifies striking off the Roll.

92.4 Public confidence in the legal profession demands no lesser sanction.

93. In respect of the level of culpability of the Respondent:

93.1 The Respondent held the roles of COLP and COFA at the Firm during the relevant times and was therefore required to ensure compliance with the Solicitors Accounts Rules by the Firm.

93.2 The Firm has been the recognised sole practice of the Respondent for a considerable number of years (since 2009).

93.3 The Respondent's actions were deliberate with her own interests, and those of the Firm, placed above the interests of her clients.

94. The harm caused by the Respondent was that:

94.1 After money was returned to identified clients a total of £266,224.86 was paid to the Solicitors Compensation Fund as residual for unidentified funds in relation to the Firm's client account.

94.2 Continuing to operate the Firm at a time when there was no PII in place has caused a risk of loss to clients who received legal services during this period as they will not be covered under the Firm's run off insurance cover.

#### *Aggravating factors*

95. The aggravating factors are that:

95.1 The Respondent is an experienced solicitor with over 25 years of experience.



95.2 The Respondent knew or ought reasonably to have known that the conduct complained of was in material breach of obligations to protect the public and the reputation of the legal profession.

95.3 The Respondent has not engaged fully with the regulator and has not filed an Answer to the allegations set out in the Rule 12 statement.

96. The parties consider that in light of the admissions set out above and taking due account of the mitigation put forward by the Respondent, the proposed outcome represents a proportionate resolution of the matter, which is in the public interest. The applicant is satisfied that the practising restrictions will adequately manage the ongoing risk the Respondent presents, should she ever wish to practise law again.

Signed by the parties:

The Respondent

Date:

*Matthew Edwards*

For and on behalf of the Applicant

Date: 27 June 2023