

IN THE MATTER OF GEORGE EDWARD WRIGHT, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr. D.J. Leverton (in the Chair)
Mr. J.W. Roome
Dame S. Prendergast

Date Of Hearing: 3rd October 1996

FINDINGS

of the Solicitors' Disciplinary Tribunal
constituted under the Solicitors Act 1974

An application was duly made on behalf of the Solicitors Complaints Bureau (subsequently The Office for the Supervision of Solicitors) on 2nd July 1996 by Peter Harland Cadman, solicitor of 2 Putney Hill, Putney, London SW15 6AB that George Edward Wright, solicitor of Elvington, York YO4 might be required to answer the allegations set out in the statement which accompanied the application and that such Order might be made as the Tribunal should think right.

The allegations were that the respondent had been guilty of conduct unbecoming a solicitor in each of the following particulars, namely that he had -

(i) Accounts Rules 1991 drawn money out of client account other than as permitted by Rule 7 of the said Rules;

(ii) utilised clients' funds for his own purposes;

(iii) misappropriated clients' funds.

The application was heard at the Court Room, No. 60 Carey Street, London WC2 on 3rd October 1996 when Peter Harland Cadman, solicitor and partner in the firm of Messrs. Russell-Cooke, Potter & Chapman of 2 Putney Hill, Putney, London SW15 6AB appeared for

the applicant and the respondent was represented by Rex Howling of Counsel instructed by Messrs. Ambrose Applebe of 7 New Square, Lincoln's Inn, London WC2.

The evidence before the Tribunal included the admissions of the respondent.

At the conclusion of the hearing the Tribunal ORDERED that the respondent George Edward Wright of Elvington, York, solicitor be STRUCK OFF the Roll of Solicitors and they further Ordered him to pay the costs of and incidental to the application and enquiry, fixed in the sum of £984.05 inclusive.

The facts are set out in paragraphs 1 to 8 hereunder -

1. The respondent, born in 1944, was admitted a solicitor in 1968. At the material times he practised in partnership under the style of Singleton Wright. The respondent and Maureen Singleton had practised together since 1988 conducting a commercial conveyancing and corporate litigation practice assisted by an unadmitted staff of four. They were not licensed insolvency practitioners and the firm was not regulated in the conduct of investment business.
2. During the period in which the allegations had arisen, Mrs Singleton had been away from the practice owing to ill-health and no allegations had been made against her. The respondent's admissions included the respondent's assurance that the breaches were his and his alone.
3. Upon due notice the Investigation Accountant of the Solicitors Complaints Bureau attended at the firm's offices to inspect the books of account on 14th March 1995. The Investigation Accountant's Report dated 16th May 1995 was before the Tribunal and revealed a cash shortage of £5,026.12 which had arisen in the following way -

| | | |
|-------|---|------------------|
| (i) | Debit Balances | £3,219.96 |
| (ii) | Cash transferred twice from client to office bank account | 1,492.25 |
| (iii) | Bank charge debited to client bank account | 232.84 |
| (iv) | Book Difference - Shortage | <u>81.07</u> |
| | | <u>£5,026.12</u> |

The debit balances had arisen where ten over-payments had been made.

4. The respondent and his partner's Accountant's Reports for the year ended 31st August 1993 were qualified with reference to shortages of £694.15 at 30th June 1993 and £2,186.73 at 31st August 1993. The shortages had been rectified by transfers from office to client bank account.
5. A further inspection of the firm's books of account was made by an Investigation Accountant, the inspection starting on 9th November 1995. The Report was dated 14th November 1995 and revealed that the firm's books of account were not in compliance with the Solicitors' Accounts Rules as no entries had been made later than 31st August 1995 and the respondent admitted having made numerous false entries by that date. The Investigation Accountant did not consider it practicable therefore to attempt to calculate the firm's liabilities to clients. However, it was accepted that a minimum shortage of £54,287.00 existed on the client bank account as at 9th

November 1995. The partners were not then able to rectify even that minimum cash shortage.

6. The minimum cash shortage arose in the following way -

| | | |
|------|--|-------------------|
| (i) | Improper transfers from client to office bank account | £34,200.00 |
| (ii) | Improper use of clients' funds received in order to settle outstanding disbursements | <u>20,087.00</u> |
| | | <u>£54,287.00</u> |

7. During the period 6th September 1995 to 26th October 1995 twelve transfers, varying in amount between £300 and £8,500 and totalling £34,200, had been made from client to office bank account. The respondent admitted that the transfers were improper and he had effected them without the knowledge of Mrs. Singleton. He further added that he had transferred the clients' funds to office bank account during his partner's illness and absence from the office in order to pre-empt pressure from his bankers to reduce the practice overdraft.

8. During the period 30th June 1994 to 29th August 1995 funds received in respect of three client matters for stamp duty and Land Registry fees totalling £20,087 had been transferred from client to office bank account. The relevant disbursements remained unpaid at the inspection date. The respondent admitted that he had improperly transferred those funds to office bank account in order to "meet the demands of the bank". He added that he had acted alone and that Mrs. Singleton had no knowledge of the improper use of clients' funds.

The submissions of the applicant

9. The admitted facts supported the allegations made. The respondent had utilised clients' funds for his own purposes and had misappropriated clients' funds which represented a serious state of affairs.

The submissions of the respondent

10. In 1970 the respondent had been appointed administrative partner in a large well-known firm in the North East of England. In addition to his role in the overall management of the firm he was also involved in the standardisation of professional work. The respondent introduced procedures for ensuring that a proper service was given to clients.

11. In about 1974 the respondent joined "The Society of Computers and Law" as a founder member. He was heavily involved in the development of computerised accounting and time recording programmes and together with four others formed the first "Computer Users Group" exclusively for solicitors. He used the conveyancing manual and procedures he had developed in practice to establish the first computer events driven conveyancing system.

12. The practice of Singleton & Wright was formed in 1988 when the respondent entered partnership with Maureen Singleton, who was a newly qualified solicitor who had qualified as a mature student. Throughout the relevant period the respondent

maintained a personal relationship as well as a professional relationship with Mrs Singleton.

13. The new practice required a heavy capital outlay. The nature of the work they undertook was complex and required an extensive library and a good computer system. Because of its heavy bias towards the house building industry the practice was initially affected by the recession in the late 1980's and early 1990's. By 1993 the firm was well established, albeit financially stretched. The firm's bankers would not assist with its requirement for further capital input.
14. From 1993 onwards it became clear that Mrs Singleton would need to undergo surgery, a difficult decision as she had previously suffered cardiac arrest whilst under anaesthetic. Her illness adversely affected her professional work. She was absent from work from September to November 1995 and the respondent felt it impossible to burden her with the financial pressures that the practice was experiencing.
15. The respondent's ability to devote the required number of hours to his practice was limited during the period of Mrs Singleton's illness. She was a single parent with three boys and the respondent took some responsibility for the care of those children. The pressures on the respondent at that time were extreme.
16. The improper transfers from client to office bank account occurred between September and October 1995 when Mrs Singleton was absent from the office. Because of the pressures upon him, the respondent did not maintain the books of account up-to-date. Because of the nature of the professional work undertaken by the respondent, a fairly steady stream of money came in for costs and he made transfers on the basis of costs which he believed to be due, often preparing an interim bill but not delivering it. He hoped he would have been in a position to reconcile cash transfers against money due under bills properly drawn and delivered in due course.
17. With regard to the improper use of clients' funds received in order to settle disbursements, one transaction was handled by a legal executive and was one of some complexity and the transfer had been made in error.
18. In another matter a sum was held in respect of stamp duty and registration fees for a developer. The respondent had billed matters to the amount of the sum held and had transferred the sum. The bills raised had been interim bills (there having been no arrangement to issue interim bills with the developer client) and sums were held for that client and the costs were taken.
19. At the time when the respondent commented that he had made false entries, he had meant to say that due to the way the accounts had been prepared and presented breaches of the Accounts Rules were not readily apparent. There had been no attempt to deceive or frustrate the Investigation Accountant's work.
20. Following the Investigation Accountant's Report the Law Society intervened in the practice. Since the intervention in November 1995 the respondent had not worked. His financial situation had become acute and in July 1996 he declared himself bankrupt. The respondent was highly thought of by his clients and other members of the solicitors' profession. He had been involved in a number of charitable activities.

21. The respondent did not intend to return to private practice as a partner, but a number of his clients had indicated that they would continue to instruct him. He had also been offered employment by another firm of solicitors in York.
22. The respondent had enrolled upon a post graduate course to obtain a degree in town and country planning (on a part-time basis). His relationship with Mrs Singleton had come to an end.
23. The respondent accepted that if he were to be granted a Practising Certificate it should be limited to his practising in employment only. The Tribunal was invited to consider that because the respondent had not worked since the intervention into his practice he had effectively been suspended from practice for nearly one year.
24. The respondent had practised as a solicitor over a long period of time without any complaint having arisen. The respondent had not utilised clients' monies to finance high living but to keep his practice afloat at a time when his partner was incapacitated through illness.

The Tribunal FOUND the allegations to have been substantiated, indeed they were not contested. The Tribunal accepted that the pressures on the respondent both in his professional and his personal life were considerable. Whilst they had sympathy for the respondent's position, the misappropriation of clients' funds was a matter of the utmost gravity and a serious abuse of the trustworthiness which clients placing money in the hands of their solicitor were entitled to expect. The Tribunal, although accepting that the monies so taken had not been spent in high living, considered it right that the respondent should be struck off the Roll of Solicitors and they further Ordered that he should pay the applicant's costs in a fixed sum.

DATED this 30th day of October 1996

on behalf of the Tribunal



D.J. Leverton
Chairman

