

IN THE MATTER OF HOWARD FRANK HATTON, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

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Mr. D J Leverton (in the Chair)  
Mrs. E Stanley  
Dame Simone Prendergast

Date Of Hearing: 23rd January 1997

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## FINDINGS

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

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An application was duly made on behalf of the Office for the Supervision of Solicitors by Gerald Malcolm Lynch, solicitor on the 28th August 1996 that Howard Frank Hatton, a solicitor whose address was c/o Hatton Scates & Horton, Peel Court, Hardman Street, Off Deansgate, Manchester might be required to answer the allegations contained 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:-

- (i) dishonestly alternatively improperly utilised clients' money for his own benefit;
- (ii) acted in breach of Rules 7 and 8 of the Solicitors Accounts Rules in that he improperly transferred from client account to office account moneys in breach of the provisions of those Rules and utilised the same for his own benefit;
- (iii) that in breach of Rule 11 of the Solicitors Accounts Rules caused improper and false entries to be entered into the books of account of the firm to conceal the improper transfer of clients' moneys;

- (iv) acted in breach of his duty of good faith to his partners in that by virtue of his breach of the Solicitors Accounts Rules hereinbefore alleged, he brought his partners into breach of the said Rules;
- (v) by virtue of each and all of the aforementioned, been guilty of conduct unbefitting a solicitor.

The application was heard at the Court Room, No. 60 Carey Street, London, WC2 on the 23rd January 1996 when Gerald Malcolm Lynch solicitor and partner in the firm of Messrs. Drysdales & Janes of 16 Warrior Square, Southend on Sea, Essex, appeared for the applicant and the respondent was represented by Kevin Regan of Messrs. Ellison & Thomas of Dorset Street, Manchester.

The evidence before the Tribunal included the admissions of the respondent including his admission that his behaviour had been dishonest. The Tribunal had before it exhibit HFH1, a bundle of testimonials in support of the respondent.

At the conclusion of the hearing the Tribunal ORDERED that the respondent Howard Frank Hatton of c/o Hatton Scates & Horton, Peel Court, Hardman Street, Off Deansgate, Manchester, 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 £4,141.20 to include the costs of the Investigation Accountant of the Law Society.

Upon application made on behalf of the respondent the Tribunal agreed that the filing of the Order with the Law Society might be suspended for the period of fourteen days.

The facts are set out in paragraphs 1 to 6 hereunder.

1. The respondent was admitted a solicitor in 1975 and was 45 years of age. At the material times he was a partner in the firm of Messrs. Hatton Scates & Horton of 45 Hardman Street, Manchester.
2. On the 26th August 1994 the remaining partners of Messrs. Hatton Scates & Horton reported financial irregularities to the Law Society said to have been carried out by the respondent. In essence he had caused clients' money to be utilised to discharge personal debt. The remaining partners had immediately restored those funds to client account upon discovering the position.
3. The respondent had caused moneys to be paid improperly from office account to one of his own creditors and had sought to replace those funds by transfers from client account.
4. Following due notice the Investigation Accountant of the Law Society inspected the books of account of Messrs. Hatton Scates & Horton on the 18th December 1995. The Investigation Accountant's Report dated 25th January 1996 was before the Tribunal.
5. That report revealed that on the 3rd June 1994 and the 5th July 1994 clients' funds in the amounts of £4,700 and £4,800 were transferred from client to office bank account by the respondent and allocated by him to the ledgers of two unconnected clients. The entries in respect of those two unconnected clients were accordingly false.

6. The respondent had admitted to the Investigation Accountant that he was solely responsible for "knowingly and improperly" transferring £9,500 of clients' funds from client to office bank account for the purpose of settling his personal indebtedness to his former firm of Linder Myers. He further admitted trying to conceal those transfers by falsifying the accounts.

#### **The Submissions of the Applicant**

7. Regret was expressed that the Solicitors Complaints Bureau (superseded by the Office for the Supervision of Solicitors) had not followed up the matter in an appropriate manner. Action had been taken in respect of the respondent's practising certificate because he had been adjudicated bankrupt but no investigation was appointed. It appeared that complaint had been made by the respondent's former partners and thereafter the matter had been shelved. The respondent although bankrupt had been permitted to continue in practice although his practising certificate was granted upon conditions.
8. The fact remained that the respondent had dishonestly used clients' moneys for his own purposes a matter which was rightly regarded by the Tribunal as being of the utmost seriousness.

#### **The Submissions of the Respondent**

9. The significant delay of the Solicitors Complaints Bureau in bringing the proceedings had resulted in the matters hanging over the respondent's head for a long period of time which had very hard upon him and his family.
10. The respondent had admitted the allegations and the Tribunal was invited to give him credit for that as well as for the fact that he had given the fullest possible co-operation to the Law Society's Investigation Accountant.
11. The events the subject matter of the allegations were entirely out of character for the respondent. He had reached a position within the legal profession where he was regarded as being a leading expert on matters of medical negligence.
12. After obtaining a degree in jurisprudence at Oxford University and serving articles he had become a partner and by 1988, senior partner, in a substantial firm where he had built up a large Legal Aid practice.
13. By 1991 the respondent was unhappy in his partnership and considered that it would be better if he left. There was a less than amicable parting. The respondent's great error had been that he had not taken advice upon the question of the dissolution of the partnership. He tried to deal with the matter himself: as a result the document of dissolution placed an exceptionally onerous burden upon the respondent's shoulders.
14. The respondent set up a new practice in February of 1993. A difficulty had been that a number of clients of his former firm had wished to continue to instruct the respondent. That had caused difficulty in connection with billing particularly because there had been payments made by the Legal Aid Board which exceeded normal claims on the files. This meant that some "on account" payments should have been paid to the respondent's new firm and that had not happened. The respondent had fulfilled his financial obligations to his former firm.

15. The respondent then suffered further financial difficulties at a time when he was handling very substantial medical negligence cases and had achieved settlements for his clients running into several millions of pounds. Those extreme cases required enormous preparation and the respondent was under a great deal of pressure from his day to day work and with regard to the dissolution of his former partnership, at the same time as starting up a new firm. He had to work extremely long hours.
16. By the end of July 1994 the respondent had settled a very large case. The respondent had become ill. By Christmas he had recovered enough to start again in practice. By then his new partnership had been dissolved and he had become a consultant with the firm. He continued to act for clients. The respondent was aware that by taking clients' money he put himself at tremendous risk.

### **The Findings of the Tribunal**

The Tribunal FOUND the allegations to have been substantiated, indeed they were not contested.

The tribunal recognised that the respondent had been a leading expert in his field and had served a number of deserving and disadvantaged clients extremely well. The Tribunal had read the excellent references which had been made in his support. The Tribunal have given the respondent credit for his frank admissions and his full co-operation with the Investigation Accountant and indeed with his professional body.

The Tribunal have borne in mind the fact that those instructing the applicant had delayed in dealing with the matter and accepted that that imposed not inconsiderable hardship upon the respondent and his family. That was regretted. The Tribunal was satisfied that the respondent's actions had been out of character and were regretted.

Despite the matters which the Tribunal have borne in mind they could not avoid the reality that the respondent had utilised clients' funds for his own purposes and had attempted to disguise that fact. That did amount to dishonest conduct which the respondent admitted. Such behaviour was regarded by the solicitors' profession, the public and this Tribunal as being of the utmost seriousness and the Tribunal ordered that the respondent be struck off the Roll of Solicitors and further ordered him to pay the costs of and incidental to the application and enquiry in a fixed sum.

DATED this 24th day of February 1997

on behalf of the Tribunal

D J Leverton  
Chairman



*Findings filed with the  
Law Society on the 27<sup>th</sup>  
day of June 1997.*