

IN THE MATTER OF JAMES ALEXANDER GREGG, solicitors clerk

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr. J N Barnecutt (in the Chair)

Mrs. E Stanley

Mr. M C Baughan

Date Of Hearing: 8th May 1997

FINDINGS

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

An application was duly made on behalf of the Law Society by Andrew Christopher Hopper, solicitor, of PO Box 7, Pontyclun, Mid Glamorgan on the 16th December 1996 that an order be made by the Tribunal directing that as from a date to be specified in such order no solicitor should except in accordance with permission in writing granted by the Law Society for such a period and subject to such conditions as the Society might think fit to specify in the permission employ or remunerate in connection with the practice as a solicitor James Alexander Gregg of London Road, Riggleswade a person who was or had been a clerk to a solicitor or that such other order might be made as the Tribunal should think right.

The allegation was that the respondent had occasioned or been a party to an act or default in relation to the practice of a solicitor to whom he was a clerk which involved conduct on his part of such a nature that it would be undesirable for him to be employed by a solicitor in connection with his practice in that he made misleading statements in correspondence with third parties.

The application was heard at the Court Room, No.60 Carey Street, London, WC2 on the 8th May 1997 when Andrew Christopher Graham Hopper, solicitor, of PO Box 7, Pontyclun, Mid

Glamorgan appeared for the applicant and the respondent did not appear and was not represented.

The evidence before the Tribunal included those documents contained in a bundle of documents accompanying the applicant's originating statement.

At the conclusion of the hearing the Tribunal ORDERED that as from the 8th May 1997 no solicitor should except in accordance with permission in writing granted by the Law Society for such a period and subject to such conditions as the Society might think fit to specify in the permission employ or remunerate in connection with the practice as a solicitor James Alexander Gregg of Biggleswade, Bedfordshire (formerly of London Road, Biggleswade) a person who was or had been a clerk to a solicitor and the Tribunal further ordered him to pay the costs of and incidental to the application and enquiry fixed in the sum of £1,409.73.

The facts are set out in paragraphs 1 and 2 hereunder.

1. The respondent had apparently been involved in what purported to be an international financial transaction involving a proposed loan of US\$25,000,000 and a proposed "advance fee" of US\$250,000. The underlying transaction was what purported to be a "prime bank guarantee" issued by the Bank of Bohemia having an apparent face value of US\$25,000,000. The respondent's client and source of instructions was Mr N who purported to be able to act in the name of B Limited, a company registered in the Isle of Man.
2. The respondent wrote a series of letters to a Canadian lawyer and London solicitors respectively referring to a proposed transaction. Each letter contained certain assertions as to the bona fides of B Limited and the company's ability to carry through the transaction. In a letter of the 9th December 1993 to Mr B in Toronto the respondent said:

"Again we could say that B Limited appears to be a wealthy company, in that they appear to have large sums of money available to them for onward lending."

In a letter on the same date to Messrs. Maxwell Batley, solicitors, the respondent said:

"B Limited is a company registered in the Isle of Man and in Texas USA. We can confirm that we have received documentation from our client company to the effect that their tax affairs are in order."

The Submissions of the Applicant

3. The respondent had become involved in what had become known as an "advanced fee scam", and also in what had become known as a "prime bank instrument fraud". In its report "Prime Bank Instrument Fraud II - Crime of the Century" the International Chamber of Commerce Commercial Crime Bureau stated that the characteristics of such fraudulent transactions are described by fraudsters as follows:

- (a) highly profitable
 - (b) totally risk free
 - (c) readily available funding
 - (d) no up front fee required
 - (e) no repayment needed
 - (f) bank to bank transaction
 - (g) sanctioned by banks, Federal Reserve and other international organisations such as the International Chamber of Commerce, the International Monetary Fund and the United Nations
 - (h) highly secretive.
4. In the submission of the applicant the respondent could not have satisfied himself as to the bona fides of B Limited or even of the ability of Mr N to act for and on behalf of that company. Any reassurance provided by him to a third party was misleading.
5. A company search carried out in the Isle of Man against B Limited revealed that the name of Mr N did not appear and there was no record of his ever having had any association with the company. In fact B Limited was a dormant company which had not traded, had no funds and was not in a position to lend. No financial transaction had ever been undertaken by the company its directors or its officers. Mr N had never been authorised to act in the name of the company although it was within the knowledge of the directors that he had acted unlawfully and that his actions had led to the involvement of the police.
6. If the respondent had made any enquiry, including any attempt to verify that Mr N was entitled to act on behalf of B Limited the same or similar information could or would have been obtained by him.
7. The documentation handled by the respondent could have been identified by him as one of the type of documents referred to in the Commercial Crime Bureau of the International Chamber of Commerce's Special Report upon international fraud.
8. The respondent had played a dangerous game. He had sought to give reassurance in the flimsiest of circumstances. He could not have had experience of such transactions as in fact they could never be legitimate. It was the applicant's case that the respondent lent assistance to the fraudsters, not that he was a co-conspirator, but his involvement lent credibility to the scheme the authenticity of which he had taken no steps to check.

The Submissions of the Respondent

9. These were contained in his letter of the 14th November 1994 addressed to the Solicitors Complaints Bureau in which he said that the only police enquiry of which he had been aware had been closed. He had believed that Mr N and his transactions had been genuine.
10. At the time of writing the respondent was unemployed. He had looked after his wife for twenty months prior to her death which had taken its toll upon his own health.

He was unemployed and on income support. His home had been repossessed and the office was closed.

11. Additionally the respondent addressed a letter of the 22nd March 1997 to the Tribunal explaining that he was nearly sixty three years of age and was undertaking treatment for clinical depression. He believed it unlikely that he would ever be employed in the future because of his age and his medical condition.

The Tribunal's Findings

The Tribunal FOUND the allegation to have been substantiated. The Tribunal is only too aware of the prevalence of international fraud into which members of the legal profession were drawn by fraudsters in order that their involvement might lend credibility to otherwise spurious and entirely fraudulent schemes. Both solicitors and their clerks must be extremely vigilant to ensure that they themselves are not duped or tricked into adding credibility and authenticity because of their position as lawyers to fraudulent schemes designed to extract large sums of money from gullible prospective investors.

The Tribunal noted that the respondent was close to retiring age and that he did not enjoy a high standard of living. In the circumstances they considered it right to make the order sought and could not avoid ordering him to pay costs in a fixed sum.

DATED this 15th day of July 1997

on behalf of the Tribunal



J N Barnecutt
Chairman

Received by the Tribunal
23rd
day of July 1997