

IN THE MATTER OF STUART JOHN RYAN, STEPHEN JOHN PYKE  
AND MARTIN BARRY CROOKALL, solicitors

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

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Mr W M Hartley (in the chair)  
Miss T Cullen  
Mrs S Gordon

Date of Hearing: 7<sup>th</sup> January 2003

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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 (“OSS”) by Stuart Roger Turner, solicitor and partner in the firm of Lonsdales Solicitors, 342 Lytham Road, Blackpool, Lancashire, FY4 1DW on 5<sup>th</sup> June 2002 that Stuart John Ryan and Stephen John Pyke solicitors of Stuart J. Ryan & Co., The Old Bank, 116-118 Bradshaw Brow, Bolton, BL2 3DD and Martin Barry Crookall solicitor of Stockport, Cheshire, 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 allegation was that the Respondents had failed to deliver an Accountant’s Report in accordance with Section 34 of the Solicitors Act 1974 and the Rules made thereunder.

The application was heard at the Court Room, 3rd Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS on 7<sup>th</sup> January 2003 when Stuart Roger Turner, solicitor and partner in the firm of Lonsdales Solicitors, 342 Lytham Road, Blackpool, Lancashire, FY4 1DW appeared as the Applicant and Mr Ryan and Mr Pyke were represented by Peter Ross of Counsel. Mr Crookall did not appear and was not represented. He had made written representations to the Tribunal dated 2<sup>nd</sup> January 2003.

The evidence before the Tribunal included the admissions of the Respondents, the oral evidence of Mr Ryan , Mrs Ryan and Mr Pyke and the written representations of Mr Crookall.

At the conclusion of the hearing the Tribunal made the following orders:-

The Tribunal order that the Respondent Stuart John Ryan of The Old Bank, 116-118 Bradshaw Brow, Bolton, BL2 3DD solicitor be suspended from practice as a solicitor for an indefinite period to commence on the 3<sup>rd</sup> day of March 2003 unless an Accountant's Report relating to the financial year ending 31<sup>st</sup> March 2000 is filed with the Law Society before that date. If such an Accountant's Report is so duly filed then each of the Respondents shall pay a fine of £2,000, such penalty to be forfeit to Her Majesty the Queen, and they further order that he do pay one third of the costs of and incidental to this application and enquiry fixed in the sum of £2,173.26.

The Tribunal order that the Respondent Stephen John Pyke of The Old Bank, 116-118 Bradshaw Brow, Bolton, BL2 3DD solicitor be suspended from practice as a solicitor for an indefinite period to commence on the 3<sup>rd</sup> day of March 2003 unless an Accountant's Report relating to the financial year ending 31<sup>st</sup> March 2000 is filed with the Law Society before that date. If such an Accountant's Report is so duly filed then each of the Respondents shall pay a fine of £2,000, such penalty to be forfeit to Her Majesty the Queen, and they further order that he do pay one third of the costs of and incidental to this application and enquiry fixed in the sum of £2,173.26.

The Tribunal order that the Respondent Martin Barry Crookall of Stockport, Cheshire, SK5 6QE solicitor be suspended from practice as a solicitor for an indefinite period to commence on the 3<sup>rd</sup> day of March 2003 unless an Accountant's Report relating to the financial year ending 31<sup>st</sup> March 2000 is filed with the Law Society before that date. If such an Accountant's Report is so duly filed then each of the Respondents shall pay a fine of £2,000, such penalty to be forfeit to Her Majesty the Queen, and they further order that he do pay one third of the costs of and incidental to this application and enquiry fixed in the sum of £2,173.26.

The facts are set out in paragraphs 1 to 11 hereunder: -

1. Mr Ryan, born in 1950, was admitted as a solicitor in 1980; Mr Pyke, born in 1965, was admitted as a solicitor in 1991, and Mr Crookall, born in 1955, was admitted to the Roll of Solicitors in 1980.
2. At the material times the Respondents carried on practice in partnership under the style of Stuart J. Ryan & Co at The Old Bank, 116-118 Bradshaw Brow, Bolton, BL2 3DD and at 1 Moss Lane, Whitefield, Manchester, M45 6QE. At the time of the application Mr Crookall was not practising as a solicitor. The Law Society's records demonstrated that he had not practised since he left the Respondents' partnership on 22<sup>nd</sup> September 2000.
3. For the period ending 31<sup>st</sup> March 2000 the Respondents were due to file their annual Accountant's Report with the Law Society by 30<sup>th</sup> September 2000.

4. On 26<sup>th</sup> September 2000 Cowgill Holloway Chartered Accountants wrote on the Respondents' behalf to The Law Society requesting an extension of the time for delivery of the Accountant's Report for the period ending 31<sup>st</sup> March 2000 to 31<sup>st</sup> January 2001. The reason given was that the Respondents had experienced "significant difficulties" in computerising their book-keeping system.
5. No further requests for an extension of time for filing the Accountant's Report for the period ending 31<sup>st</sup> March 2000 were received by The Law Society.
6. The Regulation Unit at The Law Society next wrote thirteen months later, on 2<sup>nd</sup> October 2001, to the Respondents' firm requesting an explanation for the failure to file an Accountant's Report on time. Mr Ryan replied by letter of 17<sup>th</sup> October 2001. He said that the firm was two months away from finalising the accounts.
7. The matter was referred to an adjudicator of The Law Society. On 14<sup>th</sup> December 2001 the adjudicator consider the Respondents' request for an extension of time for filing the Accountant's Report to 31<sup>st</sup> January 2001. She resolved to grant an extension to 31<sup>st</sup> January 2001 for the delivery of the Accountant's Report for the period ending 31<sup>st</sup> March 2000. She found that there was a breach of the Solicitors Act 1974 because the Accountant's Report had not been filed by 31<sup>st</sup> January 2001 and resolved to require the Respondents to deliver the Accountant's Report within twenty-eight days of the notification to them of her decision. If they failed to deliver the Accountant's Report within twenty-eight days then the Respondent s' conduct would be referred to the Tribunal.
8. On 18<sup>th</sup> January 2002 Mr Ryan wrote to the OSS seeking a further two months in which to bring the firm's accounts up-to-date. He admitted the firm's failure to comply with the Solicitors Accounts Rules and the requirement to produce an annual Accountant's Report to The Law Society in accordance with those Rules.
9. On 6<sup>th</sup> February 2002 a caseworker at the Regulation Unit of the OSS acknowledged receipt of Mr Ryan's letter and informed him that she proposed to treat it as an application for a review of the adjudicator's decision.
10. On 28<sup>th</sup> February 2002 the Compliance Board Adjudication Panel Review Session resolved to dismiss the application for review.
11. The outstanding annual Accountant's Report had not been filed with The Law Society.

#### **The submissions of the Applicant**

12. The fact remained that the Respondents' annual Accountant's Report for their accounting period ending on 31<sup>st</sup> March 2000 had not been filed with The Law Society. Under the Rules it should have been filed within six months from the end of the accounting period to which it related, namely the end of September 2000. It had not been so filed and the accountants instructed by the Respondents had requested an extension of time until the end of January 2001. The Report still had not been filed and no further extensions of time had been requested. The Report remained outstanding, since when an annual Accountant's Report had become due for the

period ending on 31<sup>st</sup> March 2001 and 31<sup>st</sup> March 2002. Neither of these Reports had been filed.

### **The submissions of Mr Ryan**

13. Mr Ryan had attended a secondary school where public examinations had not been taken. Its pupils went on to work in factories in the area. The promise of his being able to work towards public examinations at school was not fulfilled. On leaving school Mr Ryan needed to earn to contribute to the family income. He secured a job as an office junior with a firm of solicitors in Bolton.
14. From 1967 to 1972 Mr Ryan worked his way from office junior to assistant cashier to Associate of the Institute of Legal Executives
15. From 1972 to 1986, other than six months as an assistant cashier for the solicitor to the Refuge Assurance, Mr Ryan was with a firm of solicitors in Manchester.
16. From 1972 to 1975 he worked through his examinations with the Institute of Legal Executives, becoming a Fellow Member of the Institute in 1975. Mr Ryan studied in his own time by correspondence course.
17. Mr Ryan worked for the firm's principal who was a tyrant. Mr Ryan was paid a pittance. He stayed because he had been offered articles. Mr Ryan believed that given his lack of education his principal was the only person who would be willing to assist him to qualify and he therefore was prepared to put up with the abuse. He had been prescribed Valium and then Librium to get him through.
18. In 1975 Mr Ryan was given articles on condition that he studied in his own time and work as a Legal Executive during the day. After undertaking correspondence courses Mr Ryan qualified as a solicitor in 1980. During his twenties Mr Ryan had taken law examinations every six months for five years.
19. Upon admission as a solicitor in 1980 Mr Ryan was offered an equity partnership. He received a quarter share in the firm. Mr Ryan left in 1986 when he decided that he could not save the firm which was in dire financial straits. There had been three partners and a litigation clerk: Mr Ryan had generated about half of the total fee income.
20. From 1986 to 1996 Mr Ryan worked for a firm in Prestwich. His salary was £12,000 per annum with a bonus dependent on performance. At first he was an assistant solicitor, then a salaried partner and finally an equity partner, although in name only. A loan which the firm agreed to make to a friend of Mr Ryan was not repaid and the firm wanted Mr Ryan to make good the loss. Mr Ryan had only been paid his minimum salary and he needed his commission to live. Mrs Ryan had been made redundant from her position as a senior research scientist. Mr Ryan could not leave the Prestwich firm. Mr and Mrs Ryan then fell heavily into debt, mainly with their children's school fees. Eventually Mrs Ryan set up her own business and one contract saved them. The firm suggested that Mr Ryan re-mortgage his home and pay off the debt due from his friend. They arranged a loan with their bankers of £45,000. This was to be shown as a "buy into" to the partnership. Mr Ryan was to receive a

minimum of £25,000 a year plus commission based on his earnings. He would take no part in the running of the firm.

21. Mr Ryan did not believe the debt was as large as £45,000. The commission due to him over the years remained unresolved.
22. Eventually Mr Ryan did leave the firm and instructed solicitors to negotiate on his behalf. Mr Ryan had encountered much difficulty in securing another job. He was qualified only to practise law. He had wanted to leave the law, but that had not been practicable.
23. Mr Ryan had been pressed by a number of clients to accept their instructions. He set up his own practice in February 1997. Martin Crookall joined him in partnership in the following April. There had been lean times when Mr Ryan, really against his wishes, began to run his own firm.
24. At first Mr Ryan had maintained the firm's books of account himself using a manual system. He had been persuaded by his Reporting Accountants to implement a computerised system. He had undertaken some research and had purchased hardware and a software package. The Reporting Accountants had recommended a book-keeper. The computerised system and the book-keeper proved disastrous. A great many errors had been made and the state of the accounts had been chaotic. It was not possible to get things back in order until accurate opening balances could be established. Mr Ryan had spent an enormous amount of time in trying to complete this task. It had been his practice to work from 2 or 3 o'clock in the morning until late at night. He recognised the importance of having proper and accurate accounts, but his priority had been to attend to the best interests of his clients.
25. Mr Ryan had not put the pressure on his Reporting Accountants which he had come to recognise he should have done. He had instructed new accountants who had indicated their expectation that they would be in a position to file the Accountant's Report for the period to 31<sup>st</sup> March 2000 by the end of February 2003. They had also indicated that they would be able to file the subsequent outstanding Reports, one at the end of the following month, and the remaining outstanding Report at the end of the next month thereafter.
26. During this difficult time Mr and Mrs Ryan had suffered distressing family difficulties which had greatly added to the pressures to which Mr Ryan had been subjected.

#### **The submissions of Mr Pyke**

27. Mr Pyke had served articles from 1989 to 1991 with a City of London firm. He had stayed at the firm after qualification for three years when he took a year out to go travelling. He joined another firm in 1995 and thereafter in 1998 joined Mr Ryan's firm in Bolton. Both Mr Ryan and Mr Pyke took only modest drawings from the firm.
28. Mr Pyke accepted that the main burden of sorting out the accounts muddle had fallen on the shoulders of Mr Ryan. Each partner practised from a separate office. Mr Pyke

undertook primarily matrimonial work with some other litigious work. Mr Ryan in the main undertook conveyancing.

29. In order to ensure that clients' money in conveyancing matters was dealt with without error Mr Ryan would, prior to completion on any matter, fax to Mr Pyke a completion statement and evidence of the receipt of funds. Mr Pyke undertook to check the figures and would return the statement initialled if it was right. The purpose of that arrangement was to give Mr Ryan peace of mind in that his calculations were double checked.

### **The submissions of Mr Crookall**

30. In his written statement Mr Crookall said that he had been a partner in the firm of Stuart J Ryan & Co from April 1997 to September 2000.
31. Throughout the period of his partnership matters relating to the firm's accounts were undertaken by Mr Ryan. Mr Ryan had started his career as a cashier in a solicitors' office before qualifying professionally and he was capable of undertaking the same in addition to his professional duties to the firm's clients.
32. At the time of his resignation Mr Crookall did not recollect being aware of any reason why the Accountant's Report would not or could not be filed within the time allowed.
33. The Accountant's Report was not in the forefront of Mr Crookall's mind, he concentrated primarily in his clients' affairs and some pressing personal matters.
34. Mr Crookall had played no part in the decision to opt for a computerised accounts system.
35. There had been personal differences between Mr Crookall and his former partners. There had been no personal contact and Mr Crookall had not been kept apprised of the state of affairs leading to the allegation.
36. As a partner throughout the period to which the Accountant's Report related Mr Crookall accepted that he was responsible therefor. At the time he ceased to be a partner Mr Crookall had no influence upon the failure of Mr Ryan and Mr Pyke to comply with the extension of time for filing sought by them.

### **General submissions on behalf of Mr Ryan and Mr Pyke**

37. Mr Ryan in particular had shown grit and determination. He had not taken an easy route to qualification as a solicitor and after undertaking a great deal of hard work faced the potential loss of his practice. Mr Ryan had worked extraordinarily hard to put matters right. Mr Ryan and Mr Pyke derived only modest incomes from their practice. Enormous strides had been taken in order to regularise the position and the Accountants had indicated that complete regularisation would be achieved by the end of April.
38. It was recognised that the Respondents would have to bear the Applicant's costs which meant that they would be financially penalised. The Tribunal was invited to

take the view that their shortcomings could be met by the imposition of a modest sanction and a reprimand would be appropriate.

39. The Tribunal was invited to give due weight to the personal references handed up in support of Mr Ryan.

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

40. The Tribunal found the allegation to have been substantiated, indeed it was not contested.
41. The timeous filing of Accountant's Reports is a fundamental requirement of a solicitor in private practice. Such a Report demonstrates to The Law Society that a solicitor is handling clients' money fairly and in accordance with the Solicitors Accounts Rules and is exercising a proper stewardship over that money.
42. The Law Society as the professional regulator needs to be satisfied that clients' financial affairs are managed with the utmost probity and it needs to be in a position to give an assurance to clients that this is indeed the case. A failure to comply punctiliously with the statutory requirement to file an Annual Accountant's Report prevents The Law Society as the profession's regulator from fulfilling its proper duties of protecting the public and ensuring that the good reputation of the solicitors' profession is not damaged.
43. On the face of it, the Respondents appear to have shown a complete disregard for this fundamental rule of practice which could serve only to damage the confidence of the public in the solicitors' profession.
44. The allegation before the Tribunal relates to the non-filing of the Annual Accountant's Report relating to the Respondents' financial period ending on 31<sup>st</sup> March 2000. At the date of the hearing that Report still had not been filed, although the Tribunal noted that it had before it a letter from Accountants instructed by Mr Ryan and Mr Pyke which offered assurance that this outstanding Report would be filed by the end of February 2003.
45. Although not forming part of any allegation before the Tribunal, the Tribunal expressed some anxiety about the Accountant's Reports relating to the financial periods ending March 2001 and March 2002. The Tribunal wished to make it very plain indeed that if those Reports were not filed within the periods indicated by the Reporting Accountants then the Tribunal expected the OSS to institute further disciplinary proceedings in respect of those outstanding reports.
46. It was of the utmost importance that the outstanding Accountant's Reports be filed. The Respondents cannot be allowed to continue in practice at a time when they are seriously in breach of this fundamental obligation of practice.
47. The Tribunal ordered that the Respondents would be suspended from practice for an indefinite period to commence on 3<sup>rd</sup> March 2003 if on that date the Accountant's Report for the year ending 31<sup>st</sup> March 2000 has not been filed with the Law Society. If that Accountant's Report is so duly filed then the Respondents will not be

suspended from practice but each of them shall pay a fine of £2,000, such penalty to be forfeit to Her Majesty the Queen. Each of the Respondents was ordered to pay one-third of the fixed costs of the application and enquiry. The whole of the fixed costs was £2,173.26.

48. The Tribunal requires to be satisfied that the before-mentioned Annual Accountant's Report has been filed with The Law Society. It will be so satisfied if an affidavit to that effect is lodged with the Tribunal's Clerk. Clearly this must be done prior to the 3<sup>rd</sup> March 2003 if the period of suspension is to be avoided.

DATED this 11<sup>th</sup> day of February 2003  
on behalf of the Tribunal

W M Hartley  
Chairman