IN THE MATTER OF ISAIAH GBENGA ARAWOLE-OGUNFIDODO, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr J N Barnecutt (in the chair)
Ms K Todner
Mr D Gilbertson

Date of Hearing: 22nd July 2004

FINDINGS

of the Solicitors Disciplinary Tribunal Constituted under the Solicitors Act 1974

An application was duly made on behalf of the then Office for the Supervision of Solicitors ("OSS") by Margaret Eleanor Bromley solicitor of TLT Solicitors One Redcliff Street, Bristol, BS99 7JZ on 31st October 2003 that Isaiah Gbenga Arawolfe-Ogunfidodo then of Brockley Road, London, SE4 (now of Commercial Way, London, SE15) 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 against the Respondent were that:

- 1. He had failed to comply with the Solicitors Accounts Rules 1998 in that:
 - 1.1 he failed to carry out reconciliations of client account monies contrary to Rule 32(7);
 - 1.2 he failed to maintain a client cash account contrary to Rule 32(2);
 - 1.3 he failed to maintain properly written up accounts contrary to Rule 32(1);

- 1.4 he failed to maintain his accounting records in such a way as to enable the current balance on each client ledger to be either shown or readily ascertainable:
- 1.5 he failed to pay client money into client account contrary to Rule 15;
- 1.6 he withdrew money from client bank account other than in accordance with Rule 22.
- 2. He had been guilty of conduct unbefitting a solicitor in that he had:
 - 2.1 misused client monies for his own purposes;
 - 2.2 given misleading information to Mr Ireland, a Forensic Investigation Officer of the Law Society;
 - 2.3 utilised client funds for the purposes of other clients;
 - failed promptly to return Gross Fee Certificates to SIF and to discharge professional indemnity insurance premiums due to SIF for the years 2000/2001; 2001/2002;2002/2003.

The application was heard at the Court Room, 3rd Floor, Gate House, 1 Farringdon Street, London EC4M 7NS on 22nd July 2004 when Margaret Eleanor Bromley appeared as the Applicant and the Respondent, who was not present at the hearing, was represented by Stuart Garcia solicitor and partner in the firm of Garcia Martin Solicitors of 40 Manchester Street, London, W1U 7LL.

The evidence before the Tribunal included the admissions of the Respondent but his denial of dishonesty. Details of claims on the Compensation Fund were submitted to the Tribunal by the Applicant during the hearing. A letter from the Christ Apostolic Church to Mr Garcia dated 21st July 2004 was handed to the Tribunal on behalf of the Respondent during the hearing.

At the conclusion of the hearing the Tribunal made the following Order:

The Tribunal orders that the Respondent, Isaiah Gbenga Arawolfe-Ogunfidodo of Commercial Way, London, SE15, (formerly of Brockley Road, London, SE4) solicitor, be Struck Off the Roll of Solicitors and they further order that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £17,422.07.

Preliminary issue relating to the late service of documents

(i) The Tribunal and the Applicant had received, on the day of the hearing, a witness statement of the Respondent, a medical report from Dr Partovi-Tabar dated 21st July 2004 and a skeleton argument on behalf of the Respondent dated 22nd July 2004.

Submissions of the Applicant in relation to the late service of documents

- (ii) The Applicant had only received the above documents that morning. She had served Civil Evidence Act Notices and had received no counter notice. Mr Garcia had always indicated to her that the facts were admitted but some matters in the Respondent's witness statement indicated the contrary.
- (iii) Neither the Respondent nor Dr Partovi-Tabar were present to give evidence and be cross-examined by the Applicant. The Tribunal was not able to make the order suggested by Mr Garcia, namely an order that the Respondent should not return to practice, without considering the substance of the matter. These were serious allegations. There was no evidence of medical reasons for the Respondent's non-attendance at the hearing. In the submission of the Applicant the documents should not be admitted. This was the second time the matter had been listed for a substantive hearing and it should proceed.

The Submissions on behalf of the Respondent in relation to the late service of documents

- (iv) The state of mind of the Respondent was such that it would be unfair to make a finding against him as he could not speak in his own defence and would be unable to do so while this matter was hanging over his head. It was submitted that the Tribunal could simply make an order that the Respondent be not permitted to return to practice.
- (v) The Applicant was not disputing the factual contents of the Accountant's Report.
- (vi) Mr Garcia had had some difficulty persuading the Respondent to come to his office in order to arrange for a psychiatric report. The Respondent obviously had a mental block. Dr Partovi-Tabar had only been able to see him very recently and said that he had a moderate depressive illness. It was submitted that the term "moderate depressive illness" in fact related to something quite severe and this explained why the Respondent had found even Mr Garcia's office door a barrier.
- (vii) In Mr Garcia's skeleton argument he had raised the issue of the Respondent's mental capacity at the relevant time.
- (viii) Mr Garcia was not seeking an adjournment on behalf of the Respondent as he did not think the position regarding the Respondent's mental state would be any different in six months' time.

The Decision of the Tribunal in relation to the late service of documents

(ix) The Tribunal concluded that it would be appropriate to read the documents before reaching a conclusion on whether or not they should be admitted. Having read the documents the Tribunal decided that it would be appropriate to admit them but would give them only such weight as the Tribunal thought fit bearing in mind the Applicant would not be able to cross-examine the authors of the documents.

The Substantive Hearing

The facts are set out in paragraphs 1 to 29 hereunder:-

- 1. The Respondent born in 1967 was admitted as a solicitor in 1998 and his name remained upon the Roll of Solicitors.
- 2. The Respondent practised in partnership under the style of City Law Practice at 135-137 City Road, London EC1V 1JB. The Respondent's partner, Mr A, resigned from the partnership on 13th December 2002. The firm was intervened in on 22nd April 2003.
- 3. An inspection of the accounts of the Respondent was commenced on 12th November 2002. A copy of the report of the Forensic Investigation Officer dated 11th February 2003 was before the Tribunal.

Giving misleading information to Mr Ireland, a Forensic Investigation Officer of the Law Society

- 4. At the commencement of the inspection by the Law Society, the books of accounts were not available. The Respondent informed Mr Ireland that they had been delivered to his accountant. In the course of a conversation with Mr Ireland on 12th November 2002 the Respondent informed Mr Ireland:
 - (a) that he maintained the accounting records, which included a manually written cashbook and ledger;
 - (b) that he listed the client balances monthly and agreed the total with the cashbook, which he reconciled with the bank statements:
 - (c) that the books of account were written up to the end of October, which was also the date of the last client account reconciliation;
 - (d) that there were no debit balances on client account and that there were no credit balances on the office side of the client ledgers and that there were no reconciliation differences:
 - (e) that he was not aware of any current shortages of client funds or that any had occurred or had been replaced over the past year;
 - (f) that he was not aware of any misuse of client funds;
- 5. Certain accounting records were supplied to Mr Ireland on 14th November 2002. A review of these accounting records established that;
 - (a) the Respondent did not maintain a manually written cashbook;
 - (b) the Respondent did not extract client balances each or any month;
 - (c) the Respondent did not carry out any reconciliation of the client account.

Misuse of client funds by the Respondent

Failure to maintain properly written up accounts

<u>Failure to maintain his accounting records in such a way as to enable the current</u> balance on each client ledger to be either shown or readily ascertainable.

- 6. Paragraphs 20-67 of the report related to the purchase by the Respondent of two properties, 9 Pickwick Mews and 80 Bertrand Way.
- 7. The Respondent purchased 9 Pickwick Mews for the price of £90,000 with the assistance of a mortgage from the Bank of Scotland. The amount of the mortgage advance was £97,735. The sum recorded as being received on the ledger was £97,485. According to the client ledger the mortgage advance was received on 27th September 2002 and the completion monies were sent to the vendor's solicitors on 30th September. In fact the balance of the purchase money was paid to the vendor's solicitors on 18th September 2002 i.e. prior to receipt of the mortgage advance.
- 8. In conversation with Mr Ireland, the Respondent agreed
 - (a) that the correct amount received was £97,735.00;
 - (b) that no funds were available on 18th September 2002 for payment of the balance of the purchase money to be made;
 - (c) that he knew the mortgage monies had not been received;
 - (d) that he knowingly utilised other clients' monies;
 - (e) that he had used clients' monies for his own benefit.
- 9. The Respondent agreed to purchase 80 Bertrand Way for the price of £91,500 with a mortgage from the Bank of Scotland of £76,500. The mortgage advance in the sum of £76,485 was recorded on the client ledger as being received on 27th September 2002.
- 10. On 10th October 2002, four transfers each amounting to £11,000 were made to four other client ledgers from the ledger relating to the purchase of 80 Bertrand Way. The ledgers related to the purchase of four flats by the Respondent. The sum of £11,000 represented the deposit on the purchase of each flat.
- 11. On 10th December 2002 in a meeting with Mr Ireland, the Respondent said that the purchase of 80 Bertrand Road had been completed. The following day, the Respondent informed Mr Ireland that the purchase had not been completed. The Respondent agreed, when questioned by Mr Ireland that as the purchase had not been completed, he was not entitled to use the mortgage monies but said he had only found out that morning that it had not completed.
- 12. In the period from 13th September 2000 to 23rd October 2002, twenty direct debits totalling £5,214.98 were made from the firm's client bank account to St Paul International Insurance Company Limited in respect of the firm's professional indemnity premium.

13. In a conversation with Mr Ireland on 11th December 2002, the Respondent confirmed that he did know about the payments and indicated he would have picked it up a month or two after October 2000.

Utilised client funds for the purposes of other clients

Failed to pay client money into client bank account.

Failed to maintain his accounting records in such a way as to enable the current balance on each client ledger to be either shown or readily ascertainable.

- 14. The firm acted for Mr O on a purchase in Dagenham. The purchase price was £149,995 and Mr O was receiving a mortgage from Halifax in the sum of £145,500.
- 15. The mortgage advance from the Halifax was received on 30th September 2002 and the completion monies were sent to the vendor's solicitors on 4th October 2002. At that date, the Respondent had received only £100 on account from his client, which had been paid into the client's bank account. This left a shortfall of £4,420 at the date of completion.
- 16. When Mr Ireland asked the Respondent if he agreed that there were insufficient funds to complete on 4th October 2002, he said that he had identified a shortage and that he was going to deal with it.
- 17. When reviewing this matter Mr Ireland took a copy of the client ledger. The ledger did not record payment of the balance of the purchase money on 4th October.
- 18. On 10th December 2002 Mr Ireland reviewed the matter again and found a different client ledger. This ledger recorded the receipt of additional money from the client and payment of the purchase money. On the face of the ledger there was sufficient money in client account to pay the purchase money of £149,995 on 4th October 2002. This was not the true position. When questioned by Mr Ireland the Respondent admitted that he had prepared both of the ledgers referred to above.
- 19. The Respondent received payments from Mr O as follows:

<u>Date</u>	<u>Amount</u>
30/9/02	£2,000.00
30/9/02	100.00
01/10/02	2,100.00
03/10/02	<u>1,000.00</u>
TOTAL	£5,200.00

The receipt of the sum of £1,000 was not recorded on the client ledger. The only amounts shown as going through into the client bank account were a payment of £200 on 24th September 2002, a returned cheque of £100 on 27th September 2002 and £1,200 on 7th October 2002.

20. When questioned by Mr Ireland the Respondent agreed that at least £1,000 in cash was missing and he said he did not know where it was. He denied that he had used the monies personally.

Failed promptly to return Gross Fees Certificates and to discharge professional indemnity insurance premiums due to SIF

- 21. The Respondent failed to return his Gross Fee Certificate in respect of the year 2000/2001 and on 12th August 2000 SIF issued a default premium in the sum of £6,110. This consisted of the premium of £5,000 as fixed by the Solicitors Indemnity Rules, plus VAT thereon of £875 plus the service charge of £200 plus VAT thereon. The Respondent failed to pay the default premium or return the Gross Fee Certificate.
- 22. On 30th January 2001 the Law Society wrote to the Respondent informing him that they had been informed by SIF that he was in default with his contributions.
- 23. The Respondent failed to return his Gross Fee Certificate for the year 2001/2002 and on 21st July 2001 SIF issued a default premium in the sum of £6,110.
- 24. On 21st June 2001, the Law Society wrote again pointing out that his firm was in default and that he had not returned the Gross Fee Certificates for 2000/2001 and 2001/2002. The Respondent had also failed to pay the premiums. On 6th November 2001 the Law Society wrote again pointing out that the Respondent remained in default. On 22nd January 2002, the OSS wrote to the Respondent requesting an explanation within fourteen days as to why he was in default under the Solicitors Indemnity Insurance Rules. No reply was received to that letter and the OSS wrote again on 20th February 2002.
- 25. The Respondent contacted the OSS on the telephone on 28th February 2002 and said he was speaking to SIF and requested an extension until 15th March to respond, which was granted. On 24th February 2003 SIF received the Gross Fee Certificates for the years 2000/2001, 2001/2002 and 2002/2003.
- 26. The Respondent still failed to pay the premiums and on 26th February 2003, the OSS wrote again requesting an explanation within fourteen days. No reply was received and the OSS wrote again on 9th May 2003. The Respondent paid all monies due on 9th April 2003. The premiums actually paid by the Respondent following submission of the Gross Fee Certificates were £445.34 for 2000/2001, £273.89 for 2001/2002 and £272.90 for 2002/2003.
- 27. On 5th March 2003 a copy of the Forensic Investigation Report was sent to the Respondent requesting his explanation within seven days.
- 28. The Respondent replied on 24th March 2003. With regard to the monies from Mr O, the Respondent stated that the monies had not been utilised by him and "I am still searching the office because it is still possible that I have put it away and tried to keep it safe and forgot precisely where it has been kept and if found I will let the Office know about it".
- 29. No further correspondence was received from the Respondent.

The Submissions of the Applicant

- 30. The Respondent had admitted the allegations.
- 31. In relation to dishonesty the Tribunal was asked to note that the information given by the Respondent to Mr Ireland set out at paragraph 4 (a) to (c) above was untrue. In relation to paragraph 4 (e) above Mr Ireland found a minimum shortage of client funds as at 31st October 2002 amounting to £37,108.54p and found that a further shortage of client funds amounting to £80,000 had existed between 18th September 2002 and 27th September 2002 (paragraph 16 of the Report).
- 32. In relation to the Respondent's purchase of 9 Pickwick Mews the Tribunal was asked to note that this appeared from the ledger to be a normal transaction but in fact the completion monies had gone out prior to the receipt of the mortgage advance. The Tribunal was also asked to note that the Respondent had said to Mr Ireland that he had knowingly utilised other clients' monies and that he had used clients' monies for his own benefit.
- 33. In relation to the Respondent's purchase of 80 Bertrand Way the Tribunal was asked to note that the mortgage monies had been used prior to completion of the purchase of 80 Bertrand Way to pay the deposit on four other properties which the Respondent was purchasing.
- 34. In relation to the direct debits from client bank account to St Paul International the Tribunal was asked to note that the Respondent confirmed that he had known about the direct debits for slightly over two years but the payments had continued. He had knowingly used client money to pay office expenses.
- 35. In relation to the matter of Mr O, Mr Ireland had on his second review of the matter found a different client ledger with different entries. The Respondent had said that he had prepared both ledgers and it was submitted that this was an admission that he had prepared fraudulent ledger cards.
- 36. The Respondent had admitted that he did not know where at least £1,000 of Mr O's money was and the Tribunal was referred to the Respondent's comments in his letter of 24th March 2003 regarding the missing money. It was submitted that this was a wholly unacceptable way of dealing with client money. It was a very worrying feature that the Respondent said he could not remember what he had done with it.
- 37. The Tribunal was asked to attach no weight to the Respondent's witness statement. The Tribunal had not heard from the Respondent in support of his statement and it had not been tested in cross-examination. He had sought in his statement to paint a picture of severe difficulties.
- 38. In his statement he had admitted that he kept the books but sought to blame his accountant for not helping him. The ledger cards had been in his handwriting.
- 39. The Respondent had said in his witness statement that he had told Mr Ireland that he was not well. This was not accepted by the Applicant, who was unable to take this assertion up with Mr Ireland at this late stage. The Tribunal was asked to note,

- however, that Mr Ireland had not noted any such comment by the Respondent in his report.
- 40. In his statement the Respondent also said that he had noticed the direct debits to St Paul International in 2001. He said he had notified St Paul International but the Applicant asked the Tribunal to consider why he had not told his bank and stopped the payments.
- 41. The Tribunal was asked to disregard that part of the witness statement relating to a debt owed by a friend. The Applicant was unable to explore this issue and in any event it would not be a justification for using client money.
- 42. At paragraph 26 of his statement the Respondent claimed to have stopped work in October 2002 but in a letter responding to the OSS's letter of 5th March 2003 the Respondent said that he had decided to cut his work down drastically and had opened less then ten files since December 2002. This was inconsistent with his witness statement.
- 43. In his witness statement the Respondent said that he believed he had been the subject of a voodoo curse but again this had not been mentioned to Mr Ireland.
- 44. In relation to the medical report the Tribunal was again asked to give this little weight. The report did not say that the Respondent was so ill that he could not have formed the intention at the relevant time to be dishonest. The medical report had been based on what the Respondent had told the doctor and should be treated with caution, for example the report said that the Respondent's partner had left the firm in the middle of the year 2001 but in reality the partner had left in December 2002.
- 45. The Tribunal was asked to note the Respondent had not gone to see his GP at the relevant time.
- 46. There was a suggestion that he had been rushed to hospital in April 2004. In fact the sick note from his GP produced at the previous adjourned hearing had simply said that he should refrain from work.
- 47. The admitted allegations were at the most serious end of the scale. They had been admitted by the Respondent in full knowledge of the facts. He had fabricated the ledger cards to conceal the situation and had purchased 9 Pickwick Mews when he knew he was not in funds. These were clearly the actions of a dishonest man.
- 48. The Tribunal was referred to the cases of Royal Brunei Airlines -v- Tan approved in February 2003 in the case of D -v- The Law Society which set out a combined subjective and objective test for dishonesty. The Tribunal would have to find that the Respondent had appreciated that what he was doing was dishonest by the standards of reasonable and honest men. It was submitted that that had been the situation. The Respondent knew he was using money to which he was not entitled in more than one transaction and had tried to conceal that by false entries.
- 49. The Tribunal was given details of payments from the Compensation Fund totalling £3,300.90p and claims pending of £9,980.39p.

50. The Tribunal was urged to deal with all the issues and make a clear finding as to whether or not they had found the Respondent's conduct dishonest. This would be very relevant if the Respondent in the future sought to come back on the Roll.

The submissions on behalf of the Respondent

- 51. Mr Garcia had been able to speak to the Respondent by telephone today. He had confirmed that he expected to be struck off the Roll and to pay costs but he did not want to be labelled as dishonest. It was hoped that the Tribunal would say that in the circumstances the dishonesty issue could not be decided.
- 52. It was submitted that the actual shortfall on the Respondent's client account was only £3,000, other Compensation Fund payments being to deal with urgent conveyancing matters which would be repaid through money being held in client account. The shortfalls existing at the inspection had been put right by the Respondent by borrowing.
- 53. In relation to the allegedly fraudulent ledger cards it could be the case that the Respondent had seen they were wrong and corrected them but it was accepted that the Respondent was not here to be cross-examined.
- 54. While it could not be shown what the Respondent had said to the Forensic Investigation Officer in November 2002, in his letter of 24th March 2003 to the OSS he had made a reference to his ill health.
- 55. The reference to ten files showed that very little work was being taken on.
- 56. It was in fact April 2002 that the Respondent was taken into hospital not 2004.
- 57. The Tribunal was asked to note that the Respondent trained as a barrister and had never worked in a training contract. The Respondent had said that he had tried to take on two partners who had let him down.
- 58. The Respondent had been busy and under pressure and if the Tribunal accepted the witness statement then they would note that many things had been happening to him between 2001 and 2002 including litigation, loss of his home and a broken marriage. This was germane to his state of mind. There was also a tragic bereavement, a newspaper report of which was attached to the medical report. It was accepted, however, that the report did not address the issue of the Respondent's mental capacity at the time of the events in question.
- 59. The Tribunal was invited to consider a letter submitted during the hearing from Pastor K A Ogunbadejo of the Christ Apostolic Church of which the Respondent was a member.
- 60. The Tribunal was referred to the skeleton argument on behalf of the Respondent which set out eleven points in mitigation. It also referred to the serious effect upon people who believe that they are the subject of a voodoo curse. The skeleton argument also addressed the issue of dishonesty and of mental incapacity and in the

- absence of the Respondent it was asked that the Tribunal not make a finding of dishonesty but direct that the Respondent not practise as a solicitor without the leave of the Tribunal.
- 61. Mr Garcia confirmed that the Respondent had seen the breakdown of the Applicant's costs which the Applicant sought in the sum of £17,422.07 to include the costs of the Law Society's Forensic Investigation Officer.

The Findings of the Tribunal

- 62. The allegations had been admitted by the Respondent and the Tribunal found them substantiated. The issue before the Tribunal was firstly whether or not it was right to consider the issue of dishonesty in the absence of the Respondent and secondly if it was, then whether or not dishonesty was found.
- 63. In relation to the absence of the Respondent the Tribunal noted that the medical evidence said that the Respondent was unable to attend the hearing. Mr Garcia had spoken of the Respondent's apparent reluctance to attend his office to arrange for a psychiatric report and had referred to the medical report's diagnosis of a depressive illness. The Respondent had not, however, sought an adjournment and had indeed confirmed his instructions during the course of the day to Mr Garcia that he did not seek an adjournment. Dr Partovi-Tabar was not present in Court and the Applicant could not cross-examine him as to the Respondent's current state of mind nor could the Tribunal seek further information. It would have been open to the Respondent to seek an adjournment and to provide full medical evidence including oral evidence to justify his absence from the Tribunal. The Tribunal did not consider it adequate for the Respondent to say that the hearing should go ahead but because he was not present should not consider the issue of dishonesty. An allegation of dishonesty against a solicitor was serious and should be dealt with expeditiously in the interests of the public. In the absence of the most persuasive medical evidence regarding the Respondent's inability to attend and the absence of any application for adjournment it was right that the Tribunal consider the matter in full and make a Finding as to whether or not the Respondent had been dishonest.
- In considering whether or not the Respondent had been dishonest the Tribunal noted 64. that the Respondent had admitted the facts save for a number of issues which had been raised by the Applicant where they conflicted with her documentation. The Respondent was not present to speak to his witness statement or to be cross-examined. Again Dr Partovi-Tabar was not present to give oral evidence and the Applicant therefore could not challenge his evidence in cross-examination. This affected the weight which the Tribunal could give to both the witness statement and the medical evidence. The Tribunal noted in any event that Dr Partovi-Tabar did not state in his report that the Respondent's ability to tell right from wrong had been negated by his state of mind at the time of the events in question. The Respondent had used client money for himself and for others not entitled to it. Mr Garcia had made submissions regarding mental incapacity but it appeared that at the relevant time the Respondent had still been able to purchase a substantial number of properties for himself. Mr Garcia's submissions were not supported by evidence of sufficient weight to persuade the Tribunal that any inference could be drawn from the Respondent's conduct other

than that of dishonesty. In reaching that conclusion the Tribunal had considered the tests in Royal Brunei Airlines -v- Tan, Twinsectra -v- Yardley and D -v- the Law Society. The Tribunal was aware of the importance to all Respondents of a finding of dishonesty but was satisfied that the Respondent's conduct, particularly in relation to the purchase of his properties and in relation to the creation of false accounting records, was dishonest. The proper stewardship of client money was sacrosanct. The Respondent had knowingly broken the rules designed to protect client money and had broken those rules for his own personal benefit. The fact that he rectified the shortage identified at the time of the inspection was no excuse. There had been a deliberate and dishonest use of client funds. In the interests of the public and the reputation of the profession the Respondent could not be allowed to remain as a member of the profession.

65. The Tribunal ordered that the Respondent, Isaiah Gbenga Arawolfe-Ogunfidodo of Commercial Way, London, SE15, (formerly of Brockley Road, London, SE4) solicitor, be struck off the Roll of Solicitors and they further ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £17,422.07.

DATED this 4th day of October 2004 on behalf of the Tribunal

J N Barnecutt Chairman