

IN THE MATTER OF PAUL BATEMAN, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS' ACT 1974

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Mr. L N Gilford (in the chair)  
Mr. A N Spooner  
Mrs V Murray-Chandra

Date of Hearing: 20th April 2004

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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 (the "OSS") by Stuart Roger Turner solicitor and Partner with Lonsdales Solicitors 342 Lytham Road, Blackpool, Lancs, FY4 1DW on 10<sup>th</sup> December 2003 that Paul Bateman of Trippet Lane, Sheffield, South Yorkshire, solicitor might be answered to answer the allegations contained in the statement which accompanies 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 circumstances namely:-

1. He deliberately misled both his clients and business partners in the course of his practice;
2. He intentionally misappropriated costs and or other monies belonging to his firm for his own benefit.

The application was heard at the Court Room, 3<sup>rd</sup> Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS when Stuart Turner appeared as the Applicant. The Respondent did not appear and was not represented. Immediately before the hearing a letter dated 16<sup>th</sup> April 2004 was faxed by the Respondent to the Applicant's office. The Applicant arranged for that

letter to be faxed to the Tribunal's office on the same day, which was the date of the hearing, and the Tribunal had that letter before it. It is hereinafter referred to as "the Respondent's letter".

The evidence before the Tribunal included the admissions of the Respondent contained in the Respondent's letter.

**At the conclusion of the hearing the Tribunal made the following order:-**

The Tribunal ORDER that the respondent, PAUL BATEMAN of Sterling Close, Worksop, Notts (formerly of Trippet Lane, Sheffield, South Yorkshire) 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 to be subject to a detailed assessment if not agreed between the parties.

**The facts are set out in paragraphs 1 to 7 hereunder:-**

1. The Respondent, born in 1969, was admitted to the Roll of Solicitors in 1994. At the material times the Respondent practised as a partner in the firm of Cunningtons Solicitors at 87 Trippet Lane, Sheffield, South Yorkshire S1 4EL.
2. By letters of 6<sup>th</sup> August, 6<sup>th</sup> September and 28<sup>th</sup> October 2002 the Respondent's former firm reported to the OSS that the Respondent had misappropriated money from the firm.
3. The methods by which the Respondent had made such misappropriations were as follows:-
  - (i) Method 1  
The Respondent required clients' cheques for payment of the firm's legal costs to be made payable to himself instead of the firm;
  - (ii) Method 2  
The Respondent required clients to pay him cash for the firm's legal costs and any disbursement due by them were paid directly to the relevant third party so that funds did not have to pass through the firm's client account;
  - (iii) Method 3  
The Respondent issued credit notes against money already paid to the firm by clients. This made the client matter appear abortive to anyone later looking at the matter in the firm's ledger. Any further legal fees that were then due from the client would be paid by the client directly to the Respondent by either method 1 or method 2 and not recorded in the firm's accounts.
4. The Respondent told the firm's clients that he was dealing with their matters on a "consultancy basis". The firm had no agreement with the Respondent for him to carry out any work on a "consultancy basis" and all fees earned by him during the course of his dealings with the firm's clients were fees belonging to the firm.
5. The following examples below illustrated the Respondent's actions:-

(i) Mr and Mrs M – purchase of a property

Mr and Mrs. M instructed the Respondent's firm to act for them in the purchase of a property. This was a purchase under the local authority "right to buy" scheme. Any legal costs incurred by them were due to the Respondent's firm. He wrote to the clients that he had undertaken the work on a 'private consultancy basis', and in the financial statement sent to the clients requested that the cheque for legal costs be made payable directly to himself. The Respondent also requested Mr and Mrs M to provide the purchase money by way of a banker's draft made payable directly to the local authority.

(ii) Mr and Mrs F – purchase of a property

Mr and Mrs F instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by them were due to the Respondent's firm. The Respondent requested Mr and Mrs F to write a cheque made payable to him personally for legal fees and disbursements.

(iii) Mr E – purchase of land

Mr E instructed the Respondent's firm to act in the purchase of some land. Any legal costs incurred by him were due to the Respondent's firm. The Respondent requested the payment of the legal fees and disbursements to be made by way of a cheque payable to himself. The client had already sent a cheque to the Respondent's firm payable to them which the Respondent returned to the client.

(iv) Mrs B – purchase of a property

Mr B instructed the Respondent's firm to act in the purchase of a property. Legal costs incurred by her were due to the Respondent's firm. The Respondent wrote to Mrs B on the 2<sup>nd</sup> July 2002 returning her deposit cheque for £25.00, explaining that the matter would now be conducted by one of the firm's consultants. The money belonged in the firm's client account.

(v) Mr H – Transfer of a property

Mr H instructed the Respondent's firm to act in the transfer of a property. Any legal costs incurred were due to the Respondent's firm. The Respondent asked the client to make a cheque for the legal fees and disbursements payable to him. In this way the firm's legal fees were diverted to the Respondent.

(vi) Mr K – purchase of a property

Mr K instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by him were due to the Respondent's firm. The Respondent wrote to Mr K requiring payment of the fees and disbursements by cash. The matter then completed. The Respondent sent an inter office memo to his cashier's department informing them that the transaction was abortive.

It was subsequently discovered that the client had paid cash directly to the Respondent and the transaction had taken place.

(vii) Miss W

The Respondent received cash from the client so that the firm's legal fees were diverted to the Respondent and the disbursements never passed through the firm's accounts.

(viii) Mr and Mrs T – transfer of a property

Mr and Mrs T instructed the Respondent's firm to act in the transfer of a property. Any legal costs incurred by them were due to the Respondent's firm. The Respondent wrote to the clients requesting settlement of the invoice by cash. The Respondent also requested a cheque payable directly to HM Land Registry

(ix) Mr and Mrs H – purchase of property

Mr and Mrs H instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by them were due to the Respondent's firm. The Respondent returned the clients' cheque for £120.00, (payable to the firm) to them explaining that the file had been passed to one of the partners of the practice and it would be dealt with on a consultancy basis. The completion statement requested payment by way of banker's draft, building society cheque, telegraphic transfer or cash.

(x) Mr C and Miss W – purchase of a property

Mr C and Miss W instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by them were due to the Respondent's firm. Costs and disbursements were paid in cash to the Respondent and a credit note was issued and posted on the client's ledger to show a purported refund of costs.

(xi) Mr A – purchase of a property

Mr A instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by him were due to the Respondent's firm. Here costs were paid to the Respondent in cash and a credit note issued to show a purported refund of costs.

(xii) Mr M – purchase of properties

Mr M instructed the Respondent's firm to act in the purchase of properties. Any legal costs incurred by him were due to the Respondent's firm. The Respondent requested the client to settle his costs in cash.

(xiii) Mr P – purchase of a property

Mr P instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by him were due to the Respondent's firm. It was subsequently discovered by Mr J H, the firm's partnership secretary, when he telephoned Mr P that the Respondent's firm completed this transaction. No entries were recorded on the client ledger and the £150.00 initially paid by the client by VISA on the 23<sup>rd</sup> February 2002 was refunded on the 24<sup>th</sup> May 2002, giving the impression of an abortive sale.

(xiv) Mr S – purchase of a property

Mrs S instructed the Respondent's firm to act for him in a property purchase. Any legal costs incurred by him were due to the Respondent's firm. The Respondent had requested a credit a note for what appeared to be abortive costs. The client later confirmed to the partners that the purchase had completed and the firm's costs had been paid in cash to the Respondent.

(xv) Mr W – purchase of a property

Mr W instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by him were due to the Respondent's firm. Mr W confirmed in a telephone conversation with the partnership secretary that the matter had completed and it had been a cash purchase.

(xvi) Mr B – purchase of a property

Mr B instructed the Respondent's firm to act in the purchase of a property. Any legal costs incurred by him were due to the Respondent's firm. Mr B confirmed in a telephone conversation with the partnership secretary, that the purchase moneys, stamp duty and Land Registry fee had been paid direct and not to the firm. The ledger account showed that the initial deposit paid by the client had been refunded to him.

6. On 2<sup>nd</sup> August 2002 the Respondent made restitution in the sum of £2,800. The Respondent was then required to clear his desk, return his office keys and leave the office.
7. The OSS wrote to the Respondent on the 4<sup>th</sup> and 22<sup>nd</sup> October 2002. The Respondent did not reply.

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

8. The Respondent was dishonest in that he acted for his firm's clients and consciously misappropriated monies belonging to the firm by keeping their fees for himself. He purported to work for the firm's clients on a 'private client' or 'consultancy basis'. There was no such agreement between the Respondent and his partners to carry out work in this way. The effect was that he deprived his partners of their true share of profit costs in each of the examples set out above. The partners considered this as

tantamount to theft from the firm and summarily expelled him from the partnership on 2<sup>nd</sup> August 2002.

9. The Respondent admitted to his partners that in approximately 8-10 transactions he had taken legal fees, giving the reason that “the opportunity presented itself”. The Respondent arranged that disbursements did not pass through the firm’s accounts so that no suspicions were raised. Later in the interview with his partners the Respondent admitted to being very foolish and in response to the question why he had done it, he said it was partly because of a memorandum from the partnership secretary a few months previously demanding a contribution towards his tax.
10. The Respondent intentionally misled his partners and took steps to cover up what he was doing. There could be no doubt that he knew that what he was doing was wrong. The Respondent’s behaviour had been dishonest.

### **The Submissions of the Respondent (a summary of the Respondent’s letter)**

11. The Respondent had not replied to previous letters owing to his failing health. Following his expulsion from the partnership he suffered a break-down and his diabetes was affected. His sight had been affected.
12. The Respondent had apologised to his former partners and had made payments of £200.00 in cash and a £2,800 cheque to the firm in addition to £2,000 already held by the firm following a house sale. That had more than covered any loss that the firm would have incurred.
13. The Respondent had been adjudicated bankrupt in July 2003. The Respondent had borrowed £150,000.00 to make a payment for good-will upon joining the partnership in 1999. His former partners had refused to return that money to him and he had no alternative but to declare bankruptcy.
14. The Respondent had suffered stress and worry in addition to remorse and guilt upon reflection of his actions.
15. The Respondent understood that he would be struck off the Roll and he would have to live with that for the rest of his life.
16. The work which the Respondent had undertaken on behalf of the clients was dealt with professionally and all proper conveyancing procedures had been carried out.

### **The Decision of the Tribunal**

17. The Tribunal finds the allegations to have been substantiated. It was clear that the Respondent had taken a deliberate dishonest course. He had misled clients and deceived his partners.
18. The Respondent was to be given credit for the frank admission contained in his letter. There could be no doubt that the Respondent had acted dishonestly and had fallen far short of the high standards of honesty, probity and trustworthiness required of a member of the solicitors’ profession.

19. In order to fulfil its duties to protect the public and maintain the good reputation of the solicitors' profession the Tribunal ordered that the Respondent be struck off the Roll of Solicitors.
20. Despite being aware of the fact that the Respondent was an undischarged bankrupt, it was right that an order for costs be made against him. The costs were to be subject to a detailed assessment if not agreed between the parties. The Tribunal noted that The Law Society would give due consideration to the question of the collection of such costs in view of the Respondent's financial position.

DATED this 4<sup>th</sup> day of June 2004  
on behalf of the Tribunal

L N Gilford  
Chairman