

IN THE MATTER OF *[FIRST RESPONDENT]* AND
[SECOND RESPONDENT], solicitors

- AND -

LAURENCE PETER FORD, solicitor's clerk

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr L N Gilford (in the chair)
Mr R Nicholas
Mrs S Gordon

Date of Hearing: 7th June 2007

FINDINGS

of the Solicitors Disciplinary Tribunal
Constituted under the Solicitors Act 1974

An application was duly made on behalf of the Law Society by Geoffrey Williams of Queen's Counsel of Geoffrey Williams & Christopher Green Solicitors Advocates, 2A Churchill Way, Cardiff, CF10 2DW on 14th December 2003 that *[FIRST RESPONDENT]* of, Hampshire, GU46 and *[SECOND RESPONDENT]* of, Bracknell, Berkshire, RG42 might be required to answer the allegations contained in the statement which accompanied the application and that such orders might be made as the Tribunal should think right.

On 18th August 2004 Geoffrey Williams QC applied on behalf of the Law Society 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 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 Laurence

Peter Ford of Hampshire, GU51, a person who was or had been employed or remunerated by a solicitor or that such other order might be made as the Tribunal should think right.

On 9th September 2004 the Applicant made a supplementary statement making a further allegation against *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* and on 30th July 2006 Mr Williams made a supplementary statement further to support his application for an order pursuant to Section 43(1)(b) and (2) of the Solicitors Act 1974.

The allegations set out below are those contained in the original and supplementary statements.

The allegations against the Respondents *[FIRST RESPONDENT]* and Sarah Beveridge were:-

- (i) that they had been guilty of conduct unbefitting solicitors in that they permitted their client bank account to be utilised to receive and make payments in circumstances where there were no underlying transactions;
- (ii) they failed adequately to supervise their unadmitted clerk, Laurence Peter Ford.

The allegation against the Respondent Laurence Peter Ford was that he, having been employed or remunerated by solicitors but not being a solicitor, had in the opinion of the Law Society occasioned or been a party to, with or without the connivance of the solicitors by whom he was or had been employed or remunerated, acts or defaults in relation to those solicitors' practices which involved conduct on his part of such a nature that in the opinion of the Society it would be undesirable for him to be employed or remunerated by solicitors in connection with their practices.

AND

He had been convicted of a criminal offence arising from the same matters.

At a hearing on 2nd November 2004 the Tribunal ordered that the matters numbered 8951-2003 and 9090-2004 be consolidated noting that the matters had been adjourned pending the outcome of criminal proceedings.

The application was heard on 7th June 2007 at the Court Room, 3rd Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS when Geoffrey Williams of Queens Counsel appeared as the Applicant, Mr Richard Hallam solicitor of Claude Hornby & Cox Solicitors, 35 Great Marlborough Street, London, W1F 7JE represented *[FIRST RESPONDENT]* and Mr Trevor Jenkin of Trevor Jenkin & Co Solicitors, 56 Kennylands Road, Reading, RG4 9JT represented *[SECOND RESPONDENT]*.

The evidence before the Tribunal included the admissions of *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]*. Mr Ford had taken no part in the proceedings but Notices under the Civil Evidence Act had been served upon him and he had not served any counter-notice upon the Applicant. Testimonials written in support of *[FIRST RESPONDENT]* and a note of the state of advice from the Law Society at the material time were handed up at the hearing. Mr Williams handed up three costs schedules.

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

The Tribunal Orders that the First Respondent of, Hampshire, GU46, solicitor, be suspended from practice as a solicitor for the period of one year to commence on the 7th day of June 2007 and it further Orders that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,900.

The Tribunal Orders that the Second Respondent of, Berkshire, RG42, solicitor, be suspended from practice as a solicitor for the period of one year to commence on the 7th day of June 2007 and it further Orders that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,900.

The Tribunal Orders that as from 7th June 2007 no solicitor, Registered European Lawyer or incorporated solicitor's practice shall, except in accordance with permission in writing granted by the Law Society for such period and subject to such conditions as the Society may think fit to specify in the permission, employ or remunerate in connection with the practice as a solicitor, Registered European Lawyer or member, director or shareowner of an incorporated solicitor's practice Laurence Peter Ford of HMP The Mount (no.WW4606), Molyneux Avenue, Bovingdon, Hemel Hempstead, Herts, HP3 0NZ (formerly of, Hampshire, GU51) a person who is or was a clerk to a solicitor and the Tribunal further Order that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,803.27.

The facts are set out in paragraphs 1 to 24 hereunder:-

1. *[FIRST RESPONDENT]*, born in 1965, was admitted as a solicitor in 1992. *[SECOND RESPONDENT]*, born in 1967, was admitted as a solicitor in 1992. On or about 26th January 2000 *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* set up in practice in partnership with each other under the style of BG at Yateley, Hampshire, GU46 – [REDACTED]. Such practice ceased upon the Law Society's intervention on about 14th February 2003. Mr Ford, who was not a solicitor, was employed as a matrimonial executive in the practice of BG.
2. An inspection of the books of account of BG was carried out by the Head of Forensic Investigations at the, then, Office for the Supervision of Solicitors. His Report dated 14th February 2003 was before the Tribunal.
3. The Report of the Head of Forensic Investigations revealed that between 7th May 2002 and 21st January 2003 client bank account had been credited with 701 receipts totalling £193,147,386.91. There were corresponding payments out. Neither the receipts nor the payments arose from any underlying transaction in which the firm had been instructed. The firm was effectively providing banking services for 11 client companies.
4. Examples of the agreements under which the firm offered those services were before the Tribunal and included the following forms:-

(a) "ACCEPTANCE AND ACKNOWLEDGEMENT

28th October 2002

Messrs BG
Yateley
Hampshire
GU46

Dear Sirs

Re: S Limited

We P Limited accept and acknowledge that any and all monies received by you are at the instructions and order of S Limited in relation to our business transactions with them and further acknowledge and accept that such monies are not third party payments to yourselves but are for the credit to the account of S Limited for which they are to be invoiced for the provision of the online banking services for which you provide.

Dated _____

Signed _____
P Limited"

and

(b) "P P Esq
S I Limited
2nd Floor
Empire House
Empire Way
Wembley
Middlesex
HA9 0EW

Dear Mr P

Re: S I Limited

Following our meeting today and in accordance with your instructions, I have prepared the relevant form of Minutes of Meeting in respect of the Directors of the Company, which as I indicated should be completed, signed and lodged in the Company Minute book.

In relation to the Company, we acknowledge receipt of the Company Certificate of Incorporation and Memorandum and Articles of Association for which we are obliged.

In respect of the Company's trading, in relation to the monies being credited to our banking account, we require from the institution placing the credit with us,

a fax communication confirming that the monies are sent on the basis of your instructions and that such instructions are irrevocable and that the dispatch instructions in relation to the onwards transmissions of monies will come from yourself as S I Limited by way of a signed fax communication.

We would like to emphasise that in relation to the onwards transmission of the monies again we would not act unless we received a fax communication from you with specific instructions in respect of the payment of monies received on your behalf.

In relation to our fees, we can confirm that we would charge a sum of £125.00 plus VAT in respect of a transaction relating to monies in and onwards transmission and in addition we would charge to the Company any expenses, which may be incurred through our banking system. We would be grateful therefore if you could sign one copy of this letter by way of confirmation of instructions and we look forward to a profitable business relationship to assist in your Company.

Mr Ford will deal with the matters on your behalf assisted by his Secretary A J. If, however, there are any difficulties in relation to certain matters, there are two partners of the firm namely Sarah Beveridge and Matthew Gauntlett to whom you should refer. If there is anything else that you wish to discuss with us then please do not hesitate to contact us.

Yours sincerely
L F FORD

Dated _____

Signed _____
Mr P P”

5. An example of an invoice prepared in connection with the payment into client account and payment out of money from client account where there was no underlying transaction took the following form:-

“Our ref: P
Client P Ltd

Date 24th January 2003

BG
Solicitors

VAT Registration - 733608731

To Professional Charges
in relation to your business transactions

To monies received in as per agreement - 10 in total @ £125.00 per time	£1,250.00
Plus VAT @ 17.50%	<u>£218.75</u>
	£1,468.75
To Bank Charges at £35.00 per time on monies sent out - 16 in total	£560.00
Plus VAT @ 17.50%	£98.00
Balance Due	£2,126.75
With compliments BG	

6. The firm of BG received instructions as to payments out of client account whilst receiving no details as to the purpose behind such payments. Examples included a payment to HSBC in Hong Kong of £268,041 on 5th December 2002; a payment for the benefit of a company at Royal Bank of Scotland at Uxbridge in the sum of £1,198,500; a payment to Clydesdale Bank at Regent Street London for a company account upon the instruction of another company to send the sum of £940,000; acting upon the instruction of a company to forward £1,186,585.50 to Dansk Bank in London for the benefit of another company; and an instruction to pay £798,000 received from a company to another company at Fortis Bank in London.
7. The firm charged for its services, not on the basis of work done and time spent, but on a flat rate basis relating to the days on which the “banking services” had been used by the “client”.
8. The mechanics of the scheme had been operated by an unadmitted clerk, Mr Ford, and his secretary.
9. Mr Ford was a matrimonial executive having no specialisation in banking or financial matters. He reported both to *[FIRST RESPONDENT]* and to *[SECOND RESPONDENT]*. His files were reviewed every other month.
10. Mr Ford himself dealt with all his post and faxes both incoming and outgoing. Incoming post was however opened and sorted by the firm’s receptionist.
11. Outgoing post was placed in reception and it was suggested that *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had every opportunity to see it.
12. It was understood that before the first of the transactions, the subject of the complaint, was carried out, *[FIRST RESPONDENT]* and Mr Ford went through the Law Society’s Warning Card issued in connection with money laundering.
13. Mr Ford had indicated to the Law Society that *[FIRST RESPONDENT]* had been well aware of Mr Ford’s role in the firm’s provision of banking services to clients and took no steps to discourage or prevent it.

14. The mechanics of the banking transactions were usually carried out by Mr Ford's secretary. The authorisation of *[FIRST RESPONDENT]* and/or *[SECOND RESPONDENT]* was not obtained in all cases.
15. The initial idea behind the scheme came from Mr Ford but it had been left to *[FIRST RESPONDENT]* to enquire into its propriety.
16. In the course of the operation of the scheme authorisation of payment out of client bank account could be made only by Doris Clarke who was *[SECOND RESPONDENT]*'s secretary.
17. Mr Ford acted as and was treated as a "quasi" partner. Mr Ford played a pivotal role in the generation of fee income at the firm.
18. *[SECOND RESPONDENT]* had only rarely played a part in scrutinising incoming post and normally all fee earners signed their outgoing post. *[SECOND RESPONDENT]* had however been named as Mr Ford's supervisor on file inception sheets.
19. Mr Ford had been given or had assumed responsibilities which were properly those of the partners in the firm.
20. It had transpired that the whole scheme of the firm acting as a bank was money laundering on a large scale. The Law Society's Head of Forensic Investigations had not been able to find evidence of *[FIRST RESPONDENT]* or *[SECOND RESPONDENT]* being directly involved in the operation of the scheme. The discovery of the facts led to criminal proceedings being taken against all three Respondents. There was a lengthy trial at the Southwark Crown Court. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* gave evidence; Mr Ford did not. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* were not convicted. Mr Ford was convicted of the offence of assisting another, or others, to retain the benefits of criminal conduct, an offence otherwise known as money laundering. Mr Ford was sentenced to six years' imprisonment.
21. His Honour Judge Rivlin QC when sentencing Mr Ford required a transcript of his sentencing remarks to be passed to the Law Society. In his sentencing remarks the Learned Judge said that the seven companies in the client accounts of the firm were not real businesses engaged in genuine and honest trade, but important cogs in the wheel of a large fraud on what was then Her Majesty's Customs of a type known as MTIC, that is Missing Trader Intra-Community or 'carousel' fraud. He went on to say that Mr Ford knew the money was being routed through BG to wash the money clean as it went through the books and gave the vast fraud the appearance of legitimacy.
22. He went on to remark that *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had both been acquitted and he had no doubt that the reason for the verdict was that the jury accepted their cases that on any view they were both wholly unsuited to the responsibilities of running a practice on their own. Not merely were they inexperienced but they were quite out of their depth, neither of them having the strength of personality to run a firm of solicitors themselves, even a very small

practice, and both had been woefully negligent in failing to fulfil the responsibilities expected of partners, positions which they should never have attempted to fill. *[FIRST RESPONDENT]*'s own Counsel said he was a foolish man but he had been on any view careless and unprofessional in handling the needs of his clients and grossly negligent in the performance of his duties to the practice.

23. It was after her arrest that *[SECOND RESPONDENT]* discovered that Mr Ford had, behind the backs of herself and *[FIRST RESPONDENT]*, channelled funds which had been paid in cash into Mr Ford's own account, out of his account by cheque and then through the accounts of the firm and onwards to one of the fraudsters. As a result of these enquiries Mr Ford had been dismissed.
24. Mr Ford had without any authority, and during the currency of the offences, represented two of the fraudsters in criminal proceedings against them for fraud. Mr Ford had so appeared without authority and without appropriate qualifications.

The submissions of the Applicant

25. The Applicant put the matters before the Tribunal as an example of very serious misconduct indeed.
26. Mr Ford presented *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* with a scheme that was plainly improper. He was acting dishonestly being a central figure in a massive fraud. The case against Mr Ford was overwhelming and he had been convicted and was serving a six year prison sentence.
27. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]*, whilst not being dishonest, failed dismally in their obligation to supervise Mr Ford. In reality it seemed Mr Ford had an inordinate degree of control over them. It was a case of "the tail wagging the dog".
28. Solicitors' practices are not banks. Whilst there is no professional Rule prohibiting the use of client account where there is no underlying transaction, given all the circumstances of this case and given in particular the scale of the operation allowing this scheme to be perpetrated through their firm amounts to conduct unbefitting solicitors. There had been ample evidence putting the solicitor Respondents on notice of suspicious transactions and they should have had nothing to do with them.
29. It appeared that the mechanics of the scheme were operated by Mr Ford, an unadmitted clerk, and his secretary. However the Respondents had been responsible in conduct for their acts and defaults. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* were the sole mandated signatories upon their firm's client account.
30. In the submission of the Applicant it was plain on the face of invoices prepared that monies had been received and paid out of client account without any underlying transaction or the firm undertaking any legal work for the client.
31. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had abdicated their responsibility with respect to the operation of their client account. Thus the account

was used to perpetrate a vast fraud. The result was a criminal trial and their conduct had done great damage to the reputation of the profession.

The submissions of *[FIRST RESPONDENT]*

32. In contrast to the remarks made by the Learned Judge when sentencing Mr Ford, the bundle of testimonials handed up in support of *[FIRST RESPONDENT]* described him as a conscientious and able lawyer who always did his best for his clients. At the time of the hearing Mr Beveridge was acting as a criminal advocate. The Tribunal was invited to note that a number of testimonials had been written by Law Society Council members in support of *[FIRST RESPONDENT]*. The Tribunal was invited to note in particular the testimonial written by a solicitor practising in the same area as the Yateley office. He said that he had a high regard for *[FIRST RESPONDENT]* but he had on occasions struck him as being a little naïve. He had a trusting nature and placed trust in others and expected it to be reciprocated. The writer of the testimonial had known Mr Ford for some years and recognised that he was a forceful character. He believed that the self-sufficiency of Mr Ford, the arrangement of his running Yateley branch and the culture there would have been very difficult to change. He said that the supervision of Mr Ford and his department would have been a challenging task for any principal. The criticism of *[FIRST RESPONDENT]*'s service to his clients was not accepted.
33. *[FIRST RESPONDENT]* was 42 years of age. He had no criminal record or any previous disciplinary proceedings.
34. *[FIRST RESPONDENT]* had achieved a university education after attending a secondary modern school. He had qualified as a solicitor in 1992, undertaking work in the field of wills and probate. He had shortly after qualification moved to live with a grandmother who needed care. Thereafter he worked as a general solicitor and later as a criminal practitioner.
35. *[FIRST RESPONDENT]* had been instrumental in starting a new Rotary Club and had made many friends there. He enjoyed fundraising and helping out. He had been instrumental in assisting a number of charitable organisations or projects.
36. The Respondent's wife who suffered from multiple sclerosis had a modest income and her illness had been exacerbated by the stress of the criminal charges, trial and the disciplinary proceedings.
37. *[FIRST RESPONDENT]* recognised that Mr Ford and JS at the Yateley branch of the former Parkinson & Co had become used to "running their own show". *[FIRST RESPONDENT]* explained that Mr Ford effectively enjoyed the status of a partner.
38. The firm of Parkinson & Co had been the subject of an intervention by the Law Society after *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* had decided that they were bound to inform the Law Society of problems within the practice. Following the Law Society's intervention *[SECOND RESPONDENT]*, *[FIRST RESPONDENT]* and indeed Mr Ford needed a new job.

39. The non-criminal work at Parkinson & Co was passed to another firm of solicitors but criminal work had not been passed on. The new firm of Beveridge & Gauntlett arose of the old Parkinson & Co office at Yateley.
40. Neither *[FIRST RESPONDENT]* nor *[SECOND RESPONDENT]* had run a practice before. Both of them worked in a different field of law from that of Mr Ford. *[FIRST RESPONDENT]* accepted much of what *[SECOND RESPONDENT]* had said in her written statement. They had had an unpropitious start when two relatively young and inexperienced solicitors were put in the position of needing to supervise Mr Ford.
41. It transpired that *[SECOND RESPONDENT]* had more talent for administration than *[FIRST RESPONDENT]*. She had run the office with the help of an office manager. It was, of course, hard to supervise Mr Ford.
42. *[FIRST RESPONDENT]* had not become suspicious because he had not been involved in what was going on.
43. The firm's accounts were produced on a monthly basis and *[FIRST RESPONDENT]* looked at them. In the main a profit and loss account was produced which did not provide a great deal of information. *[FIRST RESPONDENT]* had not been aware of the size of the transactions that had been going through client account.
44. *[FIRST RESPONDENT]* had often been out of the office - that was of course the modus vivendi of a criminal practitioner. As far as *[FIRST RESPONDENT]* had been concerned Mr Ford was known to him from the previous practice, he had a long track record, there was no blemish on his career and *[FIRST RESPONDENT]* regarded him as a safe pair of hands and trusted him to get on with his work with a minimum level of supervision.
45. It was in about April or May of 2002 that Mr Ford informed *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* that he had longstanding clients who were importers and exporters and wanted to be able to send money quickly. *[FIRST RESPONDENT]* had trusted Mr Ford. At the time Barclays had persuaded the firm to explore having an on-line money transfer facility and Mr Ford indicated that his clients wanted to use the firm's account for the purpose of transferring money quickly.
46. *[FIRST RESPONDENT]* had no reason to suspect that Mr Ford had a link with any criminal conduct.
47. It was agreed that *[FIRST RESPONDENT]* should check with the Law Society if there was anything in the Rules relating to professional conduct to prevent the transactions suggested by Mr Ford. *[FIRST RESPONDENT]* had not been aware how much money would be involved. It was a proposal which he considered in principle. *[FIRST RESPONDENT]* accepted that it was he who had been responsible for checking the position with the Law Society. He had telephoned the ethics and guidance department of the Law Society His recollection was that he had been told there was no rule against a solicitor using client account in the way suggested and indeed that continued to be the position. He was warned that he should be very careful in dealing with cash and he should be careful to check the client's identity.

[FIRST RESPONDENT] accepted that he had made a rudimentary check and had reported the situation back to *[SECOND RESPONDENT]* and Mr Ford.

48. *[FIRST RESPONDENT]* said that it had not been a matter of clients coming to him with bags of cash. Funds were coming to the firm via reputable organisations, that was to say if the money had been the proceeds of crime it had already been laundered.
49. The Tribunal was invited to consider the state of guidance available from the Law Society in 2002, a copy of which had been handed up. The background to what had happened was that the Law Society's guidance to practitioners on money laundering and the use of client account was in a state of flux.
50. A Law Society consultation document was issued in March 2003 and the Tribunal itself had found that it was not professional misconduct for monies to pass through client account even though there was no underlying transaction.
51. The Law Society had recognised that the Rules needed to be strengthened but a suggestion that it would be a breach of the Rules to pass money through client account without an underlying transaction had never crystallised.
52. Both *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* trusted Mr Ford. They did not know he intended to carry out money laundering and defraud *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]*.
53. When the electronic transfer system had been put in place, the persons effecting the transfers were allocated codes. Members of staff got to know other people's codes and therefore it was not necessary for a particular authoriser to authorise a transfer on the system. That check had been circumvented.
54. During the Crown Court trial during the cross-examination of DC, a secretary, it transpired that Mr Ford's secretary had attended to the majority of the inputting of information and instructions. In fact *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had been involved in the minority of transactions.
55. *[FIRST RESPONDENT]* never saw or signed a bill relating to Mr Ford's work or the use of client account. The fees charged were set by Mr Ford.
56. *[FIRST RESPONDENT]* had a limited knowledge of how the system worked. No-one in the office expressed any worry about sums of money going through the account.
57. *[FIRST RESPONDENT]* had never knowingly authorised any fraudulent transaction.
58. Mr Ford had made the decision that a daily rate be charged for the use of client bank account.
59. Mr Ford had been paid a salary and when the partnership between *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had been set up he had been granted a salary far larger than the partners' drawings.

60. The second way in which Mr Ford deceived *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* was that he sought to allow the firm to represent, in criminal proceedings, one of the fraudsters involved in the money laundering transactions.
61. In 2002 *[FIRST RESPONDENT]* had been elected to the Council of the Law Society to represent Berkshire. He considered that to be a great honour and had taken his duties very seriously.
62. At the end of 2002 tensions between *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* had arisen. *[SECOND RESPONDENT]* felt that she had undertaken the lion's share of the administration and the result was that the two partners in the firm ceased to be on speaking terms. That had made the chance of discovery of Mr Ford's nefarious activity more difficult, indeed unlikely. The dispute had continued into early 2003 and it was, of course, in February 2003 that *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* were arrested. Of course *[FIRST RESPONDENT]* had been extremely shocked and the situation had caused *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* to communicate properly with each other. One of the last acts of *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* before the Law Society's intervention into their firm was to dismiss Mr Ford.
63. Upon the Law Society's intervention both of their Practising Certificates had been suspended.
64. *[FIRST RESPONDENT]* had looked for a job and had been offered one. He had been offered work and his Practising Certificate had been returned to him in April 2003 subject to stringent conditions. *[FIRST RESPONDENT]* had been working in employment with Law Society approval. He had successfully appealed a condition on his Practising Certificate that he should not appear as an advocate in any court. After his Practising Certificate had been returned, *[FIRST RESPONDENT]* had returned to membership of the Law Society's Council and later in an election lost his seat by only 14 votes.
65. *[FIRST RESPONDENT]* had suffered considerable financial difficulties and had entered an IVA.
66. He had suffered massive damage to his career, his reputation and his finances. He would need a lifetime to recover. The criminal trial with the possibility of a long term in prison had had a serious effect not only on *[FIRST RESPONDENT]* but also on his wife.
67. *[FIRST RESPONDENT]* admitted the allegations and recognised his shortcomings. He had not practised from February to June of 2003 and to that extent had already suffered a suspension from practice. The Tribunal was invited to give due weight to the testimonials submitted in support of *[FIRST RESPONDENT]*. There was no chance of any recurrence of the behaviour complained of. *[FIRST RESPONDENT]* hoped he would be able to continue to earn his living in practice as a solicitor.

The submissions of *[SECOND RESPONDENT]*

68. The firm of Beveridge & Gauntlett was formed when the firm of Parkinson & Co came to an end following an intervention by the Law Society. *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* had both been employed as assistant solicitors there. When *[SECOND RESPONDENT]* applied for her job Mr Ford's name had been the 'contact name' on the advertisement. Mr Ford was *[SECOND RESPONDENT]*'s superior whilst she worked at Parkinson & Co.
69. It soon became apparent that Mr Ford ran the Yateley office along with JS. He was well respected and well liked by the Yateley staff. He and JS were the firm's largest fee earners. Mr Ford was in his late 40s and, although unqualified, had worked in the legal profession for nearly 20 years.
70. Mr Ford had been supportive when BG was set up. *[SECOND RESPONDENT]* described him as "a de facto partner".
71. Mr Ford had the largest client base and fee income from day one. JS had the second largest. Without them BG would probably not have survived.
72. Mr Ford worked very hard and undertook a range of work. *[SECOND RESPONDENT]* confined her practice to matrimonial work.
73. Mr Ford expected and was afforded virtual independence at work. The only files *[SECOND RESPONDENT]* ever 'supervised' and 'checked' were some of his Legal Aid matrimonial files, as it was a Legal Aid Franchise requirement. Mr Ford saw himself as an equal partner and insisted upon his own way of doing things. He was held in esteem by clients.
74. *[SECOND RESPONDENT]* rarely supervised the opening of the post. Where she had been described in file inception forms as 'Supervising Partner' for the seven client companies involved in money laundering, it had been accepted at the time that Mr Ford's secretary had ringed *[SECOND RESPONDENT]*'s initials on all the Mr Ford's files as a matter of course.
75. Neither *[FIRST RESPONDENT]* nor *[SECOND RESPONDENT]* knew that Mr Ford had been paying monies by cheque from his own personal account, having received cash from Mr S into the BG client account. Mr Ford falsified documents and concealed his actions. *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* would never have discovered what he was doing. *[SECOND RESPONDENT]* had trusted Mr Ford implicitly.
76. At the material time the stringent rules and regulations that now govern money laundering prevention were not in place. Even now there is nothing preventing solicitors from using their client account to provide banking facilities where there is no underlying legal transaction.
77. *[SECOND RESPONDENT]* had been aware that large sums of money had been paid in and out of the client account on behalf of the seven client companies, but she had no idea of the cumulative total until she was arrested. It was not unusual for large sums of money to be paid in and out of client account simultaneously in connection with conveyancing matters.

78. It was established during the criminal trial that *[SECOND RESPONDENT]* had authorised a fair amount of transactions but her secretary had authorised some using her password when she was unavailable. Apart from a couple of occasions *[SECOND RESPONDENT]* had been unaware of this.
79. *[SECOND RESPONDENT]*'s money laundering knowledge had been very limited. Towards the end of the firm's first year (2000) JS mentioned that some of Mr Ford's clients were depositing large sums of cash into the client account. *[SECOND RESPONDENT]* mentioned this to *[FIRST RESPONDENT]* and they both told Mr Ford that this could not continue because of the money laundering risks. *[SECOND RESPONDENT]* had no money laundering training and had not made a study of the subject: her work involved small Legal Aid matrimonial matters.
80. Mr Ford had complied with the 'Know Your Client' requirements at the beginning of each of the seven client company files.
81. The firm's bank encouraged the installation of an electronic banking system. After this Mr Ford had approached *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* in about April 2002 about "a new source of business". He described the nature of the proposed schemes. *[SECOND RESPONDENT]* thought she understood in principle. She trusted Mr Ford implicitly. It would never have crossed her mind that he would propose anything that was in any sense improper.
82. During the course of that meeting *[FIRST RESPONDENT]* raised the question of whether the Law Society should be consulted as to whether it was proper for a solicitor to do this. *[FIRST RESPONDENT]* had mentioned money laundering and spoke of checking this out with the Law Society. It was left to *[FIRST RESPONDENT]* to do that. He also agreed to read through the Solicitors Code of Conduct to make sure there would be no breach of any professional rules or regulations. *[FIRST RESPONDENT]* reported that he had checked matters with the Law Society and that it was all "ok". With this reassurance *[SECOND RESPONDENT]* did not think that was not a proper business for a firm of solicitors to get involved in. She never really gave this business much thought and had no concerns about the size of the sums of money or the frequency of the transactions in the light of their reassurance.
83. Even though it was the firm's bank that reported the handling of large sums, it continued to support the firm financially and encouraged the firm. No warnings had been received from any other source.
84. At the material time *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* had been in dispute about the burden of administrative matters that had fallen on her when *[FIRST RESPONDENT]* had been appointed to the Council of the Law Society which took him out of the office. *[SECOND RESPONDENT]* eventually served notice of dissolution of the partnership and terms were negotiated. *[SECOND RESPONDENT]* was to retain the practice.
85. A former employer of *[SECOND RESPONDENT]* made a statement in which he said that she was not equipped to deal with complex commercial transactions and he had doubts about her ability to act as a principal in a firm. He did however describe her

“enviable principles of what was right or wrong” and referred to her conscientiousness. Another referee spoke of her integrity and probity. The events had caused *[SECOND RESPONDENT]* great anxiety and she had been prescribed medication for depression.

86. *[SECOND RESPONDENT]* had held a Practising Certificate subject to conditions. She had two small children and although not currently practising she was keeping abreast of changes in the law and hoped to return to practice.

The Tribunal’s Findings

87. The Tribunal found the allegation against Mr Ford to have been substantiated. It was clear that he acted in a criminal manner and had been found guilty of a criminal offence and had had a six year custodial sentence imposed upon him. There could be no doubt that Mr Ford, who not only had perpetrated a crime but also had implicated his solicitor employers, should not be permitted to work within the solicitors’ or another regulated legal profession without the consent of the Law Society first obtained. That order was necessary in order to protect the public and to ensure that the good reputation of the solicitors’ profession was not undermined.
88. The Applicant had not alleged dishonesty against *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]*.
89. The Tribunal had given *[FIRST RESPONDENT]* and *[SECOND RESPONDENT]* credit for their admissions and their recognition that they had fallen very far short of what was required of them as solicitors.
90. The Tribunal has also taken into account the great anxiety suffered by them, not only in facing disciplinary proceedings but having also faced a criminal trial. They had suffered stress and anxiety and in *[FIRST RESPONDENT]*’s case financial difficulties.
91. The Tribunal has also taken into account the period of suspension of both Respondents following the intervention into their practice.
92. Both *[SECOND RESPONDENT]* and *[FIRST RESPONDENT]* demonstrated a serious abdication of their duties and responsibilities as solicitors. In the first place they allowed an unadmitted clerk to dictate to them even though they were the principals in a solicitors’ practice. The Tribunal recognises that the history of the arrangements did not make things easy, but that was a nettle that had to be grasped and solicitors fulfilling their duties and obligations as solicitor principals in a firm would simply have to confront and deal with an unadmitted clerk who considered himself to be a “de facto” partner.
93. It was the Respondents’ laissez faire attitude and their failure to curb the excesses of their unadmitted clerk that enabled him to implement a money laundering system through their client account without arousing suspicion.
94. At the material time neither Respondent was a newly-qualified solicitor. A number of warnings and advice had been given to the profession about money laundering and the

dangers of handling money for clients in respect of whom the solicitor was not conducting any legal work.

95. This Tribunal repeats what it has said before, namely that a solicitor is paid for his expertise and legal knowledge. It is extremely likely that any client who wishes to pay money into client account and withdraw it without availing himself of the solicitors' advice and professional services is more likely arranging for the movement of money for nefarious purposes. The Respondents have accepted that they failed properly to supervise Mr Ford and they have also accepted that as a result of Mr Ford's illegal movements of money through client account they had as principals in the firm inevitably permitted their client bank account to be utilised to receive and make payments in circumstances where there were no underlying transactions and, indeed, where it transpired that those receipts and payments amounted to the laundering of the proceeds of crime.
96. The Tribunal considered that it was appropriate to mark its deprecation of the Respondents' behaviour by the imposition upon each of them of a suspension from practice for one year. The Tribunal would have suspended the Respondents from practice for a period of 18 months had they not each suffered a de facto suspension upon the intervention of the Law Society into their practice.
97. It was right that the Respondents should pay the costs of and incidental to the application and enquiry. The Tribunal considered the costs schedules prepared by Mr Williams and ordered each of the Respondents to pay a proportion of those costs in a fixed sum taking into account Mr Williams' explanation as to which Respondent certain costs related.

DATED this 23rd day of July 2007
on behalf of the Tribunal

L N Gilford
Chairman