

IN THE MATTER OF IMRAN KARIM, SAIRA KARIM and
SHAMIM AKKTAR KARIM, solicitors

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr A H Isaacs (in the chair)
Ms A Banks
Mr D Gilbertson

Date of Hearing: 2nd - 4th June 2008

FINDINGS

of the Solicitors Disciplinary Tribunal
Constituted under the Solicitors Act 1974

An application was duly made on behalf of The Law Society by David Elwyn Barton, solicitor, of 13-17 Lower Stone Street, Maidstone, Kent, ME15 6LE on 23rd March 2006 that Imran Karim, Saira Karim and Shamim Akhtar Karim 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.

The allegations against Imran Karim and Saira Karim were that they had been guilty of conduct unbecoming a solicitor in each of the following respects namely:-

- (a) Contrary to the provisions of Rule 1(f) of the Solicitors' Accounts Rules 1998 they have failed to establish and maintain proper accounting systems, and proper internal controls over such systems, to ensure compliance with the said Rules;

- (b) Contrary to the provisions of Rule 1(g) of the Solicitors' Accounts Rules 1998 they have failed to keep proper accounting records to show accurately the position with regard to the money held for each client;
- (c) Contrary to the provisions of Rule 1(i) of the Solicitors' Accounts Rules 1998 they have failed to cooperate with the Society in checking compliance with the said Rules;
- (d) Contrary to Rule 6 of the Solicitors' Accounts Rules 1998 they have failed to ensure compliance with the Rules by the Third Respondent, a person working in the practice.
- (e) Contrary to Rule 15 of the Solicitors' Accounts Rules 1998 they have paid into or held in client account monies other than those permitted by the said Rule;
- (f) Contrary to Rule 22 of the Solicitors' Accounts Rules 1998 they have withdrawn from client account monies other than in accordance with the provisions thereof and utilised the same for their own benefit. In this respect they were dishonest;
- (g) In their practice as a solicitor they have acted dishonestly in that:-
 - (i) they have knowingly utilised clients' monies for their own benefit or in the alternative have permitted such monies to be used for their benefit either knowing they were not entitled to them or were reckless as to whether they were so entitled;
 - (ii) they have sought to conceal the existence of a shortage on client account by causing or permitting inter-client transfers other than in accordance with the Solicitors' Accounts Rules;
- (h) Contrary to the provisions of Rule 32(1) of the Solicitors' Accounts Rules 1998 they have failed to keep accounting records properly written up to show dealings with client money received, held or paid by them, and any office money relating to client matters;
- (i) Contrary to the provisions of Rule 32(7) of the Solicitors' Accounts Rules 1998 they have failed to carry out reconciliations of their client account;
- (j) Contrary to the provisions of Rule 34 of the Solicitors' Accounts Rules 1998 they failed to produce to a person appointed by the Society (Nicholas Ireland and Sharon Warner) financial accounts and other documents specified in the said Rule to enable the preparation of a report on compliance with Accounts and Practice Rules;
- (k) They obstructed the Society during the course of its inspection of the books of account and other documents, and its investigation of certain complaints against Karim, and in doing so gave false and misleading information to its officers as to why inspections could not take place. In this respect they were dishonest;
- (l) They permitted the Third Respondent to work as a solicitor notwithstanding the conditions on her practising certificate. In this respect they were dishonest;

- (m) Contrary to Rule 1 of the Solicitors' Practice Rules 1990 they compromised or impaired both their good repute and that of the Solicitors' profession in each of the following respects:-
- (i) they failed to ensure that Counsel's fees were promptly paid (or paid at all) and thereby caused the Bar Council to issue a Withdrawal of Credit Direction in respect of Karim;
 - (ii) they failed to properly deal with a civil judgment against Karim for monies owed to Karraway Limited;
- (n) They gave false and misleading information to the Society (and were dishonest) in connection with the following:-
- (i) its investigation into a complaint by the General Council of the Bar;
 - (ii) its investigation into a complaint by Karraway Limited;
 - (iii) its investigation into a complaint by David Clarke;
 - (iv) its investigation concerning the role in Karim of the Third Respondent;
 - (v) its investigation into their involvement in MNUK
- (o) They failed to comply with the terms of the following Adjudicators decisions relating to the payment of compensation following findings of the provision of inadequate professional services:-

Scattergood dated 21.11.03;
 Clarke dated 21.11.03;
 Sakala dated 21.11.03;
 Stafford-Whittaker dated 21.05.04.

There was a further allegation against the Second Respondent that she had been guilty of conduct unbecoming a solicitor in the following respect namely:-

She has brought herself and her profession into disrepute contrary to the provisions of Rule 1 of the Solicitors' Practice Rules 1990 through her open involvement as a solicitor in promoting the activities of MNUK.

The allegations against Mrs S A Karim (the Third Respondent) were that she had been guilty of conduct unbecoming a solicitor in each of the following respects namely:-

- (a) In her practice as a solicitor she has acted dishonestly in that:-
- she has knowingly utilised clients' monies for her own benefit, for the benefit of the First and Second Respondents and for the benefit of MNUK;
 - she has sought to conceal the existence of a shortage on clients' account by inter-client transfers other than in accordance with the Solicitors' Accounts Rules;

- (b) She has acted in breach of the Solicitors' Accounts Rules 1998 in that:-
- contrary to the provisions of Rule 22 thereof she has withdrawn from client's account monies other than in accordance with the provisions thereof. In this respect she has been dishonest;
- (c) She obstructed the Society during the course of its inspection of the books of account and other documents, and its investigation of certain complaints against Karim, and in doing so gave false and misleading information to its officers as to why inspections could not take place. In this respect she has been dishonest;
- (d) She acted as a solicitor in the knowledge that her practising certificate was subject to conditions and that the Society had not given approval for her to be so employed. In this respect she has been dishonest;
- (e) She gave false and misleading information to the Society (and was dishonest) in connection with the following:-
- its investigation into a complaint by the General Council of the Bar;
- its investigation into a complaint by Karraway Limited;
- its investigation into a complaint by David Clarke;
- its investigation concerning her role in Karim;
- (f) She has failed to observe or unreasonably delayed in the observance of undertakings (dated 29th November 2002 and 9th January 2003) given by her in the course of her practise as a solicitor and that accordingly she has been guilty of conduct unbefitting a solicitor.

The evidence before the Tribunal included the oral evidence of Amanda Farman, Peter Simpson, Binu Govindan, Nicholas Ireland, Sharon Warner, Susan Faulkner, Stephanie Walker, Paul Sutton, Gerallt Wyn Owen, David Channon, Louie Flannery and Stephen Whatmore.

The Applicant had lodged a trial bundle comprising 16 lever arch files. In addition the original Rule 4 Statement was supported by exhibits.

The Applicant handed in at the hearing an Affidavit with exhibits of Peter Raymond Sewell dated 8th May 2008. There had been no counter notice from any of the three Respondents in relation to this evidence, nor to any of the compensation fund documents. Accordingly this evidence was unchallenged. However, none of the other evidence, nor any of the material in the trial bundle was agreed between the Applicant and the Respondents.

Before the commencement of the substantive hearing, Imran Karim and Saira Karim instructed Counsel, Mr Michael Cogan, to represent them in a limited capacity. It was noted that their previous solicitors, Messrs Janes, were no longer acting. Imran Karim was present. Mrs S A Karim was present and acting in person.

Preliminary applications were made by or on behalf of all three Respondents before the commencement of the substantive hearing.

Mr Cogan, on behalf of Imran Karim and Saira Karim, sought an adjournment of the hearing on two grounds. Firstly, the ill health of Saira Karim in relation to which he explained that supporting medical evidence would be available by 11am. The second ground was that Mr Cogan was appearing on behalf of Imran Karim and Saira Karim in a 'limited capacity' only as he was not ready or available for the listed 12 day hearing as he had only received documents on 29th May 2008. Counsel explained that he had been informed by Messrs Janes on 30th May 2008 that they had withdrawn from the proceedings.

Mrs S A Karim explained to the Tribunal that she was seeking an adjournment on two grounds. Firstly, because of her ill health. She said that she was also expecting a medical report to arrive by 11am. Her second ground was that she had made an application for the judicial review of the Tribunal's dismissal of her various applications made on 27th May 2008 including applications for adjournment, severance and the exclusion of certain matters and documents. Mrs S A Karim claimed that previous trials on these matters had not been concluded.

The Applicant opposed all of the applications by the Respondents on the basis both of the non availability of medical evidence and that applications for judicial review do not act as a stay on substantive proceedings. In addition, he submitted that the proceedings had commenced in 2006 and had already been subject to repeated delay caused by the Respondents. The Applicant explained that he had spoken to the former solicitors of Imran Karim and Saira Karim and understood that those solicitors had withdrawn on or about 30th May because of lack of instructions and of funds. He submitted that no trials relating to the issues were outstanding or subject to any appeal of which he was aware. The Tribunal adjourned its decision upon the preliminary applications until after 11am to allow any medical evidence to arrive.

The Tribunal reconvened just after 11am and was informed by Counsel, Mr Cogan, that no medical evidence for either Saira Karim or Mrs S A Karim had arrived. Counsel explained that he had not spoken to Saira Karim and was not in a position to say what was wrong with her nor to assist the Tribunal any further.

Having considered all the submissions from Counsel for Saira Karim and Imran Karim, Mrs S A Karim in person and the Applicant, the Tribunal found that in the absence of any medical evidence or of any interim relief in the form of a stay from the High Court, it was in the public interest that the hearing should proceed. The Tribunal was satisfied that it would be able to determine the issues fairly and properly and that there were no grounds for adjourning the hearing that had been listed for many months for twelve days starting on 2nd June 2008.

Once the Tribunal had made its ruling on the preliminary applications, Mrs S A Karim explained that in the circumstances she and her son, Imran Karim, would leave and not participate. The Tribunal said that it would be helpful if the Respondents present participated in the hearing but Imran Karim and Mrs S A Karim left the Court room. Counsel, Mr Cogan, requested the Tribunal's permission to leave as he could offer no further assistance.

The Tribunal thanked Counsel for his assistance and explained that if medical evidence appeared later, during the course of the proceedings, it would be considered. (In fact on the third day of the hearing, on Wednesday 4th June at 11.55am, a letter was faxed to the Tribunal from Mrs S A Karim enclosing a note dated 2nd June 2008 from her GP. The Tribunal considered the medical evidence and noted that it had arrived as the case was nearing its completion. However, given the contents of the GP's letter of 2nd June 2008, the Tribunal were not satisfied that even if it had been received prior to the commencement of the hearing, given its quality, it would have been sufficient to justify a decision to adjourn the case.)

Before proceeding to the substantive hearing the Tribunal asked the Applicant for clarification, by way of a quasi preliminary point, of the Respondent's claim that there was some defect in the way that allegations had been added relating to knowledge gained after the intervention.

The Applicant explained that Mrs S A Karim was aware that The Law Society made the decision to intervene in the firm of Karim solicitors and to refer the Respondents to the Tribunal based on Mr Ireland's report of June 2003.

Mrs Karim had contended in previous applications, which had been dismissed by the Tribunal, that much of the material on which the Rule 4 (2) Statement dated 23rd March 2006 was based, came to the knowledge of the Regulation Authority after its resolution of June 2003. Mrs S A Karim had argued that there was no subsequent formal resolution by the Regulation Authority to refer the material that came to light as a result of the intervention to the Tribunal.

The Applicant submitted that he had previously argued and it had been accepted by the Tribunal, that Mrs S A Karim's contention was purely academic. This was because there was no statutory requirement that there be a formal resolution of The Law Society on every issue to be included in the Rule 4 (2) Statement. The Applicant stressed that he was instructed by The Law Society and that under the 1974 Solicitors Act anyone is permitted to make an allegation to the Tribunal. Moreover, that it was very common for intervention agents to find relevant material that would subsequently be included in a Rule 4(2) Statement, on the instructions of the Regulatory Authority.

The Tribunal accepted that the Respondents were all fully aware, from the Rule 4(2) Statement dated 23rd March 2006, of the extent of the allegations against them and that these could be dealt with fairly by the Tribunal, albeit in the absence of the Respondents.

The Tribunal went on to explore a further point as to the position if one of the Respondents was in fact unwell to such an extent that they were unable to attend the hearing.

The Applicant submitted that any application to adjourn would involve the balancing of the public interest and the quality of the medical evidence.

The Tribunal stated that although it would consider the matter again if any medical evidence in respect of Saira Karim or Mrs S A Karim arrived during the course of the hearing, it was satisfied that on the current evidence it could properly and fairly hear the case in the public interest and in the interests of maintaining the good name and standing of the profession and that further delay could not be justified.

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

That the Respondents, Imran Karim, Saira Karim and Shamim Akhtar Karim of Courtlands, 1 Courtlands Avenue, Esher, Surrey, KT10 9HZ, solicitors, be Struck Off the Roll of Solicitors and it further Orders that they do pay the costs of and incidental to this application and enquiry on a joint and several basis to be subject to a detailed assessment unless agreed between the parties, to include the costs of the Investigation Accountant of the Law Society. Interim order for costs against all the Respondents fixed at £75,000.00 on a joint and several basis to be paid within six weeks.

The background is set out in paragraphs 1 - 9 hereunder:-

1. Imran Karim, born in 1967, was admitted as a solicitor in 1997. His name remains on the Roll of Solicitors. His stated areas of expertise are crime and defamation. He was at all material times the nominal senior partner in Karim solicitors.
2. Saira Karim, born in 1968, was admitted as a solicitor in 1996. Her name remains on the Roll of Solicitors. Her stated areas of expertise are “film/tv/media related work, and IP” In the absence of Imran Karim her supervisory function was general office supervision.
3. Mrs Shamim Akhtar Karim, born in 1942, was admitted as a solicitor in 1995. Her name remains on the Roll of Solicitors.
4. Imran Karim and Saira Karim are brother and sister. Mrs S A Karim is their mother. At all material times Imran Karim and Saira Karim were carrying on practice in partnership under the style of Karim solicitors (“Karim”), Third floor, Clerkenwell House, 67 Clerkenwell Road, London, EC1R 5BH. Imran Karim and Saira Karim were principals in Karim with all the professional obligations attached to that position. Mrs S A Karim was their employee.
5. Karim was a family firm. Imran Karim and Saira Karim’s father (Mrs S A Karim’s former husband) was formerly a partner in Karim between 1st June 1997 and 24th September 1999 and again between 26th December 2001 and 30th April 2002. Prior to 1st June 1997 he had been the sole principal of Karim. Imran Karim trained with Karim, became a partner in 1997, appeared then to retire for one year in 1998 and became a partner again in 1999. Saira Karim also trained with Karim and became a partner on 1st January 1999.
6. For each of the years from 1984 to 1993 inclusive, Mrs S A Karim’s practising certificate was issued subject to a condition of approved employment. For the year 1993 - 1994 her certificate was issued subject to the condition that she may act as a solicitor only in employment or as a member of a partnership that was approved by The Law Society. For the year 1996-1997 Mrs S A Karim’s certificate was issued subject to a condition that she did not practise on her own account and that she should attend a legal refresher course approved by The Law Society within six months of the date of the decision, and that she provide evidence of attendance. That condition remained in force on her practising certificate up to and including her certificate for the year 1998/1999. For that practice year a certificate was issued to her with a

variation, namely that she did not practise on her own account and that she attend a legal refresher course approved by The Law Society for the purposes of CPD accreditation within six months of returning to practice, and that she provide evidence of attendance. Mrs S A Karim has never provided such evidence. Because of this her practising certificate for the year 2000/2001 was granted by the Adjudicator subject to the condition that she may act as a solicitor only in employment which has been approved by the Office for the Supervision of Solicitors (whose functions are now the responsibility of the Solicitors Regulation Authority (SRA)).

7. Mrs S A Karim never sought or obtained approval from The Law Society to be employed by Imran Karim and Saira Karim. Mrs S A Karim did not provide evidence of attendance at a training course.
8. Neither Imran Karim nor Saira Karim ever requested or obtained the approval of The Law Society for the employment of Mrs S A Karim.
9. At all material times the three Respondents were the only fee earners/solicitors in Karim.

The Opening Submissions of the Applicant

10. The allegations against the Respondents can be broadly divided into Accounts Rules breaches that were identified in inspection reports, misconduct that was identified from specified transactions, misconduct arising from The Law Society's attempts to inspect books of account and other documents in 2002 and 2003 and misconduct arising out of identified connections with a company called Miss Nude UK Limited.
11. Karim was a family practice and although Mrs S A Karim was not a principal in the firm during the material times, she was the driving force behind the firm and allowed to be so by Imran Karim and Saira Karim. The main point of the case was that Mrs S A Karim was the perpetrator of the theft of client monies, namely, in March 2000 of monies from the K/D client account and in May 2003 of monies from Northern Rock and Birmingham Midshires. The Applicant submitted that the evidence showed that Imran Karim and Saira Karim were aware of what Mrs S A Karim was doing or that they created a situation in which she could do as she wished with both client and office monies, thereby abdicating their responsibilities as principals in the firm of Karim.
12. The Applicant submitted that Mrs S A Karim moved monies between client accounts and to and from office account in breach of the Solicitors' Accounts Rules and that Imran Karim and Saira Karim allowed her to do so, either actively or passively, and in so doing, they failed to discharge any of their professional obligations to safeguard client money.
13. The Applicant referred to the chronology giving details of a long regulatory enquiry by The Law Society from 1999 to 2003. During this enquiry the Respondents sought to obstruct by delay and by failure to provide any or accurate information. He also referred to the case of Bolton v The Law Society which requires solicitors to be 'trustworthy to the ends of the earth'. The Applicant maintained that the evidence would show that the Respondents demonstrated a lack of probity and trustworthiness

in their dealings both with clients' monies and The Law Society. He stressed that there were no mitigation factors, but noted that latterly Mrs S A Karim had attempted to take the blame. Because of this Messrs Janes, solicitors, had ceased acting for her on the grounds of conflict with Imran Karim and Saira Karim. However, the Applicant stressed that the evidence would show that by the use of her own client ledger in the name of Paracha (her maiden name) Mrs S A Karim had been able to move sums of client money into that ledger for the benefit of all three Respondents.

14. The Applicant referred to all the allegations and stressed that they ranged from more serious to less serious. However, that in three situations, namely the matters of K/D, Birmingham Midshires and Northern Rock there appeared to be theft of client monies for which no explanation was offered by any of the Respondents during the interrogatories ordered by the High Court.
15. The Applicant, in referring to the alleged Accounts Rules failings, explained the various relevant inspections by the regulatory body. The first inspection was in July 1999. This was a Law Society inspection, under the Solicitors' Accounts Rules, of the Karim books of accounts. That inspection was conducted by Mrs Bridgewater, an Investigation and Compliance Officer. The relevant documents were before the Tribunal and although the Respondents filed a counter notice there was no challenge as to the authenticity of the documents. Mrs Bridgewater attended the firm's office during July to September 1999 and raised a number of significant and systematic rule breaches including the systematic overdrawing of the Paracha account of bills not being delivered to clients before funds were taken from client account, of cash cheques drawn from client account and shown on the Paracha account without any evidence of clients' instructions and of signed receipts. Mrs Bridgewater explained to the partners that if Mrs S A Karim was not employed by the firm, she was not qualified to sign client account cheques and that it was for the principals to ensure that she was removed from the Bank mandate. At the meeting of 13th September 1999, Imran Karim, as the senior partner in Karim, agreed with all the issues raised and agreed to take action to correct the breaches. However, it was the submission of the Applicant that the visit in 1999 marked the starting point of the allegations of breaches of the Solicitors' Accounts Rules. Imran Karim, as a principal of Karim, was in a position and had agreed to take steps to correct the identified breaches of the Solicitors' Accounts Rules but failed to do so.
16. In July 1999, Mrs Bridgewater had identified that the client ledger for Paracha was in effect acting as an office account, in that office account payments were being made out of this client account and costs transfers were being put into this client ledger account. She identified a systematic use of the Paracha client ledger for costs transfers to balance the payment out of that account of office expenses.
17. The Applicant submitted that initially the Paracha account, opened in 1994, was in credit but that by 1999, it was often overdrawn, in breach of the Solicitors' Accounts Rules. Monies moving in and out of the account were not linked to identifiable legal matters. Moreover, the Paracha account was not set up to be connected with a specific transaction but was being used as an office account. Monies from the Paracha account were systematically withdrawn to defray the living expenses of all three Respondents. In effect, the account was a conduit to enable Mrs S A Karim to withdraw money from the firm. The Applicant explained that he would be calling

evidence from Orchard solicitors who were The Law Society's agents in the intervention, to prove that in interrogatories ordered by the Court, none of the Respondents provided clear answers as to how they were paid by the firm.

18. The Applicant submitted that the answers by Imran Karim to Mr Ireland's questions in the meeting on 29th May 2002, attended by all three Respondents, were key in indicating his joint actions with Mrs S A Karim in dealing with financial accounts. This was as opposed to his answers to similar questions put by Orchard solicitors, as intervening agents, in the latter part of 2005. In these later interrogatories, Imran Karim sought to distance himself from any dealings with the details of the financial accounts.

The Submissions of the Respondents

19. There were no submissions from the Respondents as, although Imran Karim and Mrs S A Karim appeared initially to make preliminary applications, they withdrew before the substantive hearing commenced. Saira Karim sent a fax to the Tribunal on the first day of the hearing to explain that she could not attend as she was unwell but no medical evidence was ever provided to support her application for an adjournment.

Evidence from Witnesses

20. Peter Simpson, a caseworker in the Regulation Unit at the Solicitors Regulation Authority gave evidence on oath. He confirmed that the contents of his statement of 8th October 2007 were true and he identified his exhibits. (It was noted by the Tribunal that Mr Simpson had referred to Mrs S A Karim as the First Defendant. Mr Simpson explained that he had been asked to make a statement in proceedings brought by Zurich Insurance in which Mrs S A Karim was the First Defendant.) Mr Simpson's evidence dealt with the history of Mrs S A Karim's practising certificate. He explained that he was aware that concerns about Mrs S A Karim being allowed by the partners of Karim to work in the firm in direct contravention of her practising certificate condition were relevant to the report of Mr Ireland dated 17th June 2003. He said that Mrs S A Karim was subject to a condition to work in approved employment only and that no approval had been sought for her employment at Karim's solicitors. Mr Simpson confirmed that following Mrs S A Karim's failure to provide evidence of attendance at specified courses, the Adjudicator had determined that for the practice year 2000-2001, Mrs S A Karim should be subject to a condition that she act as a solicitor only in employment approved by the OSS. He said that in her letter of 31st July 2001 she had explained to him that she was "working with Messrs Karim off and on since 1998/1999. The exact period I worked with them is unclear as I do not receive any wages from them and in any event, most of the time I was working in an administrative capacity". Mr Simpson said that he told Mrs S A Karim on 28th May 2002 that while her name remained on the Roll of Solicitors, it would be in breach of the Solicitors Act for her to be in attendance at Karim solicitors.
21. Amanda Jane Farman, a team leader in the Solicitors Regulation Authority's Resolution Team, gave evidence on oath, confirmed that the contents of her statement were true and identified her exhibits. Miss Farman's evidence also dealt with Mrs S A Karim's practising certificate and allegations of working in breach. She explained

in detail the procedure for applying for a practising certificate and the practising history of Mrs S A Karim during 1975-1981, 1983-1995, 1995-2000 and 2000-2002.

22. Nicholas Richard Trevelyan Ireland, a Senior Forensic Investigation Officer in the Solicitors Regulation Authority, gave evidence on oath. He confirmed that the contents of his statements of 10th February 2005, 14th November 2007, 22nd February 2008 and 6th May 2008 were true and identified his exhibits. Mr Ireland's evidence dealt with misappropriation of client monies, breaches by all Respondents of the Solicitors' Accounts Rules, obstruction and failure to comply with requests and professional obligations.
23. Mr Ireland explained that he commenced his inspection of Karim solicitors on 22nd May 2002 at the firm's offices. His inspection was originally undertaken jointly with Sharon Warner of the Investigative Casework Team. He confirmed that he was aware of the 1999 inspection by Mrs Bridgewater and the 2001 inspection by Mr Thomsett. He referred to his report dated 17th June 2003 to Mr Calvert. This report set out the results of the inspection of Karim to that date including recent developments, the background to the inspection, failures to provide information and findings to date. Mr Ireland stressed that the inspection had been a very long process because of delays by the Respondents, both in producing documents and in agreeing dates for visits. He had concentrated on looking for compliance with the Solicitors' Accounts Rules, while Sharon Warner had dealt with conduct, complaints, client care, costs information and compliance with the Solicitors' Practice Rules.
24. Mr Ireland stressed that he had been particularly concerned by the use made by Mrs S A Karim of the Paracha client ledger. It was clear from the accounting records that the firm of Karim had consistently paid personal and business expenses from the firm's client bank account over a number of years in breach of the Solicitors' Accounts Rules. The accounting records showed that these payments had been allocated to the Paracha ledger. The monies in the Paracha ledger had come from various sources; monies held in respect of matters undertaken by the firm on behalf of Mrs S A Karim as a client, monies provided by Mrs S A Karim or other family members, monies transferred from office bank account and by amounts transferred to the Paracha ledger from other client ledgers. These latter amounts purported to represent costs due to the firm.
25. Although he was never shown a copy of the bank mandate, Mr Ireland said that in meetings with the principals, in the presence of Mrs S A Karim, he was told that client account cheques were signed by both Imran Karim and Mrs S A Karim, but mostly by Mrs S A Karim. Mr Ireland referred to a meeting with all three Respondents on 24th May 2002. It was agreed at this meeting that the firm's accounts were only reconciled to 31st October 2001 and that because of this they were unable to say if there had been shortages on the client bank account. Saira Karim and Mrs S A Karim both agreed that they were in breach of the Solicitors' Accounts Rules.
26. Mr Ireland explained that his initial visit to the Karim office was for 2½ days from 22nd - 24th May 2002. During this visit, he tried to compute a minimum shortage calculation. However, because no accounting records had been maintained since 31st October 2001 and it was not possible to obtain individual client ledger printouts, it was difficult for him to identify the clients to which transactions related. In particular,

not all of the cheque stubs could be found and those that were available either had no payee or client details or were illegible. The last available bank statements were only up to 3rd April 2002.

27. Mr Ireland said that his second visit was from 22nd - 29th May 2002. He had been told that Mrs S A Karim had an administrative role but also that she dealt with conveyancing matters as neither Imran Karim nor Saira Karim undertook any conveyancing work. At the second visit Mr Ireland raised the issue of the condition on Mrs S A Karim's practising certificate. He noted that Karim was not approved by The Law Society and therefore Mrs S A Karim was working in breach of her practising certificate.
28. From further details provided by the firm relating to unidentified receipts and payments and from more up to date bank statements, Mr Ireland said that he was able to calculate a minimum shortage of £133,327.49. Subsequently, he had a meeting with all three Respondents on 29th May 2002. Mr Ireland confirmed that he prepared questions before the meeting seeking further information. He wrote out the answers given to him during the meeting as the answers were given. Mrs S A Karim answered questions that the two principals could not answer. His questions related to three areas, accounts, A Ltd and Mrs T.
29. Mr Ireland said both Imran Karim and Saira Karim confirmed that they were responsible for complying with the Solicitors' Accounts Rules. Further, that they were aware in May 2002 that the last client reconciliation was as at 31st October 2001 and that no postings in the accounting records had been made since that date. Imran Karim stated that he prepared client account cheques for payments to be made in conjunction with Mrs S A Karim. He identified amounts to be transferred to office account, again in conjunction with Mrs S A Karim. He sent instructions to the bank for transfers to be made, again in conjunction with Mrs S A Karim.
30. Mr Ireland said that Imran Karim agreed that on the basis of Mr Ireland's calculations there was a shortage on the client bank account of at least £133,327.49. Imran Karim said that he had not been aware of the shortage until Mr Ireland raised it. Saira Karim said she had not been aware of shortages. Mrs S A Karim said she only became aware when notification came of the inspection because of the balances on the April bank statements. Imran Karim said that he and Mrs S A Karim saw the bank statements. However, he explained to Mr Ireland that they were all conveyancing matters and that he did not do conveyancing and that the matters were dealt with solely by Mrs S A Karim.
31. Mr Ireland explained that during the meeting one of the purposes of his questions was to ascertain who identified the funds in the client account and decided what transfers to make. Mr Ireland said that it became clear to him, from the answers given, that in the main, it was Mrs S A Karim who gave instructions for payments to be made.
32. In response to the Tribunal's query as to the purpose of the questions relating to A Limited, Mr Ireland explained that Karim had been using monies from client account on the basis that £100,000.00 had been paid into client account by A Limited. However, in fact the monies had not been paid in. Imran Karim had confirmed to Mr Ireland that the sum of £100,000.00 should have been paid in by 25th October 2001

by A Limited but that he had not checked that the monies had been received. He was only made aware that it had not been received in about May 2002 by Mrs S A Karim, just before the inspection. Imran Karim confirmed to Mr Ireland that monies had been paid out from client account against funds that were not received.

33. Mr Ireland explained that at the end of the meeting on 29th May 2002 the firm said it would take 14-21 days to get the books of accounts up to date. He returned to the firm's offices on 20th June 2002, despite further attempts by the Respondents to postpone his visit. He found that the books had been prepared manually from November 2001 to May 2002 with reconciliations carried out each month. The reconciliations confirmed that a significant shortage had existed on client account each month from November to April with the shortage at the inspection date of 30th April 2002 amounting to some £150,295.60. However, although printouts of various client ledgers had been obtained, there was no printout for the Paracha ledger or for the suspense ledger. Mr Ireland said that he asked about contacting Karim's reporting accountants to see if they had copies of these ledgers but that at a meeting on 21st June Mrs S A Karim and Saira Karim objected to him contacting either the reporting accountants or the bookkeeper.
34. Mr Ireland said that although the reconciliation as at 30th May 2002 showed that there was no longer a shortage on client account, that shortage had been replaced by funds from a client of £120,000.00, the utilisation of the net funds from a client's remortgage and the utilisation of the balances on 34 client matters amounting to some £14,000.00. Mr Ireland raised the issue about contacting clients to confirm matters. The firm agreed that he could contact A T (the remortgage client) and Mr C (A Limited) but not their Asian clients because of cultural reasons.
35. Mr Ireland stressed that he told the firm by fax which ledger printouts he needed to examine during his third visit. He specified both the Paracha and the suspense account ledgers. However, these were not supplied. Mr Ireland referred to a letter dated 7th June 2002 from Imran Karim in which Imran Karim said that the three outstanding ledgers (Paracha x 2 and suspense) would follow under the cover of a separate letter. Mr Ireland confirmed that the firm never supplied these ledgers. However, Mr Ireland was able to get them from the bookkeeper Mr Johns also known as David Channon subsequently.
36. Imran Karim continued to object to the ongoing investigation. However, the Head of Forensic Investigations, Mr Calvert, explained to Imran Karim that there were significant accounting issues to be resolved before the regulator could be satisfied that its statutory function had been fulfilled. On 16th July 2002 Mr Ireland said that he was still writing to Karim seeking, inter alia, client account paid cheques (because a number of entries on ledgers gave no details as to payee or as to what the matter related to), proof that a replacement cheque from A Limited had been paid, copies of the suspense ledger and the two Paracha ledgers, evidence that bills had been posted to client ledgers (in particular the balances on the 34 matters at 30th April 2002 amounting to some £10,589.71 which funds had been utilised by transferring the amounts to the Paracha ledger). Mr Ireland was also waiting for the bank mandates. In fact, he never received details of the signatory mandates for the operation of bank accounts at Barclays and the Allied Irish Bank.

37. Mr Ireland explained the difficulties he encountered in getting authority from Imran Karim to enable his former bookkeeper to release financial information. He stressed that he had given Karim every opportunity to provide relevant information and had not before experienced firms objecting to the regulator writing to third parties. When eventually he did speak to the bookkeeper, Mr Johns told him that relevant accounting records should have been available in the office at the time of his visits. Mr Ireland was still writing to Karim in November 2002. However, Imran Karim's responses did not take the investigation any further. Although the investigation had been ongoing for some six months, Karim's accounting records were still not up to date. This was mainly because of the lack of information that should have been provided as a matter of course by Karim to the regulator. Mr Ireland was still waiting for client account bank statements, information relating to sales of shares and the sale of Forest Heights, bank mandates, copies of the Paracha and the suspense ledgers and client paid cheques.
38. Eventually Mr Ireland obtained copies of the Paracha ledger as at 30th September 2001 and the 31st October 2001 and the suspense account ledger as at 30th September 2001 from Mr Johns, the bookkeeper. The bookkeeper also confirmed that in respect of all financial matters he dealt with Mrs S A Karim only and that the vast majority of cheques and instructions were written and signed by Mrs Karim alone.
39. Mr Ireland confirmed that although Imran Karim faxed a letter on 29th November 2002, no hard copy of that letter, with enclosures, ever arrived. This meant that information was still outstanding. Mr Ireland wrote again to Imran Karim on 13th January 2003 explaining that documentation had not arrived and that he therefore intended to write directly to the Banks. Mr Ireland said that he received yet another faxed letter from Imran Karim dated 23rd January 2003 but again no hard copy of that letter, with enclosures, ever arrived. To make the position completely clear, Mr Ireland wrote again on 27th January 2003 explaining exactly what further information he was seeking to enable him to deal fully with the inspection of the firm's accounts. On 31st January 2003 Mr Ireland was in London and called into the offices of Karim to collect the outstanding documentation. Mr Ireland referred to his attendance note of that date. He confirmed that he was met with excuses from both Mrs S A Karim and Saira Karim. They said that it would take some time to get the documentation ready but that it would be faxed that afternoon. Mr Ireland confirmed that while bits of information were faxed, most of the necessary information remained outstanding.
40. Mr Ireland said that as a result of contacting Mrs T, a former client of Karim, he learned from her that the only authority she gave to Karim was to utilise £5,000.00 retained by the firm to cover the work for the re-mortgage and various other matters. She did not agree to fees of £28,000.00 as deducted by the firm.
41. On 7th April 2003 Mr Ireland was still writing to Imran Karim with outstanding queries and a request for additional information in an attempt to bring the investigation of the firm's accounts that had commenced in May 2002 nearer to a conclusion. He was still seeking details relating to inter alia sales of shares, the sale of Forest Heights, reasons for failures to post the details of payees and descriptions of payments on ledgers and details of what appeared to be approximately 22 payments allocated to Mrs S A Karim's Paracha ledger from 11th May 2001 to 12th October

2001. Because of previous problems in receiving documentation from Karim by post, Mr Ireland proposed visiting the firm's offices on 15th or 16th April 2003.

42. Imran Karim's response to the suggestion of a visit was to write on 11th April 2003 to Mr Ireland explaining that he was too busy for a visit and providing a limited amount of the information sought. Mr Ireland agreed to delay his visit to 5th May 2003 and sought information in relation to an office move which Imran Karim said was taking place shortly. Imran Karim replied on 15th April 2003 by fax querying the need for a visit, explaining that neither the date nor the place of the office move were settled and saying that he could provide no further details as all his 'papers' were with his bookkeeper. At this stage Imran Karim was challenging the basis of the investigation and saying that the accounts had been inspected up to the inspection date of 30th April 2002. Mr Ireland was explaining that although the inspection date remained as at 30th April 2002 he still needed to inspect current accounting records to ensure that the firm was complying with the Solicitors' Accounts Rules.
43. Towards the end of April 2003, Mr Ireland wrote to Imran Karim to explain that he had obtained copies of paid cheques from Barclays Bank but he was still waiting for the client account reconciliations and would be attending the firm's offices shortly. Karim complained about the way in which Mr Ireland had obtained the information from Barclays Bank. It was explained to the firm that he had authority to access the firm's cheques in compliance with Rule 34 (4) of the Solicitors' Accounts Rules 1998. Mr Ireland was still trying to arrange a formal meeting to go through matters arising from the inspection. At the beginning of May 2003, Imran Karim faxed Mr Ireland to inform him that the firm would be moving to its new premises on 30th May 2003 and that from 8th May the office would be closed for the purposes of packing. On 12th May 2003 Mr Ireland was still writing to the firm explaining what documentation was outstanding. At this point the inspection had been going on for almost a year.
44. The Tribunal questioned Mr Ireland about his authority to obtain the client paid cheques noting that Karim had not provided any written permission. Mr Ireland stressed that he had asked Karim to write to the Banks and they said that they had done so, on numerous occasions, since September 2002. Mr Ireland believed that constituted authority for the purposes of Rule 34 (4) of the Solicitors' Accounts Rules 1998. Mr Ireland referred to letters from Karim to the Banks. He stressed that client cheques are part of the accounting records. He had been supplied with a copy of the Paracha ledger by Mr Johns, the bookkeeper and had reordered the ledger, in chronological order, with running balances. He referred to a list of payments made from the client bank account and attributed to the Paracha ledger. Mr Ireland said he needed the paid client cheques and other documentation to help to confirm what those payments from client account were for. It was of great concern that monies appeared to be moving across client ledgers.
45. At the beginning of June 2003, Mr Ireland explained that he was still writing to Imran Karim detailing outstanding information and seeking dates for a meeting. He confirmed that he was provided with a new address but with no moving date. He tried to arrange a meeting by phone, leaving unanswered messages. Subsequently, he wrote to Imran Karim suggesting various dates. However, at this point, he explained that if the partners of Karim did not want to attend a meeting then he would terminate his inspection and prepare his report. In faxes dated 9th June 2003 and 10th June

2003 Imran Karim said that because of his illness and the office move it would not be possible to meet until the week commencing 7th July 2003 as all papers and files were boxed and packed.

46. On 16th June Mr Ireland went to the address of Karim's proposed new offices and discovered that no final agreement had been reached. He then went, with a colleague, to visit Karim's offices in Clerkenwell Road. They were not allowed entry to the premises by Mrs S A Karim. Imran Karim then agreed to a meeting on 20th June. In order for the meeting to proceed, Mr Ireland provided Imran Karim with a list of information that had to be available for inspection at the offices on 20th June. He also asked for confirmation that the information would be available. Mr Ireland did not get this confirmation and further information came to his attention that suggested client funds at Karim might be at risk. In the circumstances, he sent a report to Mr Calvert, the Head of Forensic Investigations dated 17th June 2003. This report outlined the recent information received, provided details of the inspection, noted the failure of the firm to provide information and highlighted the possible misuse of client funds. On the basis of this report, The Law Society intervened into the firm of Karim on 23rd June 2003.
47. Mr Ireland confirmed from the schedule of payments from the compensation fund that the fund paid £431,824.03 to Northern Rock and £590,927.24 to K/D. He confirmed that the fund paid out a total of £1,181,533.94 to various applicants.
48. Susan Margaret Faulkner, a casework manager in the Solicitors Regulation Authority's Casework Investigation and Operations Department gave evidence on oath, confirmed that the contents of her statement were true and identified her exhibits. Her evidence dealt with obstruction and lying to The Law Society. Ms Faulkner explained that although an appointment to attend the Karim offices on 20th August 2002 to inspect client matter files was cancelled by the Respondents, she and her colleague, Sharon Warner, attended the offices on that day. They saw Saira Karim and Mrs S A Karim go into the offices and come out of the offices. Subsequently, Imran Karim confirmed that all the Respondents were at a party in Germany from 20th August. Previously Imran Karim had said that their offices would be closed from 19th August to 4th September 2002. Ms Faulkner also referred to three faxed documents, all dated 21st August 2002, found on client files during a subsequent visit.
49. The Tribunal queried how Ms Faulkner knew that either Saira Karim or Mrs S A Karim were actually working at the office on 20th August. They noted that such appeared to be inferred only from seeing them go into and come out of the offices. It was also not impossible that they had travelled to Germany later that day.
50. Binu Govindan, a former client of Karim, affirmed and confirmed that the contents of her statement dated 28th April 2008 were true and identified her exhibits. She explained that she had never instructed Karim solicitors before and did not meet any of them or attend their offices. Her dealings were all on the telephone with Mrs S A Karim. She had instructed Karim in relation to a re-mortgage of her existing property and the purchase of a new property. However, she was never asked to sign a contract, mortgage deeds or a transfer document. Ms Govindan recalls receiving just one letter from Karim and her mortgage offers from Northern Rock. She remembered receiving

one specific telephone call from Mrs S A Karim when she was told that the firm were moving offices and would not be contactable for a few days but would contact her with a new number. However, she explained that Mrs S A Karim did not contact her again.

51. Ms Govindan said she was surprised when she noted that Northern Rock were taking money from her bank account by way of direct debit. The reason for her surprise was that she had not been told by Mrs S A Karim that she had either exchanged or completed. Ms Govindan contacted Northern Rock who told her that both mortgages had been completed and that the direct debits were her monthly instalments. Ms Govindan had signed the direct debit mandate when she applied for the mortgages.
52. She stated that subsequently the mortgage broker who had suggested that she instruct Karim in the matters, told her to come and see him straightaway. Ms Govindan paid Karim search fees and £200.00 on account of costs. She had also paid a survey fee to Northern Rock. She said she made an application to The Law Society compensation fund and was paid the £200.00 on account of Karim's costs and some costs towards her new solicitor's fees. She was aware that the mortgage monies were refunded to Northern Rock however she did not get back her survey fees of £755.00.
53. The Tribunal asked the witness if she decided not to buy the property. Ms Govindan explained that she had lost the property as the vendors had pulled out because of the delay. She confirmed that the only letter she had received from Karim was the standard letter and that on the phone Mrs S A Karim sounded like an older lady whom Ms Govindan believed was a solicitor. She also confirmed that she never gave Mrs S A Karim any authority to use the mortgage funds in any way whatsoever other than for her own remortgage and purchase.

Further Submissions of the Applicant

54. The Applicant explained that Paul Sutton from Orchard solicitors conducted the civil proceedings brought by The Law Society against the Respondents. He referred to the Respondents' combined defence. This was served on 1st October 2004. He noted that in relation to the K/D money, a sum of £498,590.40, the Respondents pleaded that they had the permission of the vendors of the property not only to deduct from those proceeds all outstanding fees, a sum that the Respondents claimed amounted to £104,349.47 but also to borrow and utilise the remaining proceeds of sale. The Applicant further noted that it was admitted by the Respondents that the advances from Birmingham Midshires and Northern Rock were utilised by Mrs S A Karim (the First Defendant in the civil proceedings) but claimed she was acting without dishonest intent, not realising that she was utilising sums belonging to others.
55. The Applicant stressed that the stated defence in relation to the K/D monies was completely at odds with the relevant documentation that would be produced shortly by witnesses and was a blatant lie. Moreover, there was no evidence by way of bills to support any claims relating to fees. In relation to the Northern Rock advances, the Applicant referred both to the evidence given by Ms Govindan and to the unchallenged Affidavit evidence of Peter Raymond Sewell, a Risk Manager at Northern Rock, dated 8th May 2008. He submitted that the evidence relating to the

Northern Rock advance was overwhelming and the assertion that the monies were utilised by Mrs S A Karim “without dishonest intent” was itself a lie.

56. The Applicant submitted that the combined defence constituted the admission by the Respondents that monies went out of client account. He explained that The Law Society obtained orders freezing the assets of the Respondents. Orders were also obtained requiring the Respondents to deliver up documents and to assist the intervention solicitors, Orchards, in discovering where the monies had gone. Interrogatories extended over several months. For Mrs S A Karim there were five meetings; 21st January 2004, 5th May 2004, 21st May 2004, 27th May 2004 and 8th July 2004. For Saira Karim there were three meetings; 5th April 2004, 12th May 2004 and 2nd August 2004. For Imran Karim there were two meetings; 12th February 2004 and 7th July 2004. The purpose of the interrogatories was to ascertain how the firm worked, where responsibility lay and what had happened to almost £1million of client money.
57. The Applicant referred to the first meeting on 23rd January 2004 with Mrs S A Karim that lasted two hours. He explained that the versions before the Tribunal were the agreed, amended versions and that he proposed to refer to various answers to present a snapshot to the Tribunal of the process of investigation. During the meeting it was put to Mrs S A Karim that the Barclays client account statement showed a balance of £559.67 on 20th March 2000. Then on 22nd March 2000 there was a receipt of £498,590.40. Thereafter various amounts were going out of client account and the corresponding balance was going down. She was asked about a payment to Karim solicitors of £16,000.00 on 31st March 2000. Mrs S A Karim was unable to remember the details but stated that there were various outstanding bills relating to several litigation matters and that Mr Ireland would have each and every ledger card. Mrs S A Karim was then asked why the proceeds of the sale of the K/D property of some £498,590.00 were not paid out to the clients. Mrs S A Karim explained that they were former clients and had instructed two separate firms and Karim were not sure of the entitlement of each of the former clients. Mrs S A Karim agreed that the money should have been there but accounting irregularities took place due to administrative difficulties. She said there was no dishonesty on her part, “OK recklessness because of the way the OSS behaved at the time”. It was put to Mrs S A Karim that various sums of client money were used for other purposes without their consent. She was referred to payments out of £4,000.00 to Saira Karim on 23rd March 2000. Mrs S A Karim said it was fees due on the K matter. However it was pointed out to her that those were some £18,350.00. It was put to Mrs S A Karim that in one week some £30,000.00 of the K’s money was withdrawn from client account, and by the date that £16,000.00 was paid out to Karim as at 31st March 2000 some £47,000.00 had been distributed from client account to various recipients. Further on 5th April there was an entry for £15,000.00 to Mrs S A Karim's personal account. Mrs S A Karim was referred to the balance of £291,482.06 as at 13th April 2000 and to subsequent payments out. She was asked what the K/D monies had been used for? Mrs S A Karim said she was not aware K monies were being used. The Applicant submitted that it was clear on tracing principles that it was all K/D money that was being used for the firm’s purposes. In her answers, Mrs S A Karim stressed that she was the only conveyancer in the firm and neither Imran Karim nor Saira Karim had ever done conveyancing work. Mrs S A Karim also stated that it was she who provided the information to the bookkeeper, Mr Johns.

58. The Applicant referred to a copy of the Karim cashbook for March 2000 showing the receipt of the K/D money on 22nd March 2000 of £498,590.40. He then referred to a copy of a one page extract from the K/D ledger from 1st November 1999 to 1st August 2000. The Applicant explained that in late 1999/early 2000, Karim installed a computer system, Law Pack, which showed on 22nd March 2000 the sum of £458,550.40. There were two bills for £6,012.50 and £12,337.50 posted in office account on 20th March 2000 and a transfer from client account to office account of £18,350.00 on 31st March 2000. He noted that on 1st April 2000 there was a loan of some £450,000.00 transferred to the Paracha account (Mrs S A Karim's own account in client account) and on 1st August 2000 a further transfer of £30,795.26, as a loan to the Paracha account. The Applicant submitted that although there are narratives on the K/D ledger there has never been any evidence to substantiate the existence of a loan agreement. He then referred to the Paracha ledger on 1st November 1999 to 31st October 2001. He noted on 1st August 2000 a loan from K of £30,795.26 and a credit entry on 1st April 2000 of £450,000.00 loan to Paracha. The Applicant noted that following that credit to her account there were numerous payments from Mrs S A Karim's own ledger and many round sum debits and cash payments, including payments to Sky Services, Blockbusters, American Express, British Telecom, NatWest Homeloans and British Gas. The Applicant submitted that it was clear that what had been opened as a client ledger was being used as Karim's office account. He highlighted a payment to Saira Karim of £1,500.00 on 31st May 2000 and on 30th May 2000 a payment of £60.53 to Soopa Records (one of Imran Karim's and Saira Karim's recording projects). He gave details of a long list of payments including £500.00 to M Paracha (Mrs S A Karim's brother) £400.00 to Saira Karim, £700.00 to Imran Karim, £5,000.00 to Saira Karim on 19th June 2000, £25,000.00 to Saira Karim on 30th June 2000, another £300.00 to Saira Karim on 3rd July 2000 and £500.00 on 4th July 2000 to A Karim (Mrs S A Karim's former husband), £156.00 to Saira Karim on 13th July, a payment for the rates on Courtlands of £1,634.74 on 17th July 2000 (where Mrs S A Karim lived). He stressed that the list continued. The Applicant submitted that the Paracha ledger was a client ledger being misused for the benefit of all three Respondents. He noted however that Mrs S A Karim's interrogatories show no indication that the two principals in the firm would ever be able to assist in clarifying the firm's accounts, nor did they ever do so.
59. The Applicant drew the Tribunal's attention to the agreed interrogatories relating to the meeting on 6th May with Mrs S A Karim wherein Mrs S A Karim accepted that the K/D monies, of roughly £500,000.00, went into her Paracha client account. She confirmed her signature on certain cheques. Mrs S A Karim also confirmed that she was a director in Miss Nude UK. It was noted that for March 2000 the balance on the Barclays Bank client account was £451,247.26, at Lloyds £309,783.35 and at the Allied Irish Bank £36.33. Whereas, as at August 2000, there was about £25,000.00 in the Barclays account, the Lloyds account was closed and the Allied Irish Bank still had £36.33. Mrs S A Karim accepted that there was a shortfall on client account but that it was not a deliberate intention on her part. She indicated that she believed that the K/D money was being kept in a specially designated account set up by the bookkeeper Mr Johns. When asked about the Northern Rock monies, Mrs S A Karim agreed that she was dealing with the matter and that the funds from Northern Rock of £98,000.00 and some £296,000.00 should have been returned but that she could not say where the money had gone. However, she confirmed that the only people dealing

with the accounts were her and Mr Johns, the bookkeeper and that Saira Karim did little work in the firm, having no specific files.

60. The Applicant then drew the Tribunal's attention to the interrogatories of 21st May 2004, another meeting with Mrs S A Karim. The Applicant said that it was put to Mrs S A Karim that on 20th June 2003, three days before the date of the intervention, £40,000.00 was transferred to MNUK. Mrs S A Karim confirmed that boxes of the firm's documents were stored at KC's office the day after The Law Society intervened. All three Respondents were involved in packing up as they had to vacate the offices by 25th June 2003. The Applicant referred to the fourth meeting with Mrs S A Karim, when she stated again that she authorised £40,000.00 out of £50,000.00 owed to her to be transferred to MNUK on 20th June 2003. Again, she stated that the cheques of £98,000.00 (23rd May 2003) and £296,000.00 (2nd June 2003) were meant to be sent back to Northern Rock and she had understood that the cheques had been paid back. When asked where the £400,000.00 had gone, Mrs S A Karim said she could not help although she agreed that on 20th May 2003 there was only £9,000.00 in the client account. Mrs S A Karim agreed that she saw the bank statements when they came in and that after Mr Johns, the bookkeeper, left, she gave instructions as to how the books were to be compiled.
61. The Applicant submitted that although, because of inadequate records, there was no clear audit trail, tracing methods noted the receipt of the Northern Rock monies into client account. Subsequently, there was a £40,000.00 debit from client account that appeared as a £40,000.00 credit in MNUK accounts. The remainder of the Northern Rock money was transferred to Mrs S A Karim's Paracha account. He referred to the interrogatories of 8th July 2004 in which Mrs S A Karim was referred to the Barclays client account as at 20th May 2003. It showed a credit balance of approximately £9,000.00. She agreed that on 21st May 2003, approximately £135,000.00 was received into the account from Birmingham Midshires re Z Clients, on 23rd May 2003, £98,500.00 was paid in by Northern Rock re Ms Govindan and on 2nd June 2003, £296,000.00 was paid in again by Northern Rock re Ms Govindan. Mrs S A Karim confirmed that she gave instructions to make payments from 20th May 2003 up to the intervention.
62. The Applicant then referred the Tribunal to the interrogatories relating to Saira Karim. He noted that she claimed she had never seen any of the accounts documents before and that she did not know about accounts and never dealt with accounts. She said she was barely numerate. She said, "In terms of this (she pointed to the accounts) I am a bit remedial". The Applicant submitted that Saira Karim was a principal in Karim and that the person portrayed in the meetings with Orchard solicitors did not fit with the Saira Karim as portrayed in other documents in the proceedings in that she was attempting to distance herself from any involvement in office or client accounts and conveyancing.
63. The Tribunal asked about the signatures of Saira Karim on the two certificates of title, and the application for panel membership, relating to the Northern Rock monies exhibited to the Affidavit of Peter Raymond Sewell that was not challenged by the Respondents. The Tribunal was concerned that a solicitor who claimed she had no knowledge of conveyancing, should be signing certificates of title. The Applicant explained that Saira Karim was not questioned about this documentation because

Orchard solicitors did not have it at the time of the meetings. The application to Northern Rock for panel membership was approved on 15th May 2003 following an application made by two partners of Karim named as Saira Karim and Ashraf Karim (Saira Karim's father).

64. The Applicant then referred the Tribunal to the interrogatories relating to Imran Karim. These were taken at meetings on 12th February 2004 and 7th July 2004. During the first meeting Imran Karim confirmed that he and Saira Karim ran "Soopa Records" and were the "public face" of Miss Nude UK. He stated that at Karim only Mrs S A Karim and Saira Karim were authorised signatories to sign cheques. He confirmed that he never dealt with conveyancing matters as he did not have the necessary knowledge. He said that his mother, Mrs S A Karim, was de facto the senior partner at Karim because of her vast experience and that she dealt with the firm's finances in consultation with him. He said that although he would see the bank statements he never studied them, leaving the financial position of the firm to Mrs S A Karim, the accountant and the bookkeeper. He explained that the firm decided to move in mid June 2003 and most files were returned to the clients before the move. Books, personal documents and furniture were taken to KC's premises.
65. During the second meeting on 7th July 2004 Imran Karim explained that ostensibly he was the senior partner in Karim and that Mrs S A Karim dealt with conveyancing and he dealt with litigation matters. He confirmed that he was a full time lawyer spending most of the day in the office whereas Saira Karim was in the office for only an hour or so a day. He said that Mrs S A Karim or Mr Johns dealt with the finances in relation to conveyancing matters. Imran Karim explained that he only glanced at bank statements and was not aware that anything was wrong but that in relation to the K/D monies there must have been a letter of authority authorising Karim to use the funds. He said he would ask questions about matters and saw TK's authority in Urdu and KC's letter. He explained that he took money from the firm by using his parents' American Express card and cash paid from Karim's office account. If he needed larger sums, Mrs S A Karim would sign the cheque and he would withdraw from both office and client accounts and the relevant transfers would be made. He said that his ostensible salary was around £50,000.00 - £100,000.00 per annum depending on the work, plus 30% from fees from legal aid work. He explained that Saira Karim did not do work, except for one client and that in effect his mother owned the firm. Imran Karim was unable to provide any explanation as to what happened to the £134,750.00 paid into client account by Birmingham Midshires or the £400,000.00 paid in by Northern Rock or why there was a shortfall on client account when none of the underlying transactions were completed.
66. The Applicant submitted that there was no signed document in relation to the K/D monies and that Imran Karim, as a principal, had failed to provide any explanation for the shortfall on the Karim client account. He referred to Imran Karim's extravagant lifestyle during the relevant period. The Applicant then referred to the Karim client account showing the Tribunal the payments out of clients' monies against sums deposited by Birmingham Midshires and Northern Rock. He highlighted the sum of £40,000.00 paid out of client account on 20th June 2003 to Miss Nude UK and referred to the tracing of those monies by way of payments out on the MNUK account at NatWest Bank. Prior to the payment in of £40,000.00 from the Karim client account, the MNUK account had been only £45.42 in credit. The Applicant submitted

that Mrs S A Karim was the only shareholder of MNUK and its company director and her brother was the company secretary.

67. The Applicant referred to two letters, the first, dated 19th November 2004 from Orchard solicitors to Philip Murrin who was then acting for the Respondents. This letter sought information about the K/D documents that appeared to have been located some 17 months after the intervention and some 11 months after the search and seizure order. The second letter, dated 30th November 2004, from Philip Murrin explained that the K/D documents were located by Mrs S A Karim in recent months in a carrier bag containing some of her professional and personal matters. The Applicant explained to the Tribunal that the K/D documents were client documents and not privileged and that it was most strange, he submitted, that although letters had been exchanged between Karim and Wiseman Lee and Karim and Howes Percival, no K/D documents were found at the intervention but that they turned up some 17 months later.

Further evidence from witnesses

68. William Paul Sutton, a former partner with Orchard solicitors, gave evidence on oath, confirmed that the contents of his Affidavit and statements were true and identified his exhibits. He explained that Orchard solicitors were appointed by The Law Society as intervention agents. His former partner in Orchard solicitors, Gerallt Wyn Owen, was the named intervener. Mr Owen attended Karim's offices on 23rd June 2003 and subsequently Mr Sutton was instructed by The Law Society to conduct proceedings to recover monies. He explained that his Affidavit, sworn on 18th December 2003, was in support of a freezing and search and seizure order in civil proceedings in the High Court brought by The Law Society against the Respondents.
69. Mr Sutton explained that Howes Percival, solicitors, had written to Mr Owen about the absence of monies owed by Karim to Mr K and Ms D. In their letter, Howes Percival, had explained that their clients Ms D and Mr K had not received a net balance of some £473,581.62 completion monies from Karim solicitors pursuant to a sale of a property in March 2000. Orchard solicitors had found insufficient funds in the Karim solicitors' client account to meet this payment. In the civil proceedings issued by The Law Society, Mr Sutton obtained search and seizure orders, orders for disclosure of information and also freezing orders against the three Respondents.
70. Mr Sutton explained that subsequent to the issue of the civil proceedings, The Law Society became aware of other client account shortfalls relating to mortgage advances made by Northern Rock (£394,500.00) and Birmingham Midshires (£134,975.00). This resulted in a successful application for an order to re-amend the particulars of claim.
71. Mr Sutton said that Mrs S A Karim was the sole director of MNUK. Further that Karim solicitors' cash book and client account statements showed that several payments were made from the Karim client account to MNUK. Of particular relevance was the payment of £40,000.00 from Karim solicitors' Barclays client account to an account of MNUK on 20th June 2003. On a tracing analysis of monies in and out of the client account it was clear that the payment of £40,000.00 to MNUK

was from client monies misapplied by Karim solicitors at the instruction of Mrs S A Karim.

72. Mr Sutton referred to the transcripts of the five meetings of Mrs S A Karim. These meetings took place on 23rd January 2004, 6th May 2004, 21st May 2004, 27th May 2004 and 8th July 2004. He said that, for example, during the meeting of 21st May 2004, Mrs S A Karim was volatile although courteous and appeared to resent being obliged to answer the questions, often becoming emotional. He stated that he was never satisfied as to the truthfulness of her answers which were sometimes inconsistent. He explained that during the meetings he was trying to find out, on behalf of The Law Society, what happened to the K/D monies, the Northern Rock monies and the £40,000.000 transferred to MNUK. He did not believe he got answers to those questions.
73. Mr Sutton said that he also had a number of meetings with Imran Karim on 12th February 2004 and 7th July 2004. He also met with Saira Karim. They had both been reluctant to attend for interview. Although empowered by the Court to ask the Respondents questions, Mr Sutton said that on the whole he found it a frustrating process as although inadvertently the Respondents would reveal pointers, they did not provide full answers as to what had happened to client monies. He stressed how difficult it had been to obtain the MNUK bank statements in order to trace £40,000.00 of client monies.
74. Mr Sutton then referred to his third witness statement dated 7th April 2005. He explained that the statement was made in support of The Law Society's application for an order for summary judgment against the Respondents. Summary judgment was obtained on 5th July 2005. The judgment for some £900,000.00 remains unsatisfied. This is because the Respondents do not appear to be in a position to satisfy the judgment.
75. Mr Sutton then referred to his fourth witness statement in The Law Society's civil proceedings dated 28th June 2005 and to his exhibits in support of that statement. The Tribunal queried the relevance of Mr Sutton's statement in the present proceedings. The Applicant explained that in the civil proceedings The Law Society had not made a positive case that the Respondents had acted in a dishonest way. The Solicitors Disciplinary Tribunal was concerned with professional conduct and it was submitted that the evidence strongly supported the claim that the Respondents had acted dishonestly and that the evidence in the civil proceedings was relevant to this issue.
76. Stephen Charles Watmore, a solicitor and partner in the firm of Wiseman Lee, gave evidence on oath, confirmed that the contents of his statement of 7th March 2008 were true and identified his exhibits. Mr Watmore explained the history of his instructions relating to the recovery of the K/D monies. He said that although initially there had been a dispute between K and Ms D, by early 2001 he was instructed that Mr K and Ms D had come to an agreement and there was no longer any conflict between them. At this point he was instructed by both parties to correspond with Karim solicitors to secure the proceeds of sale of the property. Mr Watmore went through the details of his efforts to recover these monies. During the course of correspondence he was assured by Imran Karim that the sale proceeds would not be

distributed. Mr Watmore was aware of a letter to S J Berwin & Co dated 22nd September 2000 saying that Karim would not disburse the proceeds of sale but was holding them in a specially designated client account. The reference on the letter was IK. Mr Watmore said that he continued to ask Karim for copies of bills in respect of the transaction and for a draft indemnity which they were insisting upon completing before releasing the funds. Correspondence continued, with Karim saying that Mr K and Ms D were providing different instructions to Mr Watmore and therefore funds could not be released. Mr Watmore stressed to Karim that he was acting for both clients with identical instructions. Mr Watmore explained that correspondence ceased at about the beginning of October 2001 as both his clients were in Pakistan and not prepared to send money on account of costs to issue proceedings. However on 26th May 2005 he received a call from Mrs S A Karim informing him that The Law Society had intervened in her firm in 2003 and that Mr Flannery, acting for both Mr K and Ms D, was suing Karim. Mr Watmore said he explained to Mrs S A Karim that he no longer had instructions.

77. Stephanie Rosalind Walker, a casework coach with the Legal Complaints Service, gave evidence on oath, confirmed the contents of her statement dated 18th February 2008 and identified her exhibits. She gave evidence relating to the investigation by The Law Society into the involvement of the Respondents in Miss Nude UK Limited. Ms Walker referred to an initial report and a subsequent report and to an article in the Daily Mail and to the MNUK website. Ms Walker said that although there was nothing unlawful involved, the problem in both the newspaper article and the website was that Saira Karim was a solicitor and it was considered that her involvement with MNUK Limited was inappropriate.
78. Gerallt Wyn Owen, a solicitor and former partner in Orchard solicitors, gave evidence on oath and confirmed that the contents of his Affidavit sworn on 5th December 2006 were true and identified his exhibits. Mr Owen confirmed that in June 2003 he was the solicitor appointed by The Law Society as its agent upon the intervention of Karim solicitors. He gave evidence as to the events of the day and subsequent events of the intervention. He explained that in the office there were cabinets with old papers and that the firm appeared to be close to closing down. Mr Owen said that although Mrs S A Karim was not actually obstructive she was not helpful and even, at times, difficult to deal with - sometimes calm and sometimes irrational. Mr Owen said it was his clear impression that Imran Karim and Saira Karim played second fiddle to their mother. He spoke to them all. Initially, Imran Karim and Saira Karim appeared nervous but when Mrs S A Karim arrived their approach changed. Mrs S A Karim tried to take control of the intervention. Imran Karim and Saira Karim agreed with whatever Mrs S A Karim said. Mr Owen noted that although the cabinets were full of documents these were closed files. There was only one open file and Karim had invited the client to come and collect that file. Mr Owen said that he explained to the principals that if they cooperated the intervention process would be easier for all. However, although Mrs S A Karim did supply some material, it was not material relevant to the accounts of the firm. On intervention the Karim client account at Barclays Bank was frozen and the balance of some £98,939.11 was transferred to Orchard solicitors. Mr Owen said that he left Orchard solicitors at the end of July 2004 but had formed the opinion by then that reconciliation of the accounts was impossible because of the lack of accounting information on the files.

79. David John Channon, a freelance legal cashier trading as David Johns, affirmed that his statement dated 11th November 2007 was true and identified his exhibits. Mr Channon explained that he had known both Mr and Mrs Karim from about 1982. Mr Channon understood that Mrs S A Karim was mainly a conveyancing solicitor and involved in the administration of Karim solicitors when her ex-husband Mr Ashraf Karim retired. Mr Channon said he worked freelance at Karim's offices for about two to three hours per week. He was responsible for the solicitors' account entries on both client and office account and for keeping the books up to date. He knew both Imran Karim and Saira Karim. In early 1999 Saira Karim became a partner in the firm, Imran Karim was already a partner. From 1999 Mr Channon explained that the vast majority of his instructions came from Mrs S A Karim in that she gave him the necessary information to do the entries in the books. Mr Channon said that there were no cheque requisition slips and that some 95% of the cheques that he received back from the bank were written by Mrs S A Karim. In order to write up the accounts Mr Channon needed cheque stubs and matter details. The relevant information should have been on the cheque stubs and copy paying in slips but often it was not and Mr Channon would have to ask Mrs S A Karim for the relevant details. He did not remember being given relevant accounting information by Imran Karim or Saira Karim. He commented about the extra time this process involved. He explained the basic information that he needed and the problems he encountered at Karim. He said that he ended up going through the Bank statements and querying each item with Mrs S A Karim to ensure that it could be attributed correctly. He was unable to post anything until he could identify it. Mr Channon said that he prepared bank reconciliations but that no one was interested to see them, although the reconciliations could only take place when he had been able to identify all items and post up the appropriate ledgers.
80. Mr Channon recalled an inspection in 1999 but as he was not in the office when the lady was there, he said she left written questions for him and he supplied written answers. He referred to two memos for March and April 1999. He said that following on from the inspection, he told Mrs S A Karim they needed to formalise her instructions regarding transfers involving client account. He explained that he initiated the memo system because Mrs S A Karim used to do round sum transfers to the Paracha account and some round sum transfers to office. Mrs S A Karim told him they were because of costs on matters so he would try to find the relevant information and attribute costs to files. Mr Channon said he carried on because he felt some loyalty to a set of books for which he had been responsible but that the state of the firm's books was so bad that he was unable to keep up the memo system. He explained that until the end of October 1999, the books of account were kept on a manual system with a ledger card for each client and a client account cashbook. He said that the actual manual ledger cards got lost during an office move but he had taken balances and was able to post these. Mr Channon explained that against his better judgment he stayed with the firm and although Mrs S A Karim was slap dash in her attitude to record keeping he had seen no evidence of fraud up to early 2000. Mr Channon said that at times he was quite rude to all the Respondents telling them that it was hopeless and asking how he could do his work if they did not give him the relevant information. He said he was quite blunt in telling them how far behind the books were and that it was against the rules not to identify every item. Mr Channon said that he was told by Imran Karim in June 2001 that The Law Society was due to carry out another inspection. He explained that a short time before there had been a

computer malfunction and the electronic accounting records were lost so he had taken home all the manual records to try and reconstitute the lost accounts. He had brought all the information he had into the Karim office before the inspection. All the Respondents were there scurrying about but he said they told him to take the information back home. He was very surprised when later he was blamed by the Respondents for a lack of accounting information. Mr Channon said he felt he was made a smokescreen and was very worried when he was investigated by The Law Society but he was cleared.

81. Mr Channon explained that he did not go back to the office for about six months. However, he was persuaded by Mrs S A Karim and he agreed that if he got access to all relevant documentation he would see what he could do. By this time he said the books were a year behind so he had to go back into the past and find relevant information. He accessed information in the secretary's computer and in the original files to identify what he could. Mr Channon stated that Mrs S A Karim kept both the client account and office account cheque books in the drawer of her desk. Mr Channon explained that he was aware that the firm's fee income was tailing off since the Commission for Racial Equality work stopped. There were a couple of heavy litigation cases but they did not pay. Imran Karim dealt with these. There was a bit of conveyancing. The last year fee income was about £27,000.00 and £15,000.00 for MNUK. He said that he believed all three Karims were aware of the financial position of the firm. Mr Channon said he was aware that costs of some £28,000.00, for which Imran Karim was liable, were paid out of the Paracha client account on the instructions of Mrs S A Karim. He explained that he identified this payment a few months after it was paid.
82. The Tribunal asked Mr Channon if he was saying Mrs S A Karim was using the Paracha client account like a bank account. Mr Channon explained that she was and that he had told her that she was not complying with the Solicitors' Accounts Rules. However, he added that the lady from The Law Society in 1999 had not brought the question up with him and so he got the impression that perhaps because Mrs S A Karim was not a partner, the use of the Paracha account was OK. Mr Channon referred to the Paracha ledger and explained the entry on 22nd February 2000 was the payment of Imran Karim's costs to Campbell Hooper. He explained that he did not post the Campbell Hooper entry in February 2000 but some six to seven months later when he found out about it being paid. He confirmed again that it was Mrs S A Karim who told him where to post items and that he had no financial control in any way.
83. Mr Channon explained about the origin of the Paracha account. He confirmed that it was being used as a general expense account for the office until he left the firm in June 2002. He stated that he observed that all the three Karims led very extravagant lifestyles and there were office cheques for taxi firms and dry cleaners. Mr Channon said that the firm did keep the office account running and organised overdrafts but that most of the big operating expenses were paid from the Paracha client account. Mr Channon saw the American Express statements and remembered one for a sum of some £40,000 incurred by Imran Karim. He said Mrs S A Karim got vouchers back because she thought there might be fraud but it appeared that Imran Karim had spent the money.

84. Mr Channon explained that he believed that both Imran Karim and Saira Karim were aware of the firm's low fee income and that it was the money in the Paracha account that funded their lifestyles and projects. He referred to a payment on the Paracha client ledger of £13,536.00 relating to MNUK.
85. The Tribunal asked Mr Channon if he liaised with the accountants of Karim solicitors. He explained that he did but that there was never any discussion of the Paracha account. He said that as no one had told him it was wrong he assumed it was OK. He confirmed that he did not know if The Law Society's report of 1999 was qualified.
86. Louis Flannery, a solicitor at Howes Percival who previously worked for S J Berwin, gave evidence on oath, confirmed that the contents of his statement were true and identified his exhibits. Mr Flannery gave evidence as to the K/D monies. He referred to his statement and the exhibited correspondence as giving a fair picture of what had happened in relation to the Karim's dealing with the sale of the property and negotiating a deal with an occupier. Mr Flannery explained that his involvement with The Law Society began when he was made aware of the intervention into Karim and he sought to recover outstanding monies owed to his client Ms D. Mr Flannery referred to what he regarded as a very important letter from Karim solicitors to S J Berwin dated 3rd October 2000. The letter stated that "the balance currently held is £486,361.83". He explained that in 2000 he had been instructed by Ms D and his main concern was to secure the money. Subsequently, Stephen Watmore of Wiseman Lee was instructed by Mr K who was divorced from Ms D. Mr Flannery said he was then instructed by Ms D that Mr Watmore would take the lead in attempting to recover the monies and Mr Watmore was subsequently given joint instructions. Mr Flannery stressed that his client Ms D did not instruct him that Karim solicitors had been given a loan nor was there any reference in the correspondence in 2000 to a loan.
87. Mr Flannery explained that the matter did not progress in 2001 because of a lack of money on account of costs. The matter remained in abeyance until June or July 2003 after Mr Flannery had joined Howes Percival when he agreed to act for both Mr K and Ms D against Karim solicitors on a no win no fee basis. Once it was learned that Karim solicitors had been intervened, a claim was made against The Law Society's compensation fund.
88. Mr Ireland was recalled to give further evidence. He was still under oath. He referred to his report of 17th June 2003 to Mr Calvert, the Head of Forensic Investigations. Mr Ireland said that Karim's own accountants' report for the years ending 31st October 2000 and 31st October 2001 were unqualified. The report for the year ending 31st October 2002 was qualified referring to shortages. During his own inspection, Mr Ireland was concerned that on his calculations, with the available material, there was a shortage of client funds as at 3rd April 2002 amounting to at least £133,327.49. He said that in his report he set out minimum shortages on the client bank account as at 30th November 2001 at £62,656.47, as at 31st December 2001 £136,427.67 and as at 31st January 2002 £174,068.85.
89. Sharon Warner, formerly an investigation caseworker at The Law Society, gave evidence on oath, confirmed that the contents of her statement dated 24th February 2008 were true and identified her exhibits. Miss Warner explained that her evidence in relation to Karim solicitors was wide ranging covering complaints by clients, by

other solicitors, by the General Council of the Bar and breaches of the Solicitors' Practice Rules and Solicitors' Accounts Rules. The complaints against the firm often raised professional conduct and service issues. She referred to a letter dated 19th August 2003 (post intervention) that was sent to both Imran Karim and Saira Karim summarising the concerns of the investigation casework team and seeking further information from the principals. Miss Warner gave evidence of postponements and delays on the part of Karim solicitors and also of many failures to provide relevant information. She also explained how she had attended the Karim offices with Susan Faulkner on 20th August 2002 when they had seen both Mrs S A Karim and Saira Karim walk into and later out of the building. She explained that this was a day when she had been told she could not visit because the Karim offices were to be closed. She said that faxes were sent to her department referring to enclosures to be sent later with a hard copy letter but that the hard copy letter and enclosures never arrived. In the circumstances, her investigation had to be concluded on the basis of the information provided and it was decided to refer the Respondents to the Tribunal. This decision was taken by the Adjudicator on 21st November 2003. Miss Warner explained that her investigation was in relation to multiple complaints and although it covered some of the same areas as that of Mr Ireland, she and her department were not involved in the intervention. Her investigations led to the making of awards for the payment of compensation for the provision of inadequate professional services in the cases referred to in the Rule 4 Statement (Scattergood 21.11.03, Clarke 21.11.03, Sakala 21.11.03 and Stafford/Whittaker 21.05.04).

The Closing Submissions of the Applicant

90. The Applicant reminded the Tribunal of the Affidavit of Peter Raymond Sewell, a risk manager at Northern Rock, whose evidence had been served on but not challenged by the three Respondents. It dealt with the movement of monies from Northern Rock to Karim solicitors and the subsequent recovery of those monies from the compensation fund.
91. The Applicant referred to his opening note dated 7th May 2008 and to his Section 4 statements and exhibits thereto. He stressed that some of the allegations against the Respondents were more serious than others. For example, he noted that allegations of breaches of Rule 1(f) and (g) of the Solicitors' Accounts Rules 1998 against Imran Karim and Saira Karim were strict liability situations. He referred the Tribunal to Mr Thomsett's report of 20th July 2001 and to Mr Ireland's evidence. Likewise, Mr Ireland and Miss Warner gave evidence of failures to cooperate with their regulator when The Law Society was seeking to check compliance of Karim with the Solicitors' Accounts Rules 1998. In relation to allegations of breaches of Rule 6 the Applicant referred to details of the first investigation in September 1999. He said that numerous breaches were noted during this investigation and as the senior partner of the firm, Imran Karim, agreed to carry out corrective action. The Applicant submitted that there was no evidence of any significant change between the time of the 1999 investigation and the intervention in June 2003. Mrs S A Karim kept the cheque books, both client and office, and wrote most of the cheques. It was she who gave the bookkeeper, Mr Channon, his instructions and she who created and maintained the Paracha ledger. The Applicant submitted that client monies were at tremendous risk for a period of almost four years. As to Rule 22 of the Solicitors' Accounts Rules 1998 the Applicant said that the two principals in the firm of Karim, Imran Karim and

Saira Karim, were responsible for the breaches, not just because they should have known about them but because they did know about them or, at best, were grossly reckless and failed to exercise any control over the way the firm handled client monies. The Applicant submitted that there was theft of client monies by Mrs S A Karim. He reminded the Tribunal of the evidence relating to some £400,000.00 of K/D monies transferred in 2000 by Mrs S A Karim to the Paracha account ledger with no evidence whatsoever of the existence of any loan agreement. Moreover, the Applicant stressed that it was extremely unlikely that the three Respondents, as close family working together, did not all know what was happening. He referred to the evidence of the interrogatories of all three Respondents and submitted that although Mrs S A Karim had attempted to take the blame, the answers given by Saira Karim did not fit with her public profile. On the basis of the whole of the evidence, the Applicant submitted that the Tribunal could be satisfied, to the criminal standard of proof, that all three Respondents were aware of what was going on in the firm. The Applicant said that Imran Karim and Saira Karim permitted Mrs S A Karim to use monies to which the firm was not entitled. He submitted there was clear evidence of inter-client transfers. When Mr Ireland reconstructed the Paracha ledger in date order, it became clear that the ledger was being run as an office account with little in the way of underlying legal transactions and was allowed to go into debit. The Applicant submitted that there was wholesale failure on the part of the principals and these failures relating to accounting records and reconciliations of the firm's client account contributed to the position whereby clients' funds were always at risk. He stressed that Rule 34 of the Solicitors' Accounts Rules 1998 imposes express obligations to provide information whereas Mr Ireland and Ms Warner were delayed over the months of their investigations. There was a complete failure by the principals to comply with their obligations. The Applicant referred to the evidence of a litany of excuses and delays from illness to office building work. The Applicant submitted that both principals were aware that Mrs S A Karim had a condition on her practising certificate for the year 2000 to 2001 that required her to work in approved employment and that The Law Society had not approved employment by Imran Karim and Saira Karim. In a letter to The Law Society dated 17th April 2000 Imran Karim said "there is no one by the name of Shamin Karim working with us", and in a letter dated 13th March 2001, from Imran Karim making reference to Mrs S A Karim's practising certificate difficulties, he said that she had "worked sporadically" and undertook "administrative matters". The Applicant submitted that it was clear from the evidence that while at Karim solicitors, Mrs S A Karim was not working merely in an administrative capacity but that she was working as a solicitor. The Tribunal was provided with evidence of the non payment of Counsel's fees resulting in the notice of withdrawal of credit from the General Council of the Bar, evidence of giving false and misleading information concerning a complaint by David Clarke and evidence of the investigation into MNUK. Ms Warner's evidence relates to the inadequate professional services findings, none of which have been paid.

92. The Applicant submitted that the allegation against Saira Karim solely was based on evidence of her using her status as a solicitor to promote MNUK.
93. The Applicant submitted that the allegations against Mrs S A Karim had been proved overwhelmingly on the basis of the evidence before the Tribunal both from witnesses and from documents. Breaches of Rule 22 of the Solicitors' Accounts Rules 1998 were shown in the K/D, Birmingham Midshires and Northern Rock matters, with

monies in the region of some £1million being improperly withdrawn from client account monies. The Applicant submitted that given the events on and around 16th June 2003, the only rational explanation for the packing up and removal of the firm's documents to premises connected to A Limited is as a deliberate course of conduct to obstruct the firm's regulator. The Law Society had great difficulty in recovering documentation. Documentation relating to Ms Govindan's transaction, mortgage and remortgage had to be provided by Northern Rock. Both Louis Flannery and Stephen Watmore gave evidence of obstruction in relation to the K/D monies. The Applicant submitted that there was evidence that Mrs S A Karim was fully aware of the condition on her practising certificate. Both Amanda Farman and Peter Simpson dealt with this issue in their evidence. The evidence as to providing false and misleading information was also overwhelming as was that relating to the observance of undertakings which, albeit a relatively minor matter, the Applicant submitted was typical of the way Mrs S A Karim had approached professional undertakings.

94. Following on from his overview of the allegations against the Respondents, the Applicant submitted that the Tribunal could be satisfied, on the basis of all the evidence before it, that the three Respondents were dishonest and a disgrace to the profession. He referred to the basic principles of Bolton, that solicitors are expected to act with integrity and probity. He submitted that the Respondents had acted in a completely opposite way. The Applicant stressed that the solicitors' profession is an honourable one but that the Respondents had shown, by their actions, contempt for the proceedings before the Tribunal and contempt for the regulation authority. In addition, they had failed to cooperate with the compensation fund and with Orchard solicitors, the intervening agents. He said that solicitors are obliged to act at all times with an awareness of the profession's reputation and the actions of the Respondents have tarnished this reputation. The Applicant referred to the interrogatories and said that it was indicative of dishonesty not to be able to explain what happened to clients' money. The interrogatories had shown overwhelming failure on the part of all three Respondents to cooperate. He referred to the evidence of the lavish lifestyle of both Imran Karim and Saira Karim who as principals in the firm, must have been aware of fee income and have known that their lifestyles were supported by monies stolen from Mr K and Ms D. The Applicant referred the Tribunal to the evidence of the months taken by Orchard solicitors trying to find out what had happened to client monies. He also referred to the payment of some £1.2million from the compensation fund and to the fact that all solicitors with practising certificates would have contributed to all the costs of the default by the Respondents, not only by way of compensation, but also the recovery costs of some £350,000.00 and similar costs for the Zurich proceedings, plus the costs of the proceedings before the Tribunal. The Applicant also referred to the way in which the Respondents had conducted the proceedings before the Tribunal from their issue in 2006. He reminded the Tribunal that there had been an Article 6 challenge in March 2007 on grounds, inter alia, of delay which he submitted was somewhat ironical given all the subsequent applications by the Respondents for adjournments. The Respondents had challenged all the evidence making it necessary to call twelve witnesses. Finally, the Applicant asked the Tribunal to consider whether, on the basis of all the evidence, the Respondents were fit and proper individuals to practice as solicitors, to be on the Roll. He submitted that it had been proved to the highest standard that all three were dishonest and not fit to hold the title of solicitor.

The Findings of the Tribunal

95. When considering “dishonesty” in relation to certain of the allegations against all or any of the Respondents, the Tribunal applied the Twinsectra test. The Tribunal in this case were satisfied that the Respondents were “dishonest” on the basis of the criminal law test, in that the Respondents were aware that what they were doing would be regarded by a reasonable and honest solicitor, acting properly as “dishonest”. The Tribunal were satisfied in each case where they made a finding of “dishonesty” against a particular Respondent that that Respondent could not have had an honest belief that they were not behaving dishonestly.
96. Referring to the allegations against Imran Karim and Saira Karim as set out in these findings, the Tribunal found as proved all the allegations relating to conduct unbecoming a solicitor and arising from breaches of the Solicitors' Accounts Rules. These are detailed in paragraphs (a) - (j) of the allegations. The Tribunal also found as proved the allegations of obstruction and of giving false and misleading information to their regulatory body as set out in paragraph (k), the breaches of the Solicitors' Practice Rules 1990 as detailed in paragraph (m), the provision of false and misleading information as detailed in paragraph (n) and their failure to comply with the terms of the Adjudicators' decisions as detailed in paragraph (o).
97. In relation to the allegations against Imran Karim and Saira Karim detailed at paragraphs (f) (g) and (k), the Tribunal found dishonesty proved to the required standard of proof as against both Imran Karim and Saira Karim.
98. In addition, as to Imran Karim only, the Tribunal found as proved the allegation detailed in paragraph (l) relating to permitting Mrs S A Karim to work as a solicitor. The Tribunal noted and accepted the evidence, both oral and documentary, given by Peter Simpson and Amanda Farman and found that Imran Karim was aware of the condition on Mrs S A Karim's practising certificate and that by permitting her to work as a solicitor at Karim's solicitors in breach of that condition he acted with a complete lack of probity and honesty.
99. In relation to the allegation detailed in paragraph (n), although the Tribunal found the allegation proved as against both Imran Karim and Saira Karim they did not find dishonesty proved to the required standard of proof.
100. Referring to the further allegation against Saira Karim only that she had been guilty of conduct unbecoming a solicitor through her involvement in promoting the activities of MNUK, the Tribunal found the allegation not proved.
101. Referring to the allegations against Mrs S A Karim relating to conduct unbecoming a solicitor as set out in paragraphs (a) - (f) in these findings, the Tribunal found all the allegations proved.
102. In relation to the allegations against Mrs S A Karim at paragraphs (a) (b) (c) and (d) the Tribunal found dishonesty proved to the required standard of proof.

103. In relation to the allegation detailed in paragraph (e), although the Tribunal found the allegation proved against Mrs S A Karim they did not find dishonesty proved to the required standard of proof.
104. In relation to the allegations detailed in paragraphs (m) (n) and (o) against Imran Karim and Saira Karim, the Tribunal noted and accepted the evidence, both oral and documentary, given on these issues by Susan Faulkner and Sharon Warner. However, they did not accept that the presence in the office on 20th August 2002 of Saira Karim and Mrs S A Karim, for a limited period of time, proved beyond reasonable doubt that the Respondents had been untruthful in their explanation of a trip to Germany for a family occasion.
105. In relation to allegations detailed in paragraphs (c) (d) (e) and (f) in the allegations against Mrs S A Karim, the Tribunal noted and accepted the evidence both oral and documentary, given on these issues by Nicholas Ireland, Sharon Warner, Peter Simpson and Susan Faulkner, subject to the Tribunal's view relating to the Respondents' trip to Germany.
106. In relation to accounts rules breaches and misappropriation, the extensive documentary evidence before the Tribunal, and the oral evidence of Mr Ireland and Mr Channon demonstrated beyond any doubt that over a period dating from the time of the first monitoring inspection in September 1999 and culminating with the intervention in June 2003, wholly inadequate books of account were maintained which did not comply with the Solicitors' Accounts Rules. Especially is this so in relation to the rules relating to the maintenance and integrity of the firm's client account. The records which were in evidence (including reconstituted accounts from such evidence as was available) showed deliberate misapplication of client money. The Paracha account on its own is sufficient to show that it was used as Mrs S A Karim's own bank account and in many respects as the firm's office account. Payments into this account (said to be Mrs S A Karim's client account) included sums purportedly in respect of fees paid to the firm (a clear breach of client account rules) and payments out of the account included numerous cash drawings for unspecified purposes, payments to or for the benefit of Imran Karim and Saira Karim for purposes not explained or discernible from such documentary evidence as was before the Tribunal. None of the Respondents had provided any proper explanation for these payments into and out of the Paracha account. The Tribunal found that such accounts were maintained under the control of Mrs S A Karim and that her children Imran Karim and Saira Karim abrogated all responsibility for the maintenance and proper accounting records leaving everything to their mother.
107. The Tribunal found Mr Channon a witness of truth who was overborne by the strong personality of Mrs S A Karim. He took all his instructions as a bookkeeper from Mrs S A Karim. He was not provided with sufficient information or time to enable him to carry out his work properly.
108. In relation to the Karim client account the Tribunal found:-
 - (a) That Mrs S A Karim instigated payments into and out of the account which she knew were improper and in breach of the Solicitors' Accounts Rules. The Tribunal did not believe her claim of honest mistake.

- (b) That Imran Karim and Saira Karim were wholly reckless in relation to the proper observance of the Rules. The evidence showed that their involvement in the firm's legal practice was a sideline for both of them and payments they received were obtained by them to enable each of them to support a lavish lifestyle.
 - (c) That having regard to the extent of legal fee paying work for the firm which each in correspondence had claimed Imran Karim and Saira Karim had no honest belief that sums they received were in respect of any salary or any profit share to which they were properly entitled. Payments to them were no more than allocations by their mother of sums she determined to provide from any cash available within the family. The Tribunal found that Mrs S A Karim regarded any amount on the firm's client account as available to her for allocation.
 - (d) That all Respondents knew that client account monies could only be used for proper purposes and payments authorised by Mrs S A Karim were known by her not to comply with the rules and that sums received from the firm's client account by Imran Karim and Saira Karim or for their benefit were known by them not to have been proper payments out of the firm's resources.
109. The Tribunal also found overwhelming evidence of misappropriation. In relation to the Northern Rock monies, the unchallenged Affidavit and exhibits of Peter Raymond Sewell clearly proved that Mrs S A Karim was acting for both Ms Govindan and Northern Rock in the matter of advances for a mortgage and a remortgage. Saira Karim signed certificates of title and the mortgage advances of £98,500.00 on 23rd May 2003 and £296,000.00 on 2nd June 2003 were paid into Karim's client account. The Tribunal found Ms Govindan a convincing witness who explained that Northern Rock began taking payments by way of direct debit in respect of advances that had never been used for her benefit.
110. In relation to the proceeds of sale of the K/D property, the Tribunal found the oral and documentary evidence of both Louis Flannery and Stephen Watmore very convincing. It was clear from letters from both Imran Karim and Mrs S A Karim to Mr Flannery that not only did they hold the proceeds of sale of some £473,581.62 but that they would account to him for those proceeds. There was no reference to a loan in any of the K/D correspondence with the solicitors instructed by Mr K and Ms D. The Tribunal was satisfied that this money was misappropriated by the Respondents dishonestly.
111. The Tribunal found that all three Respondents - substantially influenced by the Third Respondent - were uncooperative and obstructive towards their Regulatory Authority and on frequent occasions deliberately provided information which was incomplete, less than frank and was (and was intended to be) misleading.
112. The Tribunal stated that having regard to its findings against the Respondents its order was that all three Respondents be struck off the Roll of Solicitors because they were a danger to the public, a disgrace to the profession and ought not to be allowed to practice.

Submissions of the Applicant as to costs

113. The Applicant applied for costs against the Respondents to include the costs of the application and the investigation costs. He explained that it had been one of the more difficult cases and that it had been unique because of the nature of the family relationships within the firm. Consequently costs were substantial, being in the order of some £130,000.00.
114. The Tribunal asked about the financial circumstances of the Respondents. The Applicant explained that he did not know with any certainty about their means.
115. The Applicant said that a detailed bill and an assessment hearing would be likely to add another £10,000.00 to the costs. He asked the Tribunal to consider making an interim order for a fixed sum to be paid on a joint and several basis within a fixed time.
116. The Tribunal considered an interim order to be appropriate in the circumstances and made a fixed costs order for £75,000.00 payable within six weeks and other costs to be subject to a detailed assessment if not agreed between the parties to include the costs of the Investigation Accountant of The Law Society. This order was made jointly and severally against all three Respondents in relation to costs.

Dated this 2nd day of September 2008

On behalf of the Tribunal

A H Isaacs
Chairman