

IN THE MATTER OF CARROL THOMPSON,
A person (not being a solicitor) employed or remunerated by a solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr I R Woolfe (in the chair)
Mr K W Duncan
Mr D Gilbertson

Date of Hearing: 2nd October 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 Stuart Roger Turner, solicitor and partner in the firm of Lonsdales Solicitors of 7 Fishergate Court, Fishergate, Preston, PR1 8QF on 6th December 2006 that an Order under s. 34(1)(b) of the Solicitors Act 1974 be made against Carrol Thompson. The application was made on the grounds that being an unadmitted person, she had occasioned or been a party to, with or without the connivance of the solicitors by who she had been employed or remunerated, an act or default in relation to that solicitors' practice which involved conduct on her part of such a nature that it would be undesirable for her to be employed or remunerated by a person in connection with their practice.

The initial allegations were that while employed and/or remunerated by Thomson & Co Solicitors formerly of 11 Varo Terrace, Stockton-on-Tees, Stoke on Trent, Ms Thompson then of Cyprussgate, Stockton-on-Tees:

- (a) authorised an improper withdrawal of £1,000 to be made from client bank account;
- (b) misappropriated client money for the benefit of herself and/or a third party;

and that both allegations amounted to dishonest conduct.

It was subsequently further alleged:

- (c) that she had acted for both borrower and lender clients in conveyancing transactions which bore the hallmarks of mortgage fraud. This was also an allegation of dishonesty;
- (d) that in conveyancing matters she had failed to report material facts which could have significantly affected her lender client's decision to lend, namely:
 - That incentives were being provided to the purchaser client;
 - That the vendor had not owned or been the registered proprietor of the property for a period of at least six months;
 - That the solicitor did not have control of all of the purchase money.
- (e) that contrary to the Solicitors Practice Rule 6(2) 1990 she failed to obtain the written consent of both parties when acting for both the buyer and seller;
- (f) that she misrepresented her academic qualifications and/or had allowed her academic qualifications to be misrepresented and/or had failed to correct misrepresentations about her academic qualifications.

The application was heard at The Court Room, 3rd Floor, Gate House, 1 Farrington Street, London, EC4M 7NS on 2nd October 2008 when Stuart Roger Turner appeared as the Applicant and the Respondent was represented by David Lines, solicitor, acting pro bono.

The evidence before the Tribunal included a Rule 4 Statement dated 6th December 2006, a supplementary statement dated 20th March 2007 and a second supplementary statement dated 22nd April 2008 with accompanying bundles. Oral evidence was given by Clive Howland, Roberto Ferrari and Ms Thompson. Ms Thompson denied allegations (a) to (e) but admitted allegation (f).

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

The Tribunal Orders that as from 2nd day of October 2008 no solicitor, Registered European Lawyer or incorporated solicitor's practice shall, except in accordance with permission in writing granted by the Law Society for such period and subject to such conditions as the Society may think fit to specify in the permission, employ or remunerate in connection with the practice as a solicitor, Registered European Lawyer or member, director or shareowner of an incorporated solicitor's practice, Carrol Thompson of Norton, Stockton on Tees, TS20 1SY (formerly of Cyprussgate, Stockton on Tees TS19 8FE) a person who is or was a clerk to a solicitor and the Tribunal further Order that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,000 inclusive of VAT.

The facts are set out in paragraphs 1-5 hereunder:

1. Ms Thompson was employed as a clerk and/or remunerated by Thomson & Co, solicitors, of 11 Varo Terrace, Stockton-on-Tees. Mr Howland, a Senior Investigator employed by The Law Society, carried out an investigation of Thomson & Co, solicitors, on various dates between 25th October 2005 and 27th January 2006. A Forensic Investigation Report ("FIR") dated 13th February 2006 resulted. Although the majority of the FIR concerned other matters relating to Thomson & Co, Mr Howland examined a client ledger account belonging to Mr CK showing a debit balance of £1,030. The client ledger showed a payment out to "MC" on 2nd August 2005 of £1,000. Mr Thomson, the sole proprietor of the firm, told Mr Howland that the payment to "MC" had caused the debit balance on the client ledger. On 12th January 2006 Mr Thomson had given a statement to the police saying that he had been on holiday when the payment was taken by Ms Thompson. He explained that he had left blank signed client account cheques in the chequebook. Ms Thompson had asked his secretary for funds to pay a client and the secretary had given Ms Thompson the client account chequebook. The original cheque form showed the payee as "MC". Mr Thomson explained that no person called MC was connected with the transaction and that no instruction had been given to Ms Thompson to make the payment.
2. On 24th January 2005, when Mr Howland showed the original paid cheque and a photocopy of the cheque stub to Ms Thompson, she confirmed that the handwriting on the cheque was hers. However, she denied that the handwriting on the cheque stub was hers. Ms Thompson said that she had only been provided with one blank cheque and that she did not know who "MC" was. However, on the following day, Ms Thompson told Mr Howland that "MC" was a friend of hers who had cashed the cheque for her. She explained that she should have asked Mr Thomson if she could make the cheque out to "MC" and she said that the money had been in respect of a bonus. She explained that she did not want to put the money into her own account because it would have been eaten up by her overdraft.
3. Ms Thompson had acted for Mr and Mrs O on three purchases or proposed purchases. Mr and Mrs O were buying each property with the aid of a mortgage but had also entered into private arrangements with the vendors. These arrangements had not been reported to the lender client, resulting in the lender making lending decisions in two cases against inflated purchase prices and in one case where a false deposit was created.
4. On 9th May 2007 a Forensic Investigation Report relating to Higgotts Solicitors was prepared. The inspection had been started by Mr Beconsall and continued by Mr Ferrari. Mr Ferrari had noted that on at least four transactions Ms Thompson, despite having received standard mortgage instructions from various lenders and solicitors instructed on behalf of lenders, had failed to notify those lenders or solicitors of certain facts. These were facts that it would have been reasonable to expect to have been disclosed and as such these facts could have significantly affected the mortgagees' decision to lend in each case. For example, in one of the four transactions, Ms Thompson had acted for a company that purchased a property for £38,500. Completion had taken place on 17th October 2005. Ms Thompson had then acted for purchasers who had bought the property from the company client four days later on 21st October 2005, for £48,000. Ms Thompson had failed to notify the second

purchasers that she had recently acted for the vendors. She had also failed to notify the purchasers' lenders that she had been aware of a "back to back" sale. Ms Thompson had signed the Certificate of Title when the seller had not been the registered proprietor or owner of the property. Moreover she had failed to make the lender client aware of the uplift in price of £9,500.

5. On 24th January 2006 Ms Thompson had been interviewed by Mr Howland in the presence of Mr Higgott, a solicitor and her new employer. Ms Thompson had told Mr Howland that she had a law degree from Northumberland University. However, after further questioning, she had confessed that she did not have such qualification. Mr Higgott had told the Inspection Officer that he had employed Ms Thompson as a conveyancing clerk between October 2005 and early April 2006. He had explained that he had been told by her previous employer, Mr Thomson, that Ms Thompson held a law degree and had almost completed the Legal Executives qualification. Business cards had been produced for her stating that she held a law degree and describing her as an associate of Higgotts Solicitors.

The Submissions of the Applicant

6. Mr Turner explained that Ms Thompson had worked as a legal clerk with Thomson & Co, solicitors from 5th April 2002 and with Higgotts, solicitors from 4th October 2005. He submitted that the evidence would prove that she was dealing with conveyancing transactions involving mortgage fraud. Mr Turner said that dishonesty on the part of Ms Thompson was alleged and he referred the Tribunal to the combined test as set out by Lord Hutton in the case of Twinsectra Ltd v Yardley and Others [2002] UKHL 12. He referred the Tribunal to the Forensic Investigation Report and to the evidence to be given by Mr Howland. He explained that although the client matter file of Mr CK had not been found since Ms Thompson left Thomson & Co the client ledger account for Mr CK showed a payment to a Mr MC of £1,000 on 2nd August 2005. Mr Turner submitted that the fundamental cause of the debit balance on the client ledger account of Mr CK was Ms Thompson's improper payment to Mr MC. This was an unauthorised payment unconnected with Mr CK's transaction. This had been a misappropriation of a client's funds for Ms Thompson's own benefit.
7. Turning to the three transactions in which Ms Thompson acted for Mr and Mrs O, Mr Turner referred to an email dated 19th January 2005 from Mr O to another employee of Thomson & Co, Ms GS. In this email there was clear information of over-valuation to the mortgage company. The price agreed for Flat 9 was £80,000 but the lender was to be told that the purchase price was £100,000 with an £85,000 mortgage. Flat 4 had an agreed price of £140,000 but with a gifted deposit of 15%. Although a deposit cheque of £21,000 was sent to the vendor, that cheque was subject to a caution and could not be cashed. The mortgage company was not informed of this. Apartment 9 had an agreed price of £100,000 to be valued up to £125,000 with a mortgage of about £106,000. There was clear reference to the "gifted deposit scenario" and to "what the mortgage company need to hear". A letter dated 24th February 2005 from Mr O to Ms Thompson set out the details again. Mr Turner submitted that it was clear that the lender client believed that the purchaser was also investing in the properties. However, in fact the purchaser was not contributing to the price of the properties but was taking a loan in excess of the real purchase price. On the Flat 4 transaction, Ms Thompson had been informed, in a letter from Mr O dated

10th January 2005 and a further letter of 31st January 2005, about the gifted deposit of 15% of the purchase price of £140,000. She was also informed in those letters that the cheque for £21,000, paid directly to the vendor, could not be cashed. Mr Turner noted that the vendor's solicitors, in their letter of 11th February 2005 to Ms Thompson, asked for evidence that Mr O's mortgage lender was aware that the whole of the purchase price of £140,000 (mortgage of £119,000 plus deposit of £21,000) was not passing through Thomson & Co's client account. On 11th February 2005 the mortgage company was informed by Ms Thompson that Mr O had paid the deposit cheque of £21,000 directly to the vendor. However, the mortgage company was not told about the caution on the cheque and that it would never be cashed. Mr Turner stressed that on 4th February 2005, only four days after the letter from Mr O about the gifted deposit, Ms Thompson signed the Certificate of Title giving her qualification as legal executive. She inserted the purchase price as £140,000, knowing that the deposit cheque would never clear. In this way, Mr Turner submitted, Ms Thompson was complicit in a mortgage property fraud against her lender client.

8. Turning to the four transactions set out in the Forensic Investigation Report of 9th May 2007. Mr Turner explained that these had taken place when Ms Thompson was working for Higgotts solicitors. He submitted that despite receiving standard mortgage instructions from various lenders and solicitors instructed on behalf of lenders, Ms Thompson had failed to notify those lenders or solicitors of facts that could significantly have affected a mortgagee's decision to lend. In the first transaction she had failed to notify her purchaser clients, or their lenders, that she was aware of a "back to back" sale. This was because, only four days earlier, she had acted for the vendor company when it bought the property for £38,500. Ms Thompson signed the Certificate of Title when the seller was not the registered proprietor or owner of the property. Moreover, she failed to make the lender client aware of the uplift in price of £9,500. In the second transaction Ms Thompson again had acted for the same company in the purchase of a property on 30th January 2006 for £68,500. She had then acted for Mr and Mr S in their purchase of that property from the company on 1st February 2006 for a purchase price of £95,000. Mr Turner submitted that there was no evidence that the lender had been advised that Higgotts solicitors was acting for seller, buyer and lender, or that, when the Certificate of Title was signed, the seller company was not the registered proprietor or owner, nor that it was a "back to back" transaction, with an uplift in price of £26,500. In the third transaction Ms Thompson had acted for a purchaser buying at £120,000. The mortgage advance was £93,500. There was no sale contract on the file and the firm was also acting for the seller in the same transaction. The seller had told the firm by letter that he had paid a deposit of £16,500 direct and that the purchaser's husband was his cousin. The purchaser's husband told the firm, by letter, on the same day that the price was £110,000. There was no evidence on the file that the firm had notified the solicitors for the mortgagee that the firm was acting for both seller and buyer, that a deposit had been paid direct or that there was a change in the purchase price of £10,000. Ms Thompson confirmed to the mortgagee's solicitors that the contract price was £120,000. The only sum received into the client bank account was the mortgage advance of £93,500. That sum, with the deposit paid directly, totalled £110,000. However, the purchase price had been recorded on the AP1 and TR1 and submitted to the Land Registry as £119,999. In the fourth transaction the Respondent had acted for a client in the purchase of a property from a company at a purchase price of £242,000. The firm was also acting for Mortgage Express from whom the purchaser was

borrowing £205,700. The firm had been made aware of incentives totalling some £48,432. However, they had not advised the lender client of these incentives. In these particular circumstances the mortgage advance had covered payment of the completion monies, the firm's costs, stamp duty land tax, the broker's fee and registration fee and a balance was remitted to the client of £6,797.48. Mr Turner submitted that the borrowing decision of the lenders could have been significantly affected had they been made aware of facts which it would have been reasonable to expect a solicitor to disclose.

9. Mr Turner noted that in her statement dated 28th September 2008 Ms Thompson had acknowledged the allegation relating to the misrepresentation of her academic qualifications. He noted that it was on 24th January 2006, during an interview with Mr Howland that Ms Thompson claimed to have a law degree, obtained at Northumberland University. He referred to a Certificate of Title signed by Ms Thompson on 18th January 2006 only six days before that interview. The Certificate of Title specified that it was only to be signed by a solicitor/conveyancer holding a current practising certificate. Ms Thompson had signed the certificate and entered her qualification as LL.B.

The evidence of the witnesses

10. Clive Howland, employed by the Solicitors Regulation Authority as a Senior Investigator, affirmed. He identified his Affidavit dated 23rd August 2007 and the Forensic Investigation Report of 13th February 2006 and stated them to be correct. He explained that he had been concentrating on bookkeeping issues at Thomson & Co Solicitors when he had noted the debit balance on the client ledger account of Mr CK. He had traced it back to a client account cheque for £1,000, dated 2nd August 2005, to a Mr C. Mr Howland spoke to Mr Thomson about the debit and obtained the original cheque from the bank and saw and copied the original cheque book stub. This stub referred not to the payee, MC but to the client, Mr K. Mr Howland explained that initially, at a meeting at Higgotts on 24th January 2005, Ms Thompson had said that while the handwriting on the cheque was hers, that on the cheque stub was not. She also said that she had been provided with a blank cheque and that she did not know who "MC" was. However, on 21st January 2005, Mr Howland received a call from Mr Higgott who asked him to return. It was at this second meeting, on the following day, with both Mr Higgott and Ms Thompson that Mr Higgott explained that Ms Thompson had been entitled to a bonus and that the cheque to "MC" was how that bonus had been paid. Ms Thompson had said "MC" was a friend of hers who had cashed the cheque. This was because if the cheque had gone into her bank account, it would have been swallowed up by her overdraft. Ms Thompson had said she had been confused at the first meeting on 24th January 2005 because of the linking of the cheque to the client matter of Mr K. Mr Howland said that he had examined all the other cheque stubs in the cheque book and the stub relating to Mr K's matter had looked different. He had noted that it was the only incident he had found of payments made directly from client account. He had thought it was strange as at the time the cheque was written, the office account was beneath the overdraft limit of £20,000, therefore a cheque could have been written on the office account rather than on the client account. Mr Howland stressed that Ms Thompson had not been entitled to draw the cheque for £1,000 from client account.

11. Mr Howland said that the meeting on 24th January 2006 was quite informal and that he had asked Ms Thompson about her qualifications. He had done this because he had been reviewing some conveyancing files on six of which Ms Thompson had dealt with the Certificate of Title and/or exchange of contracts. Mr Howland had noted that on two she had described herself as a legal executive. She had told him that she had a law degree from Northumberland University, a 2.2 with Honours and that she had started her studies when she was about 27. Mr Howland said they were having a very general discussion and his contemporaneous notes showed several other topics as well as the cheque and qualifications. However, near the end of the meeting, he decided to call her bluff and said "You don't have a degree do you?". Mr Howland said he did not know why he asked the question except that he had felt uneasy about what he was being told. Ms Thompson had said "No" she did not have a degree. Mr Howland insisted that Ms Thompson did not correct her statement about a degree within minutes but only when challenged about an hour later towards the end of a long, informal meeting. Mr Howland insisted that he did not put Ms Thompson on the spot. He had noticed her involvement in conveyancing files from his file reviews. During his inspection at Thomson & Co, he copied an application form completed by Ms Thompson in respect of insurance for sickness income. Mr Howland handed a copy of the form to the Tribunal. He had noted that Ms Thompson had signed the form on 29th April 2004 and had given her occupation as "solicitor".
12. In cross-examination by Mr Lines, Mr Howland confirmed that he had read Ms Thompson's statement and her explanation of how the cheque came to be issued. He said that he was unable to comment except to say that the cheque to "MC" was at odds with the usual way that Mr Thomson made transfers from client to office account. When asked about his conversations with Mr Thomson, Mr Howland said that although there were breaches of the Solicitors Accounts Rules, Mr Thomson did not lie to him. However, he stressed that he just reported the facts and could not comment on the veracity of any of the statements. All he could say was that the cheque was for £1,000 of client money. He agreed that Ms Thompson and other staff had referred to being paid by blank cheques signed by Mr Thomson but Mr Howland had not been aware of client account cheques being involved in this process. Mr Howland confirmed that he had not asked Mr Thomson about Ms Thompson's qualifications. In response to a question from the Tribunal, Mr Howland explained that when he was reviewing conveyancing files, it appeared to him that Ms Thompson was involved with part of the work but that Mr Thomson was also involved. Although it was not always possible to ascertain from letters who did what, he did see evidence that Ms Thompson was involved in exchange of contracts and in the signing of Certificates of Title.
13. Roberto Ferrari, an Investigation Officer with the Solicitors Regulation Authority, gave evidence on oath. He identified his Affidavit and the Forensic Investigation Report of 9th May 2007 and stated that both were correct. He referred to the details in the Report of the four files handled by Ms Thompson while working at Higgotts Solicitors. These related to the clients, Mr and Mrs S (two matters), Mrs O and Mr M. He explained that he had raised various concerns on the files.
14. Mr Ferrari explained that one matter for Mr and Mrs S there had been no evidence on the file that the firm's mortgagee client had been advised that the firm was acting for the seller, the buyer and the lender. In addition, when Ms Thompson had signed the

Certificate of Title on 13th October 2005, the seller was not the registered proprietor or owner of the property. The lender had not been told that it was a "back to back" transaction with an uplift in price of £9,500, nor that the deposit had been paid direct. In a second matter for Mr and Mrs S, Mr Ferrari had noted that again Ms Thompson signed the Certificate of Title on 18th January 2006 as LL.B. Moreover there was no evidence that the firm's mortgagee client had been advised that the firm was acting for the seller, buyer and lender, that at the date when the Certificate of Title was signed, the seller was not the registered proprietor or owner of the property or that it had been a "back to back" transaction with an uplift in price of £26,500. On the file of Mrs O, Mr Ferrari had noted that Ms Thompson had acted for both buyer and seller. The solicitors for the mortgagee were not informed of this, nor of the payment, by the purchaser's husband, of the deposit of £16,500 directly to the seller. Nor were the mortgagee's solicitors informed that the seller was the cousin of the purchaser's husband nor that the purchase price was not £120,000 but in fact £110,000. Ms Thompson was informed, by a letter dated 3rd February 2006, of the direct payment of the deposit. She was further informed that the seller and the purchaser were cousins by marriage. While the purchase price was recorded as £119,999, the only money received into the client bank account was the mortgage advance of £93,500.

15. On the file of Mr M, Mr Ferrari explained that significant incentives, amounting to some £48,432, resulted in the mortgage advance of £205,700 being in excess of the completion monies of £194,074.52. Mr Ferrari noted that the firm also acted for the mortgagee, who believed the purchase price to be £242,000. From the file, Mr Ferrari had noted that Ms Thompson had been involved in the exchange of contracts. Also she had been named in the instructions from the mortgagee. Further on 22nd March 2006 she had been given full authority by Mr M to sign papers relating to the transaction on his behalf.
16. Mr Ferrari explained that in total he had reviewed 27 conveyancing files and had noted that Ms Thompson had conducted considerable elements of work. He had seen her reference on letters, telephone attendance notes, including messages to be passed on to her and memoranda from her to the accounts department. Inter alia, he referred to detailed letters dated 7th March 2006 from Ms Thompson to clients, Mr E and Mr B, who were buying and selling. In particular the letters covered gifted deposits and confirmation in writing from both parties to enable the firm to act for both. Mr Ferrari referred to evidence of Ms Thompson acting on an exchange of contracts for the buyer on 7th April 2006. Also to a letter from a client, Mr B, dated 5th July 2006 to Mr Higgott. In this letter the client referred to advice given by Ms Thompson relating to a loan agreement. There was also an undertaking to another firm of solicitors dated 11th April 2006 given and signed by Ms Thompson relating to a completion. A letter of 12th October 2005 from clients, Mr and Mrs O, to Ms Thompson asked her to complete a transaction for them in their absence out of the country. In addition a client care letter dated 17th October 2005 from Ms Thompson to Mrs O described Ms Thompson as a "legal clerk" who would do most of the work on the matter of a purchase. Two letters of 13th October 2005, relating to clients, Mr and Mrs S, addressed to Ms Thompson contained instructions for her to act for the mortgagee. Mr Ferrari also referred to a letter to a mortgagee dated 12th October 2005 from Ms Thompson at Higgots Solicitors. This letter related to mutual clients, Mr and Mrs S and explained that Higgots were now instructed and that the contact was Ms Thompson. Subsequently, a letter of 10th July 2006 was written by the client,

Mr S to Mr Higgott chasing completion statements. This letter had referred to "a number of transactions that were completed by our solicitor Carrol Thomson when she was working for Higgotts". On the basis of what he saw on the files, Mr Ferrari assessed Ms Thompson's involvement in conveyancing files as somewhere between major and minor. In his view, based on what he saw on the files, Mr Ferrari said that it appeared that Ms Thompson was acting for clients and for lenders on a continual, albeit perhaps not on a day to day, basis. Her memoranda to the accounts department resulted in inter-ledger transfers and payments out. These were not the isolated bespoke tasks referred to in Ms Thompson's statement dated 28th September 2008. Mr Ferrari said that he was aware of the contents of the letter of 28th March 2006 from Mr Higgott to Miss Dunne, a caseworker at the Regulation Unit. However, he stressed that on the basis of what he saw during his review of files and from what Mr Higgott said subsequently, it appeared that Ms Thompson was more involved than that letter of 28th March 2006 had suggested.

17. In cross-examination, Mr Ferrari agreed that Mr Higgott had told him that one of Ms Thompson's roles was to bring business to the firm. This was because she had contacts from her previous experience and that some clients moved from Thomson & Co to Higgotts with her. Mr Ferrari said that Mr Higgott had explained about negotiations for a proposed merger with Thomson & Co. Mr Ferrari agreed that an element of his Report had related to Mr Higgott's supervision of staff. He explained that Mr Higgott had told him that Ms Thompson was not authorised to sign Certificates of Title. When asked about the letter of 20th December 2005 from Ms Thompson he agreed that it was not the signed copy but explained that it was common to have file copies unsigned. Mr Ferrari confirmed that Mr Higgott told him that the reference CT/AC referred to Ms Thompson and the secretary who helped her. Mr Ferrari agreed that the sale and purchase transactions relating to Mr E and Mr B appeared to be dealt with by Mr Higgott after Ms Thompson left the firm. He also agreed that his general concerns about Mr Higgott were apparent from his Report. In re-examination Mr Ferrari confirmed that he had not seen any response from the clients to Ms Thompson's letters of 7th March 2006 seeking authority to act for both parties. In response to a question by the Tribunal about client care letters, Mr Ferrari explained that he had not always seen client care letters specifying who was to be responsible for the work, on the files that he reviewed at Higgotts.
18. Carrol Thompson gave evidence on oath. She identified her statement dated 28th September 2008 and said that it was true. She explained that she had no legal training. She had met Mr Thomson in 2002 and went to work for him in April 2002. Initially, she went to answer the phones and to act as a barrier between him and the clients. Ms Thompson explained that she noticed that the firm got lots of enquiries but not the work. However, she was good at talking to people and if she spoke to people she got the work for the firm. She got work from estate agents and mortgage brokers. Ms Thompson stressed that she was given no training other than some old letters which she read out and inserted the fees. Mr Thomson was always working on his backlog. He had told Ms Thomson to see family law clients and to take details and he would do the rest. When barristers were involved, Mr Thomson had prepared notes for the barristers and Ms Thompson would go along to court. Ms Thompson explained that she had no access to computer passwords at the office. She was paid weekly with a blank signed cheque. She stressed that she did not have any

understanding of "client account" and that as far as she was concerned money came in and went into an account in the system.

19. Ms Thompson told the Tribunal that she had brought a case to the firm that made some £28,000 profit and that she was supposed to get £2,500 as commission. Mr Thomson had already given her £1,467 by way of a cheque payable direct to the council for her arrears. However, she needed the rest of the money because she was overdrawn at her bank. Because of this she spoke to Mr Thomson who was on holiday. She said that Mr Thomson told her to ask D for a cheque, to take £1,000 and to tell D that it was for the file of Mr K. Ms Thompson explained that she was given a blank signed cheque. She did not sign the cheque stub. She left Mr Thomson only because he sent her to work at Mr Higgott's office and she had been expecting Mr Thomson to join her there. Mr Thomson did not know that she had made a blank cheque out to "MC". However, he did know that she often used blank cheques to pay her mortgage or her electricity bill direct. By 24th January 2006, Miss Thompson said she was working for Higgotts getting £280 per week on a self-employed basis and that she had to bring in sufficient work to support her wages. She felt better at Higgotts because it seemed to be more organised.
20. Ms Thompson explained that she had thought that Mr Howland wanted to meet her to talk about Mr Thomson. This was because she had reported Mr Thomson to The Law Society through Mr Higgott. When she was asked by Mr Howland about the cheque, she had panicked. This was because she was responsible for her children and she did not want to lose her new job and good salary. After the meeting with Mr Howland, she was confused and upset, and she explained things to Mr Higgott who asked Mr Howland to come back for a further meeting. Ms Thompson stressed that while she thought she had acted dishonestly in not telling Mr Howland all about the cheque straightaway, she had been entitled to the money and Mr Thomson had authorised her to take it. She had asked D for a blank cheque but she had not specified any account. Ms Thompson said that her job was to bring in the work and to do as she was told on any of the files. She did not open letters. She had never seen a client account cheque book and was not on the list at Thomson's for talking to the bank.
21. Ms Thompson denied ever seeing the email of 19th January 2005 from Mr O. She explained that she did not have a computer or even a dictation machine and she did not type. A trainee legal executive, GS, handled the files and all post was taken to Mr Thomson for signing. Although the letter dated 24th January 2005, from Mr O was addressed "Dear Carrol", she had not seen it before The Law Society sent it to her. She agreed that she had signed Certificates of Title when told to do so by Mr Thomson. Moreover that he had told her to put "Legal Executive". She explained that she had not realised that Certificates of Title were such important documents and that Mr Thomson had checked all the financial details. Ms Thompson stressed again that she did not type or dictate and had not seen the correspondence relating to Mr O and Apartment 4. She knew nothing about the deposit cheque. She agreed that she had seen the letter of 11th February 2005 but without any handwriting on it. She had signed the letter of 11th February 2005 but only because she was told to do so by GS, a trainee legal executive. Ms Thompson thought that the letter was acceptable. She explained that she had signed when asked to do so if she was referred to as the point of contact. However, she had not seen the letter of 10th January 2005 from Mr O or his letter of 31st January 2005, or the attendance note of 20th January 2005. Ms

Thompson said that had she seen those letters, she would have taken them to Mr Thomson. Mr Thomson never spoke to her about the Apartment 4 deposit. She stressed that she had never prepared financial statements. These were prepared by Mr Thomson or by GS. Ms Thompson agreed that she would often be asked to exchange contracts. She explained that Mr Thomson had told her say "formula B" and the contract would be exchanged by phone. However, she did not know what "exchange" really meant. She stressed that she did any work on files that she was told to do but that GS dealt with the files on a day- to-day basis. Ms Thompson said she was not aware of the Practice Rules and that it was Mr Thomson's job to inform lenders.

22. Ms Thompson told the Tribunal that she thought that Mr Higgott did things correctly. He had wanted her to find work and to work in the office under his supervision. He did litigation and commercial property, and she was out of the office a lot. Ms Thompson explained that from October 2005 until about January or February 2006 she had worked for three or four days a week for KH Limited but that Mr Higgott had charged them for her time. She had introduced Mr O to developments. Between October 2005 and February 2006 she had brought about £70,000 worth of work into the firm. E and A did the work with Mr Higgott. Ms Thompson said that some of Thomson & Co's clients, like Mr and Mrs S, came to Higgotts. She had never seen the letter of 20th December 2005 that appeared to come from her at Higgotts or the letter of 3rd February 2006 from "MC". She did not send the memoranda of 9th February 2006 as she had never sent a memorandum. She had been out of the office getting work and had no control over the typing of her reference. The references on the letter of 7th March 2006 were hers and AC's but she thought AC had left the firm by then. Moreover she had never seen that letter or the letter of 7th March 2006 to Mr SB, again with her reference on it. She agreed that she had dealt with the exchange of contracts on a matter for Mr SB but that Mr Higgott had done all the rest of the work. Looking at the letter of 5th July 2006 from Mr SB, she agreed that she got his business for the firm but denied ever giving any legal advice on a loan agreement. He had been a developer/investor.
23. Ms Thompson denied sending or ever seeing the client care letter of 17th October 2005 to Mrs O. She understood that a client care letter was an acceptance of the work but she did not know that you had to put in the letter how much the work would cost. She did not know what to look for on a contract or on a Certificate of Title or how to check mortgagee instructions. She had no authority to deal with the accounts department. She insisted that she was not in the office very much while at Higgotts. She was in places finding work, like Birmingham, Coventry and London. Ms Thompson said she had never seen the Council of Mortgage Lenders Handbook and that she knew nothing about informing the mortgage lender about incentives.
24. After her first meeting with Mr Howland, Ms Thompson said that she had asked Mr Higgott if he wanted her to leave. However Mr Higgott had said "No" and had written to The Law Society on her behalf on the 28th March 2006 following The Law Society's letter to her of 15th March 2006. Moreover, at about that time, Mr Higgott had been thinking about turning his firm into a limited company and had asked Ms Thompson to be the company secretary. Ms Thompson explained that she was ill in April 2006 and that at the end of May she received a letter from The Law Society saying that Mr Higgott had withdrawn his support for her. The letter also enclosed a copy of his email to The Law Society. She had been surprised by the contents of the

email as it referred to her being a director of a company. Mr Higgott had set up the company and put her down as the company secretary in her maiden name. This was to enable him to charge Mr O for that service. When Mr Higgott tried to pay her salary with a client account cheque, Ms Thompson explained that she did not cash it but sent it to The Law Society.

25. Ms Thompson agreed that she had allowed Mr Thomson to make misrepresentations about her to Mr Higgott. She said that she had been stupid. She explained that she did not know what LL.B meant but she had gone along with the lie about the law degree because she had secured a good job with a decent salary with Mr Higgott.
26. In cross-examination, Ms Thompson said that she did not know if she wrote the cheque but that she did request the cheque for £1,000. She had spoken to Mr Thomson and he had told her to ask D for a cheque. She was owed the money as part of a bonus. She agreed that in his letter, on her behalf, to The Law Society, Mr Higgott referred to a sum of £1,190 owed by Mr Thomson to her daughter. This was a repayment of stamp duty. However, Ms Thompson insisted that the payment of £1,000 was as part of the bonus. Ms Thompson insisted that she did not know that the £1,000 came from clients' money. This was even though it had said client account on the cheque. She insisted that D gave her a blank cheque and not a chequebook.
27. Ms Thompson agreed that it was not acceptable to lie about her qualifications. However she did so because she panicked, and she had felt dreadful after Mr Howland left.
28. Ms Thompson insisted that she had never worked on a conveyancing file all the way through but that she had done little bits, not understanding the technicalities of what she was doing. She had thought that she was protected by the system. She introduced people to Thomson & Co and her reference just went on those files but everybody worked on them. Ms Thompson thought that her protection was that Mr Thomson and Mr Higgott checked everything. Now she felt foolish and unlucky. She agreed that she would happily prepare a Certificate of Title and would only have looked at the mortgage advance and the amount stated on the draft transfer, prepared by G. She agreed that she had signed the letter of 11th February 2005 to the mortgagee. However she insisted that she did not draft it. She agreed that she would have looked at the letter and in her view it had been giving them the information they required. She did not know why G asked her to sign it or had put her reference on it.
29. Turning to the back to back conveyancing transactions, Ms Thompson said that she did not know that if the uplifts were in the best interests of the clients. She believed it was for Mr Higgott, who was acting for them to notify them. She did not know why she had signed Certificates of Title before the vendor clients had purchased. She insisted again that she knew nothing about the letter of 7th March 2006 to Mr NE. She knew nothing about getting written consent to act for both sides or about the client care letter. She had never given legal advice. She thought that an undertaking just meant that things would be done.
30. Turning to the application form for sickness income, Ms Thompson said that the agent had filled it in. However, she agreed that she had signed it but that she had not read the declarations. She had been happy about it then but she was not now.

The Findings of the Tribunal

31. Having considered all of the evidence, both oral and written, and the submissions, the Tribunal found only one of the six allegations proved to the required standard namely allegation (b). Ms Thompson had admitted that she had misrepresented her academic qualifications, had allowed her academic qualifications to be misrepresented and had failed to correct misrepresentations about her academic qualifications. Both on the basis of these admissions and on the basis of the evidence before it, the Tribunal found the allegation proved. Allegations (a), (b) and (c) involved dishonesty. The Tribunal was not satisfied that these allegations had been proved to the higher standard. Allegations (d) and (e) had not been proved on a balance of probabilities. The Tribunal had found Ms Thompson a believable witness who did not appear to understand the complexities both of running a legal practice and of conveyancing. The Tribunal accepted that Ms Thompson's main job was that of a finder of work. The Tribunal also accepted that, although her reference appeared on various documents, that alone did not prove that she knew about their contents or that she had drafted all or any of them.

Submissions as to mitigation

32. Mr Lines asked the Tribunal to take into account Ms Thompson's admissions and her regret at not immediately correcting what she had said to Mr Howland during their first meeting. He submitted that this had happened because she was extremely worried about her new job with Mr Higgott. Ms Thompson was a single parent, financially responsible for her family. Initially, she had been employed by a firm that was very badly run and she was desperate not to lose her new job. Although Ms Thompson would prefer not to have an Order made against her, Mr Lines explained that she no longer had any desire to work in a solicitor's practice. He said that Ms Thompson was now in receipt of incapacity benefit and was unable to work due to a blood disorder. However, the main reason why she had travelled to appear before the Tribunal was to avoid a finding of dishonesty because she had not acted dishonestly at either firm.

Submissions as to costs

33. Mr Turner noted that he had succeeded on one matter and submitted that it had been right and proper for the Solicitors Regulation Authority, both to investigate the matter and to bring the proceedings. He reminded the Tribunal that in proceedings before them it was not the case that costs followed the cause. Accordingly he asked for an order for payment of his costs of £15,943.62, and handed a schedule of those costs to the Tribunal.
34. Mr Lines submitted that of the six allegations, five had not been proved and that most of the costs related to the unproved allegations.

The decision of the Tribunal

35. As to penalty, in the particular circumstances of the case, the Tribunal considered that an Order under s.43 was appropriate. In reaching this decision, the Tribunal had taken into account Ms Thompson's admissions and explanations. It had made no

finding of dishonesty but in view of her misrepresentations the Tribunal was satisfied that there would be a need for supervision should she ever decide to apply to work in a solicitor's practice again.

36. As to costs, while the Tribunal was satisfied that it was proper for the regulator to bring the proceedings, five of the six allegations were not found proved. The Tribunal awarded fixed costs of £5,000 inclusive of VAT. The Tribunal was aware of Miss Thompson's financial situation and also of the Solicitors Regulation Authority's practice of seeking payment of its costs in a reasonable way. In these circumstances, the Tribunal was confident that the Solicitors Regulation Authority would bear in mind Ms Thompson's incapacity and reduced income.

Dated this 6th day of February 2009
On behalf of the Tribunal

Mr I R Woolfe
Chairman