

IN THE MATTER OF PETER GARETH STONELAKE,  
[*SECOND RESPONDENT*] AND [*THIRD RESPONDENT*], solicitors

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

[*NAMES REDACTED*]

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Mr J N Barnecutt (in the chair)  
Mr A Gaynor-Smith  
Mr P Wyatt

Date of Hearing: 22<sup>nd</sup> July 2008 and 20<sup>th</sup> October 2008

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## **FINDINGS**

of the Solicitors Disciplinary Tribunal  
Constituted under the Solicitors Act 1974

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An application was duly made on behalf of The Law Society by George Marriott, a solicitor and partner in the firm of Gorvins of 4 Davy Avenue, Knowlhill, Milton Keynes, MK5 8NL on 22<sup>nd</sup> July 2008 that Peter Gareth Stonelake, solicitor, of Llyncarreg, Cornerhouse Street, Llwydcoed, Aberdare, Mid Glamorgan, CF44 OYA, [*SECOND RESPONDENT*], solicitor, of Keppe & Partners, 33 Candler Mews, Amyand Park Road, Twickenham, Middlesex, TW1 3JF and [*THIRD RESPONDENT*], solicitor, of Keppe Rofer, 11 Ship Street, Brecon, Powys, LD3 9AB might be required to answer the allegations contained in the statement that accompanied the application and that such Order might be made as the Tribunal should think right.

The allegations against Peter Gareth Stonelake ("the First Respondent") were that he had been guilty of conduct unbecoming in that he:

1. Took advantage of a client RJW by overcharging him between February 2001 and April 2004;
2. Wrongly withdrew monies from client account contrary to Rule 22 of the Solicitors Accounts Rules 1998 (SAR);

3. Dishonestly misappropriated client's monies;
4. Contravened s.41(4) of the Solicitors Act 1974.

The allegations against [*SECOND RESPONDENT*] ("the Second Respondent) were that she had been guilty of conduct unbecoming in that she:

5. Contravened s.41(4) of the Solicitors Act 1974.

The allegations against [*THIRD RESPONDENT*] ("the Third Respondent") were that he:

6. Failed to ensure compliance with SAR 1998 contrary to Rule 6;
7. Wrongly withdrew monies from client account contrary to Rule 22 SAR 1998.

The Applicant was represented by George Marriott. The First Respondent appeared before the Tribunal in person and was unrepresented. The Second Respondent was represented by Andrew Hopper QC. [*THIRD RESPONDENT*] was represented by Ian Ryan, solicitor.

The application was heard at the Court Room, 3<sup>rd</sup> Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS on 22<sup>nd</sup> July 2008 and 20<sup>th</sup> October 2008.

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

The Tribunal Order that the Respondent, Peter Gareth Stonelake of Llyncarreg, Cornerhouse Street, Llwydcoed, Aberdare, Mid Glamorgan, CF44 0YA, solicitor, be Struck Off the Roll of Solicitors and it further Orders that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,581.50.

The Tribunal Order that the Respondent, [*SECOND RESPONDENT*] of c/o Andrew Hopper QC, P.O. Box 7, Pontyclun, Mid Glamorgan, CF7 9XN, solicitor, be Suspended from practice as a solicitor for the period of three months to commence on the 10th day of November 2008 and it further Orders that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £4,651.25

The Tribunal Order that the Respondent [*THIRD RESPONDENT*] of c/o Ian Ryan, Finers Stephens Innocent Solicitors, 179 Great Portland Street, London, W1W 5LS solicitor, be Reprimanded and it further Orders that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £930.25

**The facts are set out in paragraphs 1-45 hereunder:**

1. The First Respondent, born in 1961, was admitted as a solicitor in 1991 and his name remains on the Roll. The First Respondent was a solicitor suspended from practice indefinitely with effect from 31<sup>st</sup> March 2004 and his home address is Llyncarreg, Cornerhouse Street, Llwydcoed, Aberdare, Mid Glamorgan, CF44 OYA.
2. The Second Respondent, born in 1955, was admitted as a solicitor in 1980 and her name remains on the Roll. The Second Respondent practises as a consultant in the firm of Keppe & Partners practising from 33 Candler Mews, Amyand Park Road,

Twickenham, Middlesex, TW1 3JF which is her last known address. At the material time to the allegations she practised in partnership with the Third Respondent under the style of Keppe Rofer.

3. The Third Respondent, born in 1967, was admitted as a solicitor in 1992 and his name remains on the Roll. The Third Respondent practised as a partner in the firm of Keppe Rofer practising from 11 Ship Street, Brecon, Powys, LD3 9AB which was his last known address.
4. At all material times and until 31st March 2004 the First Respondent practised under the style of PG Stonelake from 1 Seymour Street, Aberdare, Rhondda, Cynon, Taff, CF44 7BL. The First Respondent appeared before the Tribunal on 12<sup>th</sup> February 2004 and faced five allegations involving a breach of Solicitors Practice Rule 1, failing to perform 17 undertakings within a reasonable time, failing to act towards another solicitor with frankness and good faith by misleading him, misleading The Law Society and failing to deal promptly and substantively with correspondence from The Law Society. On 12<sup>th</sup> February 2004 he was suspended from practice indefinitely with effect from 31<sup>st</sup> March 2004.
5. At all material times the Second and Third Respondents practised together as Keppe Rofer with offices in Brecon, Brynmawr and Llandrindod Wells.
6. Having been suspended indefinitely, the First Respondent entered into discussions with the Second and Third Respondents about the First Respondent obtaining employment with the Second and Third Respondents' firm. As a result from 30<sup>th</sup> April 2004 the Law Society gave approval to the Second and Third Respondents' application made pursuant to s.41 of the Solicitors Act 1974 to employ the First Respondent as a legal clerk.
7. The application was granted subject to eleven conditions. Those conditions were as follows:
  - " i) Mr Stonelake is permitted to take instructions from and give advice to clients only when expressly authorised to do so by [*SECOND RESPONDENT*] and in any such case the client shall first be made aware of Mr Stonelake's status as a suspended solicitor and that advice documented on the file and recorded together with the client's consent;
  - ii) Mr Stonelake will be based at the Aberdare office together with [*SECOND RESPONDENT*], who is personally responsible for Mr Stonelake's supervision and in her absence from the office at times of illness or holiday for example, then Mr Stonelake will be supervised by a solicitor qualified to supervise who has held a practising certificate free from conditions for at least the last three practice years.
  - iii) Mr Stonelake will not be a signatory to any client account cheque for either Keppe Rofer's accounts or those previously for Mr Stonelake and have no responsibility for clients' monies or the firm's accounting functions.

- iv) Mr Stonelake would not undertake advocacy nor appear in court;
  - v) Mr Stonelake will be limited to work as stated by Keppe Rofer in the fields of conveyancing, probate, family and personal injury work;
  - vi) Keppe Rofer Solicitors allows the Society reasonable access to its staff and premises in order to monitor compliance with the terms of the approved employment and to ensure that the interests of the clients are not being adversely affected.
  - vii) Mr Stonelake's name does not appear on the firm's headed notepaper, publicity material or external name plates or stationery unless the firm is prepared to state unambiguously that Mr Stonelake's position is a person suspended from the Roll;
  - viii) should there be any proposed changes to either the firm, for example with regard to the Principals of the firm or its practice address, or any changes to Mr Stonelake's duties or working arrangements or anything that otherwise may affect these conditions, then [*SECOND RESPONDENT*] shall first inform the Society before any changes are made and no change shall be made without approval being granted by the Society;
  - ix) Mr Stonelake does not provide any undertakings in the course of his duties as a clerk;
  - x) the Society discloses details of this approval and conditions to the local Law Society;
  - xi) this approval and the conditions are reviewable at the discretion of the Society."
8. The First Respondent's employment as a legal clerk was strictly controlled by virtue of the conditions (condition i)); The First Respondent would continue to be based at the office where he had practised as a sole practitioner and was to be supervised by the Second Respondent (condition ii)); that the First Respondent would have no responsibility and not be a signatory to any client account and not take part in the firm's accounting functions (condition iii)); if there were to be any proposed changes concerning the address from which the First Respondent could work or his working arrangements The Law Society would have to be given advance notice of those changes and The Law Society would have to approve them prospectively, rather than retrospectively (condition viii))

Allegations against the First and Second Respondent involving client RJW

9. The Law Society was contacted by another firm of solicitors AF Brooks & Co ("Brooks") on behalf of their client RJW in August 2005 concerning the First Respondents conduct between February 2001 and March 2004.

10. Initially the First Respondent was instructed by RJW in connection with a divorce and ancillary matters including a conveyance. The allegations made by Brooks were in summary as follows:
  - "15.1 at the end of a conveyancing transaction in 2001 £2,039 was left in the First Respondent's client account. This was left on account for the anticipated costs of RJW's divorce and ancillary matters which the First Respondent was instructed to progress. From 2001 to 2004 RJW visited the First Respondent on a number of occasions and was told that he (the First Respondent) would progress the matters on his behalf and he sought a further sum of £250 on account of costs and disbursements;
  - 15.2 as the result of no apparent work being done, RJW transferred his instructions to Brooks in June 2004 and the file was released in December 2004. Brooks observed that the sum of £2,039.40 should be with the Second and Third Respondent's firm and asked for that sum to be transferred to them. They were told that the only sum held was £83.15;
  - 15.3 on a closer examination, it was apparent that the First Respondent had raised a number of bills between April 2001 and February 2004 making a total charge of £1,750 plus VAT and a court fee of £150.
  - 15.4 a further examination of the file demonstrated that two letters were sent by the First Respondent on 14<sup>th</sup> March 2001, a letter was received in April 2001, RJW telephoned the First Respondent in February 2001 and he wrote a letter to RJW in March 2002. No other work was demonstrable from the file;
  - 15.5 the disbursement of £150 was not incurred in respect of the court proceedings and RJW asserted that he had not received one of the invoices."
11. The Law Society wrote to the First Respondent seeking an explanation on the 26<sup>th</sup> August 2005. A reminder was sent to him on 22<sup>nd</sup> September 2005 with further reminders thereafter.
12. The First Respondent replied insofar as the allegations of overcharging are concerned by letter dated 28<sup>th</sup> August 2006. In summary his explanation was:
  - he queried whether the entire file had been forwarded to the new solicitors;
  - if there had been any attempt to deceive RJW, why would there be copy bills on the file?
  - on the evidence of the file, he accepted an element of over billing;
  - he wished to apologise to RJW;
  - from the 1<sup>st</sup> April 2004 any matrimonial case would be the responsibility of the Second Respondent;

- the Second Respondent had abrogated her responsibilities by failing to look at the file.
13. It was the SRA's case that all the charges were raised by the First Respondent prior to 30<sup>th</sup> April 2004 and therefore the overcharging was his sole responsibility. Thereafter, the Second and Third Respondents took over the First Respondent's practice. It was the Second Respondent's responsibility pursuant to s.41(4) S A 74 to ensure that she supervised the First Respondent and the events leading to the transfer of the file to Brooks after six months delay plainly demonstrated that she failed so to do.

The closure of the Aberdare office: First and Second Respondents

14. With effect from Friday 1<sup>st</sup> October 2004 the First and Second Respondents closed their Aberdare office. Thereafter the First Respondent was to be based at the principal office of the Second and Third Respondents situated in Brecon.
15. Pursuant to the conditions imposed under s.41(4) SA 74 and in particular condition (viii), the Second Respondent was under a duty to inform The Law Society before this change was made; furthermore the change could not be made without approval being granted by The Law Society.
16. No notification, and therefore no approval, was made or sought before the Second Respondent presented The Law Society with a fait accompli. The only notification that was made was by letter written on behalf of the First Respondent on 24<sup>th</sup> September 2004 which recognised (on behalf of the First Respondent) that approval was necessary before it came into being and also referred to the fact that the Second Respondent would be making an application on behalf of herself and the Third Respondent.
17. A retrospective application was made by the Second Respondent on 13<sup>th</sup> October 2004, some two weeks after the event.
18. It was the SRA's case that in failing to adhere to the conditions of the First Respondent's employment and in particular condition (viii), the Second Respondent was in breach of s.41(4) conditions. Equally by working anywhere else other than the Aberdare office so was the First Respondent. However the SRA do concede that had the application been made prospectively, it probably would have been granted.

Supervision: the Second Respondent

19. In her letter of 13<sup>th</sup> October 2004 the Second Respondent alluded to her absences from the Aberdare office. By letter dated 22<sup>nd</sup> December 2004. The Law Society sought from the Second Respondent her explanation.
20. The Second Respondent replied by letter dated 18<sup>th</sup> January 2005. This letter bore the incorrect date of 18<sup>th</sup> October 2004. In the letter, the Second Respondent asserted that although she was absent from the Aberdare office she maintained her assertion that it was her main place of work in accordance with condition (ii) and that she had not failed to supervise him.

21. Further explanations were sought from the Second Respondent concerning supervision in a letter dated 1<sup>st</sup> February 2005 and in her reply dated 9<sup>th</sup> February 2005 the Second Respondent conceded that there were two periods when she was absent save for routine case work and that on the first occasion the First Respondent was on holiday at the same time and on the second he was required not to attend the office and worked on papers at home without contacting clients or generating correspondence. The Second Respondent conceded that no other member of staff was responsible for the First Respondent's supervision during those periods.
22. In her earlier letter to The Law Society of 18<sup>th</sup> January 2005, the Second Respondent told The Law Society that the First Respondent had been initially suspended on 15<sup>th</sup> October 2004 and was dismissed on 2<sup>nd</sup> December 2004 because he had contrary to the s.41(4) condition interfered with and made transfers from client account to his own account. The Law Society wrote to the First Respondent concerning that but in a letter dated 28<sup>th</sup> August 2006 with enclosures, the First Respondent asserted that the Second Respondent had failed to supervise the First Respondent and was therefore in breach of condition (ii).
23. By letters dated 2<sup>nd</sup> October 2006. The Law Society sought further explanations from both the Second and Third Respondents concerning the apparent breach of s.41 in their employment of the First Respondent and allegations of failing to supervise the First Respondent in accordance with the permission granted under s.41.
24. By a letter dated 6<sup>th</sup> December 2006 it was asserted on behalf of the Second Respondent that the statements provided by the First Respondent were in terms self-serving statements made on behalf of the First Respondent.
25. It was further asserted on behalf of the Third Respondent that any supervision was the responsibility of the Second Respondent.
26. By letter dated 19<sup>th</sup> December 2006 it was asserted on behalf of the Second Respondent that all submissions made on her behalf might not be capable of being relied upon and that the submission made on 6<sup>th</sup> December 2006 insofar as it concerned the Second Respondent only could not safely be relied upon.
27. Subsequently the Second Respondent's legal adviser commissioned a medical report on her condition. The report recited that she was not in the office at the time that she was required to supervise the First Respondent.
28. It was the SRA's case that the Second Respondent acted in breach of the conditions imposed pursuant to s.41(4) in that she failed to make the Aberdare office her base office and failed to supervise the First Respondent (condition (ii)).

#### Unauthorised dealings with client monies

29. Following the closure of the Aberdare office the Second Respondent discovered that the First Respondent had either acquired or retained the ability to make electronic transfers within the course of his employment and had from 30<sup>th</sup> April 2004 made a total of 73 withdrawals totalling £4,490.10. Following discovery of this the Second

Respondent suspended the First Respondent and ultimately terminated his employment and the Second Respondent recovered from the First Respondent the sum of £4,490.10.

30. An analysis of the transfers was provided which showed that with the exception of various unallocated transfers totalling £1,855.39 various sums were wrongly withdrawn from client account between 30<sup>th</sup> April 2004 and 29<sup>th</sup> September 2004.
31. The First Respondent's explanation was;
  - that because of lack of interest by the Second and Third Respondents it was a necessary function he had to do;
  - the Second and Third Respondents knew what he was doing;
  - the Second and Third Respondents had no interest in the Aberdare office.
32. The SRA's case against the First Respondent is that the withdrawals from client account to him were improper and dishonest and in addition were in breach of the conditions imposed by s.41(4)SA 74.
33. Further explanations were sought from the Second Respondent by The Law Society. By her letter of 9<sup>th</sup> February 2005 the Second Respondent stated that she discovered the First Respondent had wrongfully interfered with the firm's client account on 13<sup>th</sup> October 2004 and that a failure to account to a client (Mrs P) as early as 8<sup>th</sup> September 2004 was a distinct matter and covered a period before 13<sup>th</sup> April 2004. She also asserted that the First Respondent's access to client account was not something she could have known about. Further explanations were sought from the First and Second Respondents by letters of 15<sup>th</sup> March 2005. By letter dated 29<sup>th</sup> April 2005 the Second and Third Respondents replied via the Second Respondent and provided details of the amounts unlawfully transferred by the First Respondent and stated that once the transfers had come to the Second Respondent's knowledge the money was repatriated into client account and she asserted that the Third Respondent had no role concerning administrative matters. The Second Respondent also told The Law Society that she had discovered two transfers by the First Respondent which took place before 30<sup>th</sup> April and which totalled £1,576.28.
34. The Second Respondent also provided a letter of comfort from her reporting accountants which also demonstrated that the incorrect transfers were between the period April and September 2004.
35. Representations were made on behalf of the Second Respondent to the effect that any allegations of failing to supervise were not warranted by the evidence and the breach of s.41 was "de minimis" and that the Second Respondent could not be responsible for breaches of the SAR 1998 because these had occurred by way of fraud perpetrated by the First Respondent.
36. Representations were made on behalf of the Third Respondent to a similar effect and also distinguishing between the Second and Third Respondent: the Second Respondent had a responsibility for administration whereas the Third did not.



37. The Second Respondent also provided further documentary evidence by way of a letter from the First Respondent accepting that he had no role in relation to the client account from 30<sup>th</sup> April 2004 and a further letter from him to the bank dated 26<sup>th</sup> March 2004 to the effect that he would be merging with the Second and Third Respondent.
38. With regard to accounts breaches it is the SRA's case that the primary liability for exercising stewardship of the firm's client account at the Aberdare office rested with the Second and Third Respondents. Had that stewardship been properly applied both the Second and Third Respondents should have realised what was going on at a much earlier date.

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39. The First Respondent admitted the (i), (ii) and (iv) allegations against him, but denied the third allegation that he dishonestly misappropriated clients' monies. In opening the case to the Tribunal the Applicant explained that there was one allegation against the First Respondent, the allegation of dishonestly misappropriating client monies, that he did not admit. The First Respondent wished to give evidence to the Tribunal and it was submitted that even after hearing evidence from the First Respondent the Tribunal would be able to find the allegation of dishonesty proved on the papers. The Applicant explained that the burden of proof was on him to prove the allegation of dishonesty. The standard of proof was high as the Tribunal needed to be satisfied beyond reasonable doubt that the test in the case of Twinsectra Ltd v Yardley and Others [2002] UKHL 12 of dishonesty was satisfied. The Applicant specifically referred to the comments of Lord Hutton in that case which required that the test of dishonesty meant that "before there can be a finding of dishonesty it must be established that the defendants' conduct was dishonest by the ordinary standards of reasonable and honest people and that he himself realised that by those standards his conduct was dishonest".
40. It was submitted that there was a condition on the First Respondent's employment which was approved by the Solicitors Regulation Authority and there were eleven conditions attached to his employment, in particular:
- (i) Mr Stonelake would be permitted to take instructions from and giving advice to clients, only when expressly authorised to do so by *[SECOND RESPONDENT]*;
  - (ii) Mr Stonelake would be based at the Aberdare office together with *[SECOND RESPONDENT]*, who was personally responsible for Mr Stonelake's supervision;
  - (iii) Mr Stonelake would not be a signatory to any client account cheque for either Keppe Rofers accounts or those previously for P G Stonelake and had no responsibility for clients monies or the firm's accounting functions.
41. The transfers that had taken place from office account to client account without reference to *[SECOND RESPONDENT]* amounted to dishonesty within the context of

the very strict conditions that had been placed on his employment within the firm by the Solicitors Regulation Authority and within the context of his further conduct, particularly bearing in mind the allegations that he had admitted.

42. The First Respondent, who had been a sole practitioner, appeared before the Tribunal on 12<sup>th</sup> February 2004 when he was suspended from practice indefinitely with effect from 31<sup>st</sup> March 2004. During a five to six week period he made overtures to the Second and Third Respondents and sought an application to work as a legal clerk within their firm. The eleven conditions referred to were attached to his approved employment. The First Respondent started in his own office as a clerk rather than a sole practitioner until the office in Aberdare closed in 2004. Following closure of the office, the Second Respondent discovered that the First Respondent had retained the facility to maintain electronic transfers and was able to discover 73 incidences of withdrawals amounting to £4,490.10. The Second Respondent demanded the repayment of these monies. The Tribunal was asked to bear in mind that the transfers were not errors as there were too many transactions for them just to be errors.
43. The First Respondent indicated that the transfers between office account and client account were necessary because the Second and Third Respondent had demonstrated a lack of interest in the firm and the transfers were a necessary function. The First Respondent maintained that the Second and Third Respondent knew what he was doing and when asked to account for the transfers, he repatriated the sums. Those sums came from his own account and not from the firm's account.
44. The Applicant argued that the explanation provided by the First Respondent did not turn his dishonest conduct into an honest transaction simply because the other partners knew about it. The First Respondent was a clerk, in their employment, subject to strict conditions and by touching the monies in the firm's client account he was consequently dishonest. There was no stewardship of the client account particularly as the transfers from the client account took place when there was not enough there.
45. It was explained by the Second and Third Respondents' Counsels that the way in which the First Respondent had sought to defend himself was not accepted by them and he would be subject to cross-examination by them.

#### **The evidence of Peter Gareth Stonelake**

46. The First Respondent gave evidence only on allegation (iii) relating to him having dishonestly misappropriated client monies. He explained from the outset of his evidence that he admitted the 73 transfers and explained the reasons why those transfers took place. He explained that he had been approached by the Second Respondent to do work for the firm at the Brynmawr office at such time as authority was granted by the Solicitors Regulation Authority for him to work. He recounted their discussion that if he wanted her to assist him to allow him to work within a solicitors practice, then it was made clear to him that he would be required to reciprocate. The First Respondent admitted in hindsight it was a bad decision for him to work at the Brynmawr office prior to having been granted authority by the Solicitors Regulation Authority whilst still being subject to a suspension. Whilst waiting for the Solicitors Regulation Authority to grant him authority to work he was told to attend the Brynmawr office by the Second Respondent, which he described to

be in disarray. He found that there were three junior staff but there was no proper organisation. He carried out a full assessment. The Third Respondent attended the Brynmawr office and discussed the matter with the First Respondent and it was agreed that the best way to proceed in the circumstances would be to close the Brynmawr office and transfer all the work to the Aberdare office.

47. Permission was then granted by the Solicitors Regulation Authority, that the First Respondent would be allowed to work subject to strict conditions. He started work at the Aberdare office but despite strict conditions having been imposed that he would be subject to the supervision of the Second Respondent, she did not attend as she was required or provide the level of supervision that she had agreed to. The First Respondent indicated that none of the promises that were made to him by the Second and Third Respondents were kept to and indeed he had to buy computers for the office himself and these were not regarded as business expenses by the Second and Third Respondents. The accounts were not changed over as had been agreed and it was claimed by the Second and Third Respondents that there was a sense of urgency in the way in which the accounts were transferred over but in fact that was not the case.
48. Reference was made to a fax dated 6<sup>th</sup> May 2004, which was sent by the First Respondent, not from his office address, but from his home address. There was also a transfer dated 26<sup>th</sup> March 2004, which pre-dated the takeover and was alleged to be typical of what occurred and the involvement played by the Second and Third Respondents. The First Respondent maintained that he had taken steps to comply with the conditions attached to his employment and particularly with the conditions attached to the Order under s.41 of the Solicitors Act 1974 but the Second and Third Respondents had not.
49. There was an allegation of dishonesty against the First Respondent, but he maintained that in practice the Second Respondent took no interest in his work as the work that he was carrying out was under the terms of his employment approved at the Aberdare office.
50. The Second Respondent did come to the Aberdare office once every week in the first month then once every three to four weeks usually during the lunch hour. There were a couple of occasions when she came over and took the staff out to lunch at the pub opposite. She was never present when the post was opened and in fact the First Respondent explained she was never there early enough, even on those occasions that she attended the office to open the post.
51. The situation was the same with the Third Respondent, with the First Respondent seeing little of the Third Respondent. The Second Respondent's lack of attendance at the Aberdare office meant that the First Respondent was required to drive from one office to another and on one occasion when the Second Respondent was not there the Third Respondent signed 12 blank cheques which were provided to the First Respondent. The Third Respondent was not a signatory to the firm's accounts as the Second Respondent had not chased this up with the bank. The First Respondent explained it as being embarrassing to the firm and also to him personally and there were occasions where he had to issue apology letters when it was not possible to issue cheques in respect of transactions.

52. If the Second Respondent was at her own office then it was implicit that she was not complying with the conditions attached to the First Respondent's employment to which she had signed up and agreed that he should be supervised.
53. The Tribunal asked the First Respondent to clarify the way in which money was transferred in the matter of the Johnson and Jones, file no. 756 on 27<sup>th</sup> August 2004 for the amount of £110. The ledger detailed, "money transferred to office account, not enough money in client account". The First Respondent explained that the way in which the money was transferred, despite there not being enough money in client account, showed that there was no benefit to him personally.
54. The Tribunal sought clarification about the bookkeeping arrangements at the Aberdare office at which the First Respondent was present. The bookkeeper was an employee of the firm and the system was an old fashioned one relying on ledger cards as opposed to an electronic system. The bookkeeper, Mrs Parker, would provide a list of the transfers required either done at home by the First Respondent or at the office. The Tribunal put it to the First Respondent that his conduct was dishonest because in carrying out the transfers as he did, this was in breach of the conditions attached to his employment. The First Respondent conceded that he had been in breach of his conditions but went on to explain that if he had put it to the Second and Third Respondents that it was not his responsibility to carry out the transfers as he had done then they would have withdrawn their support. It was not said in those terms to him but the First Respondent made it abundantly clear on a few occasions that unless he continued to act in the way in which he had been doing, they would withdraw their support.
55. The transactions had to be carried out via transfers over the internet and in some cases this was more conveniently done from the First Respondent's home, he explained, because no-one was doing them and if he had not done them then the work at the Aberdare office would have stopped.
56. Wages were paid by cash every week by drawing an office cheque. He was authorised to sign office cheques (this was not a condition imposed by the Solicitors Regulation Authority). During the period in June 2004 he was on holiday and a blank cheque was provided to cover the wages but during this period the staff were not paid with the result that the First Respondent's father was required to pay the wages of the staff in the office. The First Respondent produced an extract from his father's diary for Friday, 11<sup>th</sup> June 2004 which indicated that he paid a total of £553.20. The First Respondent argued that if, as the Second Respondent was asserting, she was in regular attendance at his office then it would not have been necessary for the First Respondent's father to have paid the wages of the staff.
57. A copy of the actual transfer papers was located and submitted as evidence.
58. The First Respondent explained that what was evident was that transfer sheets were prepared by the bookkeeper from the Aberdare office. The transfer for the Johnson-Jones matter was dated 27<sup>th</sup> August 2004 and the amount to be transferred was £26,508. It was put to the First Respondent that that was not the figure on the previous transfer page looked at. The First Respondent was unable to recollect the

matter as it had been inherited from the Brynmawr office. The First Respondent explained that in the case of transfers, transfer sheets would be completed by the bookkeeper, handed to him and he would then authorise the transfer.

59. The transfers would have all been evident as they were all made on the internet. It would also have been obvious from the bank statements and anyone within the firm would have knowledge that the transfers were taking place. The First Respondent simply acted on the information provided to him by the bookkeeper. The First Respondent maintained as part of his defence that he had no option but to act as he did and the transfers were carried out with the implicit knowledge of the Second and Third Respondents. The First Respondent maintained that he had no dishonest intent as at no time did he personally benefit from the transfers. He was paid a reasonable wage when there were sufficient funds in the office account, but when there were insufficient funds he would go without a wage. There was no written agreement between him and the Second and Third Respondents as to the wages he would draw from the firm.
60. In response to questions put by the Second Respondent's Counsel, it was suggested that he was seeking to blame everyone else but himself and that his statement was self-serving and that he was attempting to exculpate himself from his own responsibility. The First Respondent responded and admitted that he had taken advantage of client RJW by overcharging.
61. The First Respondent had said in evidence to the Tribunal that he had not benefited in any way or profited from the transactions that had been carried out. The Aberdare office, for which the First Respondent was responsible and was working in, had an overdraft and if the debt was being reduced on the same account which he had previously been involved with, then he was benefiting.
62. It was agreed between the First Respondent and the Second and Third Respondents that he would pay them £1,000 a month under their initial agreement but this was never proceeded with because they never asked for the money and also because they did not provide the supervision that the Second and Third Respondents had agreed to. The First Respondent explained that he regarded the Aberdare office as his firm and it was his intention that after a period of time the conditions that were attached to his working would ultimately be removed and there was no profit element. It was put to him by the Second Respondent's Counsel that he was confusing the difference in the conditions attached to his practising certificate and the commercial agreement he had with the Second and Third Respondents. The First Respondent maintained there was no written agreement and whatever agreement they had was never enforced. If he objected at any stage to any of the conditions or any of the parts of the agreements they had between them, then his job was on the line. He went on to state that if he caused a problem they would have withdrawn their support.
63. It was put to him that the transfers that he conducted on the internet whilst at home contradicted everything that he was saying in relation to his account that he did what he had to do. The First Respondent maintained that if he had waited for the Second Respondent to authorise transfers he would have had to have waited a very long time. It was put to him that he was "playing fast and loose" with the client account as he had done with the client RJW. He maintained that all of the accounts had been

audited previously and they had complied with all the necessary standards, to which the Second Respondent's Counsel explained that audits only showed that pieces of paper existed and nothing more.

64. Counsel for the Third Respondent then cross-examined the First Respondent and suggested that the First Respondent was attempting to blame the Third Respondent or attribute the Third Respondent's conduct in relation to the dishonesty allegation because he was bitter towards the Second and Third Respondents as he had not been paid in accordance with their agreement. That had then developed into the First Respondent lodging a claim with an Employment Tribunal seeking damages for the amounts that he had not been paid.
65. It was put to him that each of the 73 transfers that had taken place was in breach of conditions attached to his employment and consequently each one amounted to misleading the Solicitors Regulation Authority. He had also misled the Second Respondent because she was unaware that the transfers had taken place. The First Respondent maintained that the Second Respondent must have been aware of the transfers as each and every one had appeared in the bank statements which were available in the bookkeeper's room and each one appeared on the electronic accounts system.
66. Had the Second Respondent done what she had required to do as part of the conditions laid down by the Solicitors Regulation Authority, then the First Respondent would not have had access to any of the accounts, but as she had failed to do so the bank continued to contact the First Respondent when there were occasions of insufficient funds in the client account.
67. The First Respondent went on to explain how transfers were made within the firm. He explained that the bookkeeper would advise him of the transfers that were required. Transfer forms would be prepared by the bookkeeper and the transfers would be conducted by him. It was clear at a very early stage that the Second Respondent was not interested in this aspect of the work in the office and took no part in it.
68. The First Respondent was asked to consider the transfer form, "the no. 29" dated 19th July 2004 which detailed a total transfer of £1,000. From the details provided on the transfer forms there was no way of knowing what the money related to or why the money was being transferred. Reference was also made to:

Transfer form 65 - 29 <sup>th</sup> September 2004	
total transferred	£50.00
Transfer form 67 - 1 <sup>st</sup> October 2004	
Total transferred	£750
Transfer form 57 - 13 <sup>th</sup> September 2004	
Amount transferred	£1,000
Transfer form 52 - 2 <sup>nd</sup> September 2004	
Total transfer	£200

Transfer form 51 - 1 <sup>st</sup> September 2004	
Total transferred	£300

69. The First Respondent explained that he did not ask the bookkeeper any questions and would carry out the transfer. She also carried out reconciliations every month and they reflected the situation on the accounts. These were available at all times to the partners.
70. The Tribunal specifically put the question to the First Respondent that on transfer form 67 dated 1<sup>st</sup> October 2004 on which £750 was transferred, that it was necessary as a matter of principle to identify the client and the account, to which the First Respondent explained that the bookkeeper would simply tell him how much was needed to be put into the account. It was then put to the Respondent that he had abrogated responsibility for the accounts to a clerk. The First Respondent maintained that he was required to do so because of the lack of involvement by the Second and Third Respondents. Had he reported any of what had been going on at the firm to The Law Society, they would have undoubtedly have prevented the firm from continuing and consequently preventing him from practising.
71. It was put to the First Respondent by the Applicant that his old firm, having been prevented from continuing to practice was now "badged up" as Keppe Rofer and he was required to dispose of his practice by 1<sup>st</sup> March 2004. An overdraft facility had been authorised to the firm's office account of between £10,000-£15,000 and at that time he was within that overdraft limit. Agreement had been reached about the overdraft and the First Respondent thought that the bank would close that account down but they simply asked for that account to be transferred over to Keppe Rofer. No written agreement was made about that overdraft or how the monies were to be repaid. It was put to the First Respondent that transfers from client account to office account were carried out to ensure that the office account never went beyond the overdraft limit. Cheques for wages were drawn off the office account and between the period April to October 2004 £5,000 cash had been drawn. Wrongful transfers of £4,490.10 had been transferred and had they not been transferred then the firm could not have continued to operate. The transfers were necessary.
72. Reference was made to a payment on the 30<sup>th</sup> April 2004. Despite the conditions being in place the First Respondent indicated that he had been told by the Second Respondent to just carry on, which the First Respondent understood to mean just carry on as before.
73. Reference was made to a letter to Natwest Bank dated 26th March 2004 by which date The Law Society had not given authority for him to work with conditions. The letter referred to "Keppe Roper incorporating PG Stonelake" but permission was initially refused and only granted to the First Respondent after the words "incorporating PG Stonelake" were removed.
74. Reference was made also to a letter dated 6th May 2004 in which only days after the conditions had been applied to the First Respondent's practising certificate and after which only the Second Respondent was signatory to the account that the conditions

were breached. Within a few days of the permission having been granted the First Respondent was back doing what the conditions prevented him from doing.

75. Evidence was provided by the Practice Manager, Mr Daniel Reed to the Tribunal. He explained that his responsibilities were in relation to the other offices and not the Aberdare office. All the other offices had an electronic accounts system but the Aberdare office remained at arm's length with all accounts being recorded manually. He carried out a reconciliation and discovered within a short space of time the balances did not correspond, with a deficit of £4,500. He reported the matter to the partners and they were, as he expressed it "taken aback". They asked for a breakdown as they were not aware of any shortfall and asked him to conduct a forensic investigation. Consideration was given to the balances on the client ledgers, some ledgers were incorrect or did not exist.
76. Mr Reed understood that the bookkeeper was conducting the reconciliations and bookkeeping entries and he only assisted with IT issues including networking. There were one or two occasions when the Second Respondent would attend the office and when Mr Reed was also present and it was proposed that Keppe Rofer would take over the accounts system in the Aberdare office and they would be updated but as the bookkeeper was approximately 81 years old, it was not expected that she would work longer. The decision was taken as to the viability of the business and Mr Reed recollected that a conversation took place with him and the Second Respondent in which he raised concerns about the business.

**The evidence of [SECOND RESPONDENT]**

77. [SECOND RESPONDENT] had admitted all of the allegations to the Tribunal but gave evidence on oath to the Tribunal in mitigation. She explained that she accepted that there had been a failure to supervise from August to November 2004 but she maintained that there was no causative link between the Accounts Rule breaches and the lack of supervision. Those breaches in respect of the Solicitors Accounts Rules began on the very first day that the First Respondent was employed by the firm. He also had access to an internet facility from his home and he used that facility to carry out the improper transfers which the bank honoured. The cashier at the firm failed to advise the Second and Third Respondents that the First Respondent continued to have this facility but it was submitted that this did not necessarily mean that as partners they had failed to exercise proper supervision or that they should necessarily be responsible for someone who was in effect beyond their control. The Second Respondent maintained that she had behaved responsibly and whilst there was a failure to comply with the strict conditions imposed by the Law Society in respect of the First Respondent's employment, she maintained that no amount of supervision of him would have prevented the breaches. There was nothing she could have done to have prevented any breaches as he was a loose cannon and a "rogue solicitor". The First Respondent had explained in his own evidence that he was effectively forced to do what he did so that the Aberdare office continued to run as a viable business but it was the First Respondent who had breached his conditions of employment on the very first day of his employment with the firm.
78. [SECOND RESPONDENT] explained that she understood that the First Respondent was someone who had the skills and the ability that they were looking for in order to



expand and develop their business and ultimately for him to become a partner in the firm. The First Respondent had no experience in crime or non-contentious matters and she was aware that the previous findings that had been made by the Tribunal in respect of the First Respondent all related to costs matters and undertakings and the Tribunal on that occasion had been harsh on him because he had been unrepresented and had done nothing to rectify the failings. She still regarded him as someone that could be partner material for the firm and thought there was potential for that. The Second Respondent was cross-examined by the Applicant and asked to consider the contents of a letter dated 1<sup>st</sup> April 2004 in which it stated that “after an initial period away from the office, during which he will undertake training, Peter Stonelake will return to head the team and the aim is for the business of the office to be continued much as before, but in a more streamlined format”. The Applicant asked the Second Respondent how she was able to write that letter in view of the fact that the First Respondent was a suspended solicitor and there were eleven conditions attached to his employment, to which the Second Respondent explained that she was trying to be positive and that the conditions imposed by the Law Society would be removed. The Second Respondent was asked to look at the first condition attached to the First Respondent’s employment which stated that “Mr Stonelake is permitted to take instructions from and give advice to clients, only when expressly authorised to do so by *[SECOND RESPONDENT]* and in such a case the client shall first be made aware of Mr Stonelake’s status as a suspended solicitor and the advice documented on the file and recorded together with the client’s consent”. It was put to the Second Respondent that the indication that she had given in her letter dated 1<sup>st</sup> April 2004 simply was not consistent with the condition attached to the First Respondent’s employment, to which she explained that she was merely attempting to keep things together so that the business could develop.

79. The Second Respondent was asked whether or not in the case of any new instructions she specifically told clients that the First Respondent was a suspended solicitor and that the clients’ consent was required. She explained that she saw clients who were then passed to the First Respondent whom she described as a clerk but she did not go so far as saying he was a suspended solicitor.
80. The Applicant also referred the Second Respondent to a document titled “proposals for the supervision of the practice of PG Stonelake – submitted to the Law Society 18<sup>th</sup> March 2004”. Also the Second Respondent was referred to a letter dated 6<sup>th</sup> May 2004 that had been prepared by the Second Respondent for the First Respondent to sign and leave with the Natwest Bank. The point about this letter was that the account previously handled by the First Respondent would be transferred into the control of the Second and Third Respondent and the account name would be changed to “Keppe Rofer Aberdare Clients Account”. The Natwest Bank responded by their letter dated 26<sup>th</sup> March 2004 confirming that they would carry out those instructions and that the Second Respondent would be the sole signatory to the office accounts previously handled by the First Respondent. The Applicant put it to the Second Respondent that condition 9 in the proposal to the Law Society for employing the First Respondent was that “the work of PGS will be supervised by *[SECOND RESPONDENT]* personally and arrangements will be made for the supervision of the Aberdare offices and PGS in the event of her own absence from work e.g. holidays or extended illness. Such replacement supervision would involve having a person of three years post-qualification experience in attendance at the office to carry out the roles of *[SECOND*

*RESPONDENT*] in her absence”. In a statement dated 20<sup>th</sup> October 2008 the Second Respondent explained that she continued to manage the Brecon office and attended the Aberdare office every day, reading incoming post and outgoing post and on those occasions when she had to go on holiday she told the First Respondent to stay at home. The Second Respondent explained that she was familiar with conveyancing work and she knew that she had to sign documents and certificates of title and as the First Respondent was not qualified to sign those certificates, she would be required to do so. Whilst the First Respondent was competent to do the work she was not expecting to duplicate the work he was doing.

81. The Applicant referred to the previous findings of the Tribunal in which he put it to the Second Respondent that the First Respondent had an aversion to undertakings and the case previously before the Tribunal concerned a matter where there had been seventeen undertakings which he had failed to honour. The Second Respondent conceded that at some point her supervision of the First Respondent did fall apart as there was too much going on and she was unable to handle it. The Second Respondent was asked how the First Respondent was able to carry out the money transfers if as the Second Respondent explained she was attending the office everyday. She was also asked whether or not there was any supervisory work carried out to look at the ledgers between April-August 2004. Also, under the Solicitors Accounts Rules the ledgers were required to be reconciled every five weeks, to which she explained that she did not go behind the reconciliations statements and saw the ledgers as and when it was necessary but it never crossed her mind to check the ledgers and she was relying upon the practice manager, Daniel Reed, to see the manual system run by the cashier at the Aberdare office, Mrs P.
82. The Second Respondent was asked whether or not she understood that the suspension for the First Respondent was for an indefinite period. She understood it was to be for a period of twelve months. She was hoping by providing information to clients such as in the letter dated 1<sup>st</sup> April 2004 that the conditions would be removed and she did not appreciate that the suspension was for an indefinite period.
83. In August 2004 things fell apart as a result of an accumulation of her personal problems but she did not think of contacting the Law Society for assistance or support and she said that she thought at the time that she could soldier on.
84. In relation to the mitigation for the Second Respondent, the Second Respondent’s Counsel submitted that all of the undertakings previously breached by the First Respondent related to legal aid work and were not conveyancing matters. The serious penalty of indefinite suspension had been imposed on the First Respondent but he had still not complied with that and he had failed to comply with the conditions even at the door of the Tribunal. There was an expectation in relation to the First Respondent that the conditions imposed on his ability to practise would resolve any issues but they were unsuccessful.
85. The Tribunal was asked to consider the report by Dr Wilkins dated 13<sup>th</sup> March 2008 which had been prepared in support of the Second Respondent’s mitigation and identified the fact that she had been suffering from a number of personal issues at a time when her professional supervision fell short of what was required. The Tribunal was asked to consider its jurisdiction in respect of what was required to protect the

public. The Second Respondent accepted that she had seriously failed in her duties due to her medical issues but the Tribunal was asked not to punish the Second Respondent just because she was ill. The Second Respondent came before the Tribunal now in respect of issues that had arisen in 2004 and the public protection issues no longer arose. The testimonials that had been provided on behalf of the Second Respondent all spoke with one voice and were all from people who knew her at the material time. The Second Respondent was someone who had throughout the proceedings conceded her fault and the only complication in the matter was the First Respondent who sought to blame everyone but himself.

86. In relation to the Solicitors Accounts Rule breaches there was no causative link between the lack of supervision and the breaches but she accepted that the responsibility was hers and asked the Tribunal to question whether or not the Third Respondent should be before the Tribunal. The Tribunal was asked to consider whether morally or actually either the Second or Third Respondents were to blame as only the First Respondent was to blame. The Second Respondent had admitted an offence for which there was a compulsory penalty. The Second Respondent admitted that she was at fault but those were uncharacteristic errors and not a conscious failing on her part. They were as a result of her being unwell but she was otherwise a credit to the profession.

### **The Submissions of the Third Respondent**

87. The Tribunal was asked to consider and recognise the fact that the Third Respondent should not have been before the Tribunal at all as primary responsibility lay with the First and Second Respondents for the breaches but of course as a partner in the firm he bore responsibility for what had occurred. The stewardship of the firm rested with the partners of which the Third Respondent was one but the Third Respondent's representative sought to rely on the distinction drawn by the Applicant in the Rule 4 Statement in that the allegations against the Second Respondent were that she had been guilty of conduct unbecoming whereas the allegation against the Third Respondent did not raise that. The conditions imposed against the employment of the First Respondent related only to the Second Respondent personally and did not relate to the Third Respondent. The seventy three transfers from client account were all in breach of the conditions but all took place without the Third Respondent's knowledge. It was the Second Respondent who had been named as the supervisor and by her own admission she was in breach. The Third Respondent had not been put on alert as to what was occurring in relation to the Accounts Rule breaches particularly as the breaches did not jump out at him but were hidden and therefore it was not possible for him to conclude what had occurred. The Third Respondent's culpability should be distanced from that of the First and Second Respondent to such an extent that he should be regarded as blameless.
88. The Tribunal was asked to consider the effect the investigation and disciplinary proceedings had on the Third Respondent, namely that he had intended to apply for judicial posts, had intended to apply to one of the Law Society's panels and was unable to pursue an application as a coroner because of these on going proceedings. The Third Respondent did not seek to avoid any responsibility as a partner but the appropriate course of action because of his lack of culpability was that no Order should be made against him.

### The previous findings

89. The First Respondent appeared before the Tribunal on 12<sup>th</sup> February 2004 under reference 8910-2003. The allegations against him on that occasion were that he had been guilty of conduct unbefitting a solicitor in that he:-
- (1) compromised or impaired his integrity, his good repute and that of the profession, and his proper standard of work contrary to Rule 1 (a), (d) and (e) of the Solicitors Practice Rules 1990;
  - (2) failed to perform seventeen undertakings within a reasonable time and failed to notify the recipient of any reason for the delay in honouring the undertakings;
  - (3) failed to act towards another solicitor with frankness and good faith by misleading him;
  - (4) misled the OSS;
  - (5) failed to deal promptly and substantively with correspondence from the OSS.

The Tribunal Ordered that the Respondent, Peter Gareth Stonelake, be Suspended from practise as a solicitor for an indefinite period to commence on 31<sup>st</sup> day of March 2004 and was further Ordered to pay costs in the sum of £3,894.

### **The findings of the Tribunal**

90. There was conflict between the evidence of the First and Second Respondents about the level of supervision by the Second Respondent. The Tribunal were frankly unimpressed by the First Respondent's account. They also found that the Second Respondent's supervision of the First Respondent had been distinctly lacking.

### Peter Gareth Stonelake

91. The Tribunal found that the First Respondent had been dishonest and considered the test as set out in *Twinsectra*, fully considering the comments of Lord Hutton that, "before there can be a finding of dishonesty it must be established that the defendant's conduct was dishonest by the standards of reasonable and honest people and that he himself realised that by those standards his conduct was dishonest". And also that, "dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he could not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would normally offend the normally accepted standards of honest conduct."
92. The First Respondent ran the Aberdare office in a way that suited him. His explanation that he did not benefit in any way could not be relied upon as the Aberdare office account had an overdraft facility which was being used.

93. The First Respondent sought to justify his conduct by stating that he only did what he had to do to ensure that the office remained a viable business and the threat of the Second and Third Respondents removing their support led to the transfers being carried out as a matter of necessity. The Tribunal were unconvinced about the terms of agreement between the First, Second and Third Respondents. It may well have been that the First Respondent understood that he had to carry out the transfers so that work at the Aberdare office could continue and that his employment and that of the other staff was in jeopardy. But the First Respondent's evidence was not convincing as it was clear that by operating the office accounts as he did, he stood to gain as much, if not more, than the Second and Third Respondents. It clearly suited him to have absent supervisors which allowed him to carry out the improper transfers.
94. The First Respondent had been given a new lease of life in respect of his work in a solicitor's practice. It was a matter of convenience to him that the Second and Third Respondents kept their distance and took little interest in the Aberdare office. They were potentially benefiting in some way even if the benefit was not made clear to the Tribunal. Their absence meant that the First Respondent was benefiting by continuing to service the overdraft of the Aberdare office and ultimately he was hoping that after a period of time the conditions attached to his employment would be removed. It was expedient to him if the Aberdare office was kept at arm's length by the Second and Third Respondents.
95. The First Respondent said that the transfers from client to office account were small and consequently there was no dishonesty because there was no benefit to him. However the Tribunal concluded that these transfers were designed to allow the Aberdare office to continue to operate. The transfers where no details were recorded of clients or files meant there was no way of knowing which matter they related to and had been done purely as a way of bolstering the firm's accounts and for no other purpose. The First Respondent's explanation that he had just "actioned it" as he described, on the instruction from the bookkeeper, could not be relied upon, particularly as she took instructions from him.
96. The Tribunal had two issues to consider in relation to the First Respondent's conduct, firstly whether or not the Accounts Rule breaches (namely the transfers from the client account) were dishonest and secondly whether or not the breach of conditions attached to his practising certificate was dishonest. The Tribunal concluded that in both respects the First Respondent knew what he was doing and that what he was doing was wrong. Whilst the First Respondent maintained that he did not carry out the Accounts Rule breaches dishonestly the Tribunal took the view that he did not do anything to ensure that the transfers were carried out as they should have been. The Tribunal regarded it as a simple step for him to have sent an e-mail or a fax so that he could have obtained the support and assistance he required to run the Aberdare office and ensure that it continued to operate. The First Respondent took advantage of a client and he had admitted the first, second and fourth allegations. In relation to the third allegation, namely that he had dishonestly misappropriated clients monies, this the Tribunal regarded as having been achieved by the First Respondent's guile and deceit and indeed the Tribunal noted that when the First Respondent gave evidence he accepted that he had been in contravention of the regulations but denies that he had had no option but to do so.

*[SECOND RESPONDENT]*

97. The Second Respondent admitted that she had contravened Section 41(4) of the Solicitors Act 1974. The Tribunal however noted the mitigation that had been provided on her behalf in relation to her personal circumstances and the medical problem from which she was suffering which moderated and softened the view taken by the Tribunal. She had been naïve and had not sought assistance when she needed it most. The mitigation that had been provided on her behalf meant that the Tribunal was able to take a more lenient view about her culpability and the medical evidence indeed went some way to allow the Tribunal to put into context the impact of her illness on her. The Second Respondent was trying to be a wife and a mother whilst also a practising solicitor, she had a mother who was ill and dying and she had had a period of grieving and travelling a great deal as well as coping with a great deal of stress. It was during this period that the First Respondent came along and she relied on the assurances that he had given. However, the First Respondent continued to practise as much as before. During this period the Second Respondent developed a depressive illness which inhibited her ability to think clearly and that depression caused her to turn to drink. What she did not do was ask for help but she had learned her lesson and the good mitigation given on her behalf indicated that she was now working with her husband so that her activities within the profession were controlled. The Tribunal regarded it as serious that she had written to clients explaining that the First Respondent would be joining the firm particularly as on one day she had indicated that she would be complying with the conditions imposed by the Law Society in respect of the First Respondent's employment and the next day she wrote a letter making it clear that the First Respondent would be joining her and the firm.
98. The failure to supervise the First Respondent could have had a severe effect on the public, and whilst the Second Respondent's Counsel suggested that no amount of supervision would have prevented the failings, nonetheless the Second Respondent did not do as she was required to do under the terms of his conditions which was to advise clients that the First Respondent was a suspended solicitor and that clients needed to give their consent to his working on their matters.
99. The Tribunal felt that the Second Respondent was more knowledgeable about the proposed work of the First Respondent than she had indicated to the Tribunal and referred again to the letter dated 1<sup>st</sup> April 2004 in which it was explained that the First Respondent would "return to head the team". There had been no suggestion in that letter that the First Respondent was suspended from practise or that conditions had been attached to his employment.
100. As to the accounts breaches, the sums were small and the cashier at the Aberdare office had dealt with them but the First Respondent was clever and he knew how to deal with those transactions and the bank had allowed them to be made.
101. Whilst there was no further need to protect the public the Tribunal felt it appropriate to suspend the Second Respondent for a period of three months.

*[THIRD RESPONDENT]*

102. The Tribunal acknowledged that the Third Respondent had lost a great deal because

of the proceedings. He had been prevented from applying for judicial posts and prestigious roles on committees because of the outstanding allegations against him. He had not dealt with conveyancing work and he had been located at another office and there was no reason for him to suspect that anything was going on. Partners were however required to exercise proper and effective stewardship of the firm and the Third Respondent had to accept a degree of culpability.

103. The Tribunal Ordered that the Respondent, Peter Gareth Stonelake of Llyncarreg, Cornerhouse Street, Llwydcoed, Aberdare, Mid Glamorgan, CF44 0YA, solicitor, be Struck Off the Roll of Solicitors and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £5,581.50.

The Tribunal Ordered that the Respondent, [*SECOND RESPONDENT*] of c/o Andrew Hopper QC, P.O. Box 7, Pontyclun, Mid Glamorgan, CF7 9XN, solicitor, be Suspended from practice as a solicitor for the period of three months to commence on the 10th day of November 2008 and it further Ordered that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £4,651.25

The Tribunal Ordered that the Respondent [*THIRD RESPONDENT*] of c/o Ian Ryan, Finers Stephens Innocent Solicitors, 179 Great Portland Street, London, W1W 5LS solicitor, be Reprimanded and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £930.25

Dated this 24<sup>th</sup> day of January 2008  
On behalf of the Tribunal

J N Barnecutt  
Chairman