

IN THE MATTER OF PETER JOHN BLACKLOCK, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr. A. G. Gibson (in the chair)
Mr I R Woolfe
Mrs C Pickering

Date of Hearing: 7th October 2008

FINDINGS

of the Solicitors Disciplinary Tribunal
Constituted under the Solicitors Act 1974

An application was duly made on behalf of the Solicitors Regulation Authority by Paul Robert Milton a solicitor employed by the Law Society at the Solicitors Regulation Authority at 8 Dormer Place, Leamington Spa, Warwickshire, CV32 5AE on 29th February 2008 that Peter John Blacklock of 249 Forest Glade, Basildon, Essex, SS16 6SX, solicitor, be required to answer the allegations contained in the statement which accompanies this application and that such Order be made as the Tribunal think right.

The allegations against the Respondent were that he had been guilty of conduct unbecoming a solicitor in that:-

- (1) He withdrew money from client account in breach of Rule 22(1) of the Solicitors Accounts Rules 1998.
- (2) He misappropriated client funds.
- (3) He utilised client funds for his own benefit.
- (4) Contrary to Rule 32 of the Rules he failed to keep his accounts records properly written up.
- (5) Contrary to Rule 32(7) of the Rules he failed to carry out the required reconciliations.
- (6) He failed to comply with an undertaking given in the course of a conveyancing transaction.

Allegations of dishonesty were made against the Respondent in relation to allegations (1), (2) and (3).

The application was heard at the Court Room, Gate House, 3rd Floor, 1 Farringdon Street, London, EC4M 7NS when Paul Robert Milton appeared as the Applicant and the Respondent appeared in person.

The evidence before the Tribunal included the admissions of the Respondent, and a character reference provided by the Respondent's previous employers.

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

The Tribunal Orders that the Respondent Peter John Blacklock of 249 Forest Glade, Basildon, Essex, SS16 6SX, 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 £5,621.10.

Preliminary application to adjourn

The Respondent made an application to adjourn the hearing. He indicated that he took full responsibility for his actions and whilst he was not challenging any of the allegations made against him, he wanted to conclude his practice as quickly and professionally as possible to the best of his ability, and he felt that if a brief adjournment were allowed, this would be in the interests of justice. He indicated that there was a small number of bills which were still outstanding and as the amounts of these bills were materially large, he wanted time to allow him to continue in the recovery action. The Respondent gave the Tribunal details of the outstanding bills which came to a total of £110,943.21. He indicated that once these bills were recovered, it would be easier to accurately assess the amount of the deficit on his firm's client account.

The Applicant opposed the Respondent's application to adjourn. The Applicant indicated that it was questionable as to why the Respondent had taken eight months after the intervention to prepare and deliver these final bills. The Applicant also indicated that there might be disputes about the amounts of the bills and these were likely to be long and drawn out. The bills might be challenged and the Applicant submitted that an adjournment would not achieve anything, particularly in light of the fact that the Respondent had admitted all the allegations and the issues to be dealt with today were simply issues of mitigation.

The Tribunal decided that whilst it was to the Respondent's credit that he was trying to recover moneys due on bills so that there would be less loss to the Compensation Fund, it also noted that the Respondent had made admissions to all of the allegations and so it was felt that the matter should proceed forthwith and mitigation could be dealt with. Accordingly the Respondent's application to adjourn was dismissed.

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

1. The Respondent was born in 1950 and was admitted as a solicitor on 2nd July 1979 and his name remains on the Roll of Solicitors.

2. At all material times the Respondent practised on his own account under the style of Blacklocks Solicitors at Jubilee House, 3 The Drive, Great Warley, Brentwood, CM13 3FR.
3. On 15th February 2008 an adjudication panel resolved to intervene into the Respondent's practice.
4. The last known address of the Respondent is 249 Forest Glade, Basildon, Essex, SS16 6SX.
5. The Law Society carried out an inspection of the Respondent's firm and produced a Report dated 13th February 2008. The Report indicated that there were the following areas of concern:-
 - (i) The books of account were not in compliance with the Solicitors Accounts Rules and it was ascertained that there was a minimum cash shortage on client account totalling £149,862.03 as at 6th February 2008. The shortage comprised the following:
 - (a) Between 3rd January 2006 and 6th February 2008 there were 15 overpayments varying in amount between £50 and £4,576.28 totalling £10,825.46
 - (b) Between 3rd January 2006 and 6th February 2008 there were 42 over transfers into the firm's office account varying in amount between £11.75 and £10,974.05 totalling £111,781.92.
 - (c) Between 3rd January 2006 and 6th February 2008 client bank account was charged with 27 payments that were made either to the Respondent or in settlement of his personal liabilities. These payments varied in amount between £30 and £13,724 totalling £41,976.65 and included the following payments:
 - (a) £1,844.25 for school fees in respect of the Respondent's daughter.
 - (b) £1,391.66 as payment towards repairs on the Respondent's car.
 - (c) £2,350 into the Respondent's personal bank account.
 - (d) £5,272 in respect of the Respondent's VAT liability.
 - (e) £13,724.10 in respect of the Respondent's personal mortgage arrears.
 - (f) £10,000 to reduce the Respondent's personal bank account overdraft.
6. No client account reconciliations had been carried out since 31st March 2007.

7. The Respondent had acted for a Mr L in the sale of a property and as he did not have sufficient funds in his client bank account to redeem the mortgage, he was unable to fulfil an undertaking provided to the Bank of Scotland on 13th December 2007.

The submissions of the Applicant

8. The Respondent had admitted all the allegations which included the allegation of dishonesty. The Applicant reminded the Tribunal of the test of dishonesty laid out in the case of Twinsectra Ltd v Yardley and Others [2002] UKHL 12.
9. The Applicant indicated that the Respondent had admitted his misconduct saying in a written statement to the Applicant, "The various breaches of the accounts rules I take complete responsibility for. No one else was involved and no client was aware of what I was doing. In fact, to my shame I actively misled a number of those clients in order to perpetuate the situation in the hope that events might turn to my advantage and allow me to repay the deficit. I never had any intention of permanently depriving any of these clients of the funds that they were entitled to but despite my best efforts..... I was never able to achieve a situation of being able to claw back those transfers."
10. The Applicant submitted that no reasonable, prudent and honest solicitor would have acted as the Respondent did.

The submissions of the Respondent

11. The Respondent fully acknowledged his responsibility for the financial affairs of his practice and the events that led up to the intervention on 19th February 2008. The Respondent indicated that he had no lifestyle desires that could not be met from a reasonable salary. He had lived in the same house since 1997 with his wife and three children. The Respondent indicated that the foundation of his difficulties could be traced to a failed business venture and the withdrawal of support from his bank resulting in a high level of personal indebtedness.
12. He had previously been involved in an extremely successful company in 1996 and over the following seven years the company's annual turnover had grown from £1m to £26m. However, the Respondent was made redundant when the company was taken over and he tried to repeat the success of that company by creating a similar business model for a number of professions including architects, surveyors and the legal profession. Whilst this company achieved positive feedback, the Respondent was unable to raise a small tranche of private equity funds to get the business off the ground and his bank withdrew its support.
13. The Respondent then decided to set up his own practice and commenced trading in April 2005.
14. His first year was successful. The Respondent had taken on long term cases where the clients had no current finance to pay legal fees but there were assets available which, on final realisation could pay for the fees of representation. The Respondent felt that if he could set up as many of these as he could manage, it would create a pipeline

which would generate returns and would also assist clients who were being turned away from other law firms because of their inability to pay private legal fees.

15. The Respondent gave examples of the types of cases he had taken on and also informed the Tribunal of the work he had carried out at Basildon County Court Surgery where clients were not charged.
16. In late 2005 until the summer of 2007, the Respondent worked in a locum position in a number of different firms and, indeed, one of these firms provided a character reference which was before the Tribunal.
17. However, the Respondent indicated that financial pressures became more difficult when his bank started pressing him for repayment of a loan. The Respondent indicated that when he realised that there was a shortage on his client account and he was unable to complete a transaction, he approached a firm to raise funds in order to be able to complete the transaction, which he did.
18. The Respondent also informed the Tribunal of an incident when he had been acting for a client and it had become clear to him that mortgage fraud and money laundering appeared to be involved. The Respondent, accepted that this was a case which he should not have taken on and that he should have informed the authorities about the situation. The Respondent did confirm that completion never took place with his involvement and that shortly before the scheduled completion, he telephoned the mortgage company and informed them of the position. He believed that a possible £8m mortgage fraud was being planned and he hoped that his actions had assisted the building society in some way. He had been offered large sums of money by way of fees, which would have dealt with all his problems, but decided to honour his duty to the mortgage company and inform them of the situation.
19. The Respondent wanted to remind the Tribunal that he had cooperated fully with the SRA throughout the investigation and had provided as much information as possible. He accepted he had made himself vulnerable by being drawn into a position which had made him act in the way that he did. He felt that all the good work he had done had been tainted and undermined by the use of client funds to support the firm. He accepted that the integrity of client funds represented the basis of every firm, and every client must be able to rely on that basic fact. He indicated he was here before the Tribunal to accept the consequences of his actions.

Costs

20. The Applicant indicated he wished to pursue a claim for his costs which came to a total of £5,621.10. These had been agreed with the Respondent.

The Tribunal's findings

21. The Tribunal found the allegations to have been substantiated, indeed they were not contested.
22. The Tribunal indicated that it was clear the Respondent had been involved in worthy professional work but, regrettably, it was also clear that over a two year period the

Respondent had carried out a systematic theft of client money. It was essential that a solicitor must operate within professional boundaries and the Respondent had clearly stepped beyond these professional boundaries. He had used client money to pay for school fees for his daughter, to pay for repairs on his car, to pay for his VAT liability, to pay for his mortgage arrears, to reduce his own overdraft and to assist with his liabilities. It was quite clear that the Respondent had acted dishonestly and in flagrant breach of the Solicitors Accounts Rules. The Tribunal indicated that this was one of the worst cases that had come before it.

23. The Tribunal was very mindful of its duty to protect the public and safeguard the good reputation of the solicitors' profession. Members of the public were entitled to be able to trust a solicitor and the Respondent's behaviour severely damaged the good reputation of the solicitors' profession.
24. In view of this, the Tribunal felt that the only appropriate sanction was to strike off the Respondent.
25. The Tribunal also directed that the Applicant should inform the Chartered Institute of Accountants of these proceedings given that the Respondent was also a chartered accountant.
26. The Tribunal Ordered that the Respondent Peter John Blacklock of 249 Forest Glade, Basildon, Essex, SS16 6SX, 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 £5,621.10.

Dated this 8th day of January 2009
On behalf of the Tribunal

Mr A G Gibson
Chairman