SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 10595-2010

BETWEEN:

SOLICITORS REGULATION AUTHORITY Applicant

and

STEPHEN PETER DAVID MURRELL Respondent

Before:

Mr. E. Richards (in the chair)
Mr. S. Tinkler
Mr. R. Slack

Date of Hearing: 1st March 2011

Appearances

Geoffrey Williams QC, solicitor (Geoffrey Williams & Christopher Green of The Mews, 38 Cathedral Road, Cardiff, CF11 9LL), for the Applicant.

The Respondent did not appear and was not represented.

JUDGMENT

Allegations

1. The allegations against the Respondent were that he had:

1.1 Acted for a client in a Collective Investment Scheme in relation to Land Banking which was unauthorised by the Financial Services Authority contrary to Rule 1(a) and (d) Solicitors Practice Rules 1990 (as amended) ("SPR") and since 1 July 2007 contrary to Rule 1.02 and 1.06 Solicitors Code 2007 ("the Code");

1.2 Failed to disclose to investors his personal interest in Hamilton Bentley & Partners Limited for which company he acted in relation to the investments in question contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code;

1.3 Breached the terms of professional undertakings contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code;

1.4 Given assurances to investors (either himself or through Hamilton Bentley & Partners Limited in which he had an interest) as to the retention of their funds in his client account for safe keeping which he failed to fulfil contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code;

1.5 Withdrawn monies from client bank account otherwise than in accordance with Rule 22 Solicitors Accounts Rules 1998 ("SAR");

1.6 Effected transfers between client ledgers otherwise than in accordance with Rule 30 SAR;

1.7 Failed to maintain properly written books of account contrary to Rule 32 SAR;

1.8 Permitted his client bank account to be used to effectively provide banking facilities for clients contrary to Rule 15 SAR.

Documents

2. The Tribunal reviewed all the documents submitted by the Applicant and the Respondent, which included:

Applicant:

- Rule 5 Statement dated 13 August 2010 with exhibit;
- Statement of Nicholas Richard Trevelyan Ireland, Senior Investigation Officer employed by the Solicitors Regulation Authority ("SRA"), dated 4 February 2011 with exhibit;
- Statement of David Ernest Bailey, Investigation Officer employed by the SRA, dated 5 February with exhibit;

- Bundle of letters sent by Geoffrey Williams QC to the Respondent with attached proof of posting;

- Schedule of Costs of the Applicant dated 23 February 2011;

Respondent:

- None

Preliminary Matters

3. The Respondent did not appear and was not represented, and the Tribunal had to decide whether to proceed in his absence. Mr Williams advised the Tribunal that he had written to the Respondent on 6 September 2010 by way of notice to admit facts and including the date of the pre-listing day. He had written further on 28 January 2011 by way of a Civil Evidence Act notice, including the date of today's hearing, and he had written again on 9 February serving documents including the statements of Mr Bailey and Mr Ireland, and the date of today's hearing. Proof of posting of each letter was provided to the Court. Mr Murrell had not engaged in the proceedings at all, save by writing one letter seeking more time to give an explanation in respect of allegations 1.1. That explanation was not subsequently forthcoming and nothing had been heard from him since. It was evident from the Tribunal file that he had not corresponded with the Tribunal office. Accordingly the Tribunal having satisfied itself that proceedings had been properly served upon the Respondent under Rule 10 of the Solicitors (Disciplinary Proceedings) Rules 2007 decided to exercise its power under Rule 16(2) to hear and determine the application notwithstanding that the Respondent had failed to attend in person and was not represented at the hearing. No admissions in respect of any of the allegations having been received, all were treated as contested.

Factual Background

4. The Respondent was born in 1962 and admitted as a solicitor in 1987 and his name remained on the Roll of Solicitors. At all material times the Respondent practised as a solicitor under the style of Staple Inn Partnership (formerly Staple Inn Solicitors) ("the firm"), 34 Cannon House, Cannon Drive, Canary Wharf, London E14 4AS. It was believed that he had ceased to practise on or about 29 September 2009. Between 2003 and February 2009 the Respondent practised in partnership with another solicitor against whom no allegations were made in the proceedings.

5. An inspection of the books of account and other documents of the firm was carried out on notice by a representative of the Forensic Investigation Unit ("FIU") of the SRA. A report was prepared following the inspection dated 5 August 2009.

6. The allegations arose out of the Respondent's conduct in acting for a company HB which was incorporated in April 2005. It commenced trading in October of that year. At the outset the directors were ST and the Respondent. Later in 2005 DJ joined as a director.

7. The initial shareholding in HB was ST 51%, DJ 24% and the Respondent 25%. The shareholdings were subsequently adjusted so that the Respondent held 30%. The Respondent resigned his directorship on 4 July 2008. In his letter of resignation dated 4 July 2008 to ST, the Respondent referred to "the way I have been running things" and "your opportunity to take over the running of HB". At the time of the FIU inspection he retained his shareholding in HB.

8. **Allegation 1.1**

9. HB operated in the field of property investment. In particular it involved itself in Land Banking. The scheme by which this activity was conducted involved the following:

9.1 HB would purchase green belt land which had not been developed;

9.2 This land was then sub-divided into a number of leasehold plots;

9.3 These plots would be sold to investors - mainly by initial telephone contacts;

9.4 Initially the investors would pay a deposit to the firm;

9.5 The balance of the purchase price of each plot would subsequently be paid to the firm;

9.6 Each investor was to be granted a 999 year lease of his or her plot;

9.7 Once (at least) the great majority of the plots had been sold HB was contractually obliged to submit an application for outline planning permission for the whole site as its own cost;

9.8 If and when planning permission was granted HB would seek to sell the freehold of the site with its enhanced value to a property developer; and

9.9 The investors would then realise their investments by receiving a proportion of the sale price. Their leases would be determined.

10. The salespeople employed by HB worked from a script. It contained the advice "Do not give the whole game away, slowly slowly". The Respondent denied ever having seen this document.

11. An example of HB's scheme related to land at Padbury. HB had purchased land for £45,000.00. When sub-divided into 212 plots and sold HB would realise the sum of £1,696.000.00.

12. HM Land Registry had issued a Warning with respect to Land Banking. It revolved around the potential for disappointment on the part of investors largely as a result of the difficulties with obtaining planning permission for the sites.

13. Furthermore, if such schemes were structured as Collective Investment Schemes ("CIS") then the operators of the scheme were legally obliged to obtain authorisation from the Financial Services Authority ("FSA").

14. CISs were defined by S235 Financial Services & Markets Act 2000. Unauthorised CISs did not provide the protection of the compensation scheme which applied to authorised CISs. And operation of an unauthorised CIS can amount to a criminal offence.

15. HB had not received, and had not even sought, authorisation from the FSA to operate a CIS. Instead it attempted to construct a scheme that was not a CIS, and therefore did not require FSA authorisation.

16. HB had engaged in correspondence with the FSA in which HB sought to argue that the particular land banking scheme which it operated did not constitute a CIS. However, in a letter of 29 May 2007 addressed to the Directors the FSA had stated

> "We have carefully considered the material you have provided us, namely the brochure titled "Land Investment" and a draft lease agreement. On the basis of these documents we have determined that HB is operating an unauthorised collective investment scheme."

Later in the same letter the FSA stated:

> "HB is not authorised by the FSA to establish, operate or wind up a collective investment scheme.... we would ask you to cease selling these plots of land to investors in the UK, and to cease seeking new investors in breach of the Act until this matter is resolved.... Furthermore, can you please advise us as to how HB proposes to address the rights under section 26 of the Act for those investors who have to date purchased plots from it...."

In a letter of 11 October 2007 the FSA stated:

> "Our records currently indicate that an application for authorisation has not been made by HB.... HB is required to outline for investors the below options:
>
> (a) The opportunity to agree to a variation to the terms of investor's agreements with HB....; or
>
> (b) A full refund of the monies paid towards investor's plots, and any necessary additional compensation for legal costs incurred and interests foregone.
>
> Both of these options should be offered to HB's investors, by way of a written notice to investors, covered by a letter of explanation...."

17. In a letter of 12 November 2007 following perusal of a draft lease agreement the FSA stated:

> "It is therefore clear that HB is conducting a CIS in breach of section 235 of the Act."

18. A further letter from the FSA of 4 March 2008 concluded:

> "In the meantime, you may consider it appropriate to cease selling plots of land in the UK and to cease seeking new instructions until this matter has been resolved."

19. On 6 August 2008 the FSA wrote:

> "In addition, we require you to write to investors with a view to informing them of their rights in terms of section 26 of the Financial Services & Markets Act 2000."

20. At interview with Forensic Investigators the Respondent stated that the FSA correspondence resulted in a hiatus in the selling of plots, but not a cessation. He did not write to investors informing them of their rights and neither did HB. The Respondent and HB twice took advice from Counsel with respect to these matters. The first advice received from Queen's Counsel dated 13 August 2007 included:

> "The plan is to avoid the need for authorisation, and with it also therefore the standards of business conduct required by the FSA. However, there is still a general obligation in commerce to be clear, fair and not misleading, and the material here needs to measure up to and satisfy that standard."

21. In a further advice dated 11 September 2007 from a different Counsel, HB received the following advice:

> "I believe it is highly probable if this matter were to be tested in the Courts that the scheme as presently operated would be held to be a Collective Investment Scheme.
>
> Notwithstanding the foregoing I have drafted a letter to the FSA maintaining that the scheme is not as presently drafted a Collective Investment Scheme and putting forward a proposed solution much less radical than I feel should be implemented....
>
> The rock upon which the scheme founders I believe is primarily the question of day to day control together with restrictions or covenants in the Lease and "Pooling". This conclusion will be no surprise to those that instruct me...."

22. In an interview with Mr Bailey, an Investigation Officer, on 12 February 2009, the Respondent stated in response to the question "Why did you continue to represent HB after the FSA had advised that the scheme was illegal?", "We believed we could bring the operation within the scope of the Act."

23. A**llegation 1.2**

24. Whilst the Respondent was a director and shareholder in HB he acted on its behalf in dealing with the receipt of funds from investors and in the subsequent conveyancing. The funds received were paid into his client account which only he could operate. The funds were then paid away at the discretion of the Respondent or on the instructions of HB. Such payments included payment to or for the benefit of the Respondent himself. At interview with the FIU the Respondent stated that all

investors knew his status as he believed that they were told as "part of the sales pitch". However, he went on to say that he did not get involved in sales and denied any knowledge of the script used in the telephone selling process. In February 2007 HB received a management report which it had commissioned in respect of the operation of the enterprise. The report stated:

> "A team of commissioned-based telephone salespersons was assembled, groomed and managed by the founder and majority shareholder, Mr ST. Two other investors, [the Respondent] and Mr DJ took equity stakes. Mr T and [the Respondent] took overall company management responsibilities for HP...."

The telephone sales script made references to the Staple Inn Partnership, but not to the Respondent's interest in HB. It also contained statements that HB believed that it was not a CIS which would require regulation.

25. In the course of his interview with Mr Bailey the Respondent was asked whether he had disclosed his interests to any of the investors. He replied:

> "All investors knew. It was transparent to them that I was involved.... I believe they were told as part of the sales pitch. I didn't get involved in sales. I only personally spoke to about 10 investors, but I believed this to be the case."

In a letter from solicitors acting for Mr and Mrs C who had purchased plots at both Padbury and Rettendon it was stated "Mr C was never informed that [the Respondent] was a Director and Shareholder of HB, although he came to know/suspect so later on..."

In response to enquiries made of 13 investors in the Padbury site by the SRA, only one Mrs RH indicated a possible awareness that the Respondent was a director of HB. Mrs RH stated in a letter of 14 March 2009:

> "As regards, Mr Murrell being a partner of Staple Inn Partnership and a director and shareholder of HB, to be honest, I can not recall being informed of this, but it is possible I was, but just can not remember."

26. **Allegation 1.3**

27. When an investor was found for HB's first investment property in Rettendon, the Respondent would write to him or her regarding the transaction. Generally a standard letter was used. It contained the words:

> "we would remind you that we act on behalf of HB and therefore we are not in a position to advise you in relation to the lease. We would therefore urge you, if you deem it appropriate, to seek independent legal advice on the document."

and:

> "Please be assured that your money will remain in our client account pending the grant of the lease."

HB's sales brochure explained that HB's legal work was handled by Staple Inn Partnership, which it described as

> "an established City law firm. Staple Inn Partnership specialises in the area of land and property and is a member of The Law Society. All of your money is handled by Staple Inn Partnership, so that you have the assurance and security of dealing with a regulated firm."

Later in the brochure HB set out:

> "All of our clients' money is handled by our lawyers Staple Inn Partnership. We also ensure Staple Inn Partnership has adequate funds available for a full and viable planning application to be made."

It was established in the course of the investigation that all funds from investment when received by the firm were paid into a designated deposit account held by it in the name of HB.

28. An issue arose as to when precisely the leases were "granted" for the purposes of the statements quoted. This might be when the leases were dated or when they were registered. In practice the funds paid into the HB designated deposit account were paid away at the discretion of HB/the Respondent either immediately or shortly after receipt and therefore well in advance of either dating the leases or registering them. The SRA was advised in May 2009 by solicitors acting for HB clients Mr & Mrs C that they had been instructed to institute proceedings against the firm for the recovery of £99,000, being monies advanced by Mr & Mrs C in respect of the purchase of six plots of land located at Rettendon at a purchase price of £16,500 per plot. The solicitors acting for Mr & Mrs C advised the SRA that the leases had not been registered, notwithstanding that full payment of the purchase price had been made to the firm in June 2008. The SRA understood that ultimately all the plots in the Rettendon site had been registered but this had not occurred in the case of the Padbury site. The action to be brought by Mr & Mrs C was to be based on breach of undertaking. The HB client ledger showed that in respect of Rettendon over £96,000 had been paid into the account between 8 December 2005 and 19 January 2006, and by 23 January 2006 only the sum of £1,089.66 remained, the rest having been paid away.

29. **Allegation 1.4**

30. In respect of the land at Padbury, the freehold was purchased by HB on 7 February 2008 for £45,000. The property had been subdivided into 212 plots and the leaseholds were for sale to investors at £8,000 each. Mr Bailey, the Investigation Officer, established that, notwithstanding payment of the full purchase price by the investors concerned, a total of 46 leases relating to 30 investor clients had not been registered. He observed from the individual investor files that virtually no work had been done other than to acknowledge receipt of the investment funds paid to the firm. A schedule of outstanding leases disclosed a total liability to investors in the sum of £347,569.89, as all the money in respect of this development in the HB client account had been paid away.

31. The standard letter sent from the firm to the Rettendon investors, with a statement that funds would be retained in client account pending the grant of the lease, was not used in the case of the Padbury investors. In the course of his interview with Mr Bailey, the Respondent was asked whether the basis of retention of funds should be different for the Padbury investors, and he replied: "I don't think so, no". Mrs RH was one of the Padbury investors. She initially considered purchasing two plots but later withdrew and then decided to proceed with two different plots. On 12 October 2008 Mrs RH authorised the Respondent to proceed with the transaction and register her title. By March 2009 no title had been registered and she decided to withdraw from the transaction. She stated that she had understood that the money would be held by the firm until the purchase had been processed. No registration of title was effected for her and her funds had been paid away.

32. Some of the funds were utilised to pay dividends to the shareholders of HB, including the Respondent, others to pay a telephone bill, Counsel's fees, HB's staff salaries and tax. There were also payments to businesses in which the Respondent held an interest. In respect of payments made to one of these companies, Alterspace, Mr Murrell stated that they were in respect of alterations made to HB's offices, from which he had derived no personal benefit. In respect of payments to another organisation, Cameo Support Services, Mr Murrell confirmed that with the exception of those described as searches they represented the distribution of dividends due to him from HB.

33. The Respondent ceased to act for HB by November 2008. The successor firm received many complaints from irate investors. The Respondent had no client account monies to transfer along with the HB files and was not personally in a position to make any refunds to aggrieved investors.

34. **Allegation 1.5**

35. The books of account of the firm were not in compliance with the Solicitors Accounts Rules. The Designated deposit account in HB's name showed an overdrawn balance of £585.51 at the time of the inspection. This was caused by a payment made to CB at a time when no funds were held on behalf of the client in the designated deposit account. The potential liability of £446,569.93 in respect of the land bank investment schemes also constituted a cash shortage, which may not have fully crystalised.

36. **Allegation 1.6**

37. The Respondent had carried out transfers between client ledgers without the written authority of both clients. Mr Bailey examined the client ledger maintained on behalf of Mr DJ. It was noted that on a number of occasions funds had been transferred to Mr DJ from HB's designated deposit account. The Respondent explained that the payments made to DJ represented the distribution of dividends due to him from HB. The client ledger in his name revealed a number of undocumented loans and inter-ledger transfers, many of which were described as loans or replacement of loans where no details were contained in the client matter file. At his meeting with the Respondent on 12 February 2009 Mr Bailey asked him if he had obtained written authorisation for the inter ledger transfers. The Respondent said he had not, and that his auditors had never brought it to his attention. He added that he did not know this

was required, and stated that, if it was a requirement, "there would be many examples of my doing it wrong".

38. **Allegation 1.7**

39. In respect of transactions for Mr ST, another of the HB directors, it was noted during the investigation that there had apparently been a failure to properly record client account transactions relating to him. In interview the Respondent explained that there was no separate ledger for Mr ST but "on a couple of occasions money went from the HB designated deposit account into the general client account in ST's name." His explanation continued that the transactions were reflected in ledgers for ST but the majority of payments to him or on his behalf went directly to him and were not reflected in separate ledgers.

40. **Allegation 1.8**

41. Between December 2005 and May 2008 HB's designated deposit account within the client ledger had been used merely to receive funds from investors and to pay them away to, or for the purposes of HB and the Respondent, in circumstances where the funds were not utilised in the course of any underlying legal transaction, for example the payments in respect of HB staff salaries.

Witnesses

42. Mr David Ernest Bailey, an Investigation Officer employed by the SRA, gave sworn evidence confirming the truthfulness of the Forensic Investigation Report and of his own witness statement dated 4 February 2011.

Findings of Fact and Law

43. Allegation 1.1: That the Respondent acted for a client in a Collective Investment Scheme in relation to Land Banking which was unauthorised by the Financial Services Authority contrary to Rule 1(a) and (d) Solicitors Practice Rules 1990 (as amended) ("SPR") and since 1 July 2007 contrary to Rule 1.02 and 1.06 Solicitors Code 2007 ("the Code").

43.1 The Tribunal had carefully considered the evidence and submissions and had first to decide whether the land banking schemes operated by HB constituted an unauthorised collective investment scheme. It was submitted on behalf of the Applicant that it was quite clear that the scheme was unauthorised and that as soon as the Respondent became aware of that he should have ceased to have anything to do with it and written to the investors as suggested by the FSA to alert them to their rights. The Respondent had taken the view that they were not his clients and that he had no duties towards them, but it was submitted that because of his dealings with them he did owe them a duty of care. He had been on notice that the investors were at real risk and that the conduct of the scheme was unlawful. It was submitted that he had taken steps to do all he could to avoid compliance with FSA requirements.

43.2 The Tribunal considered that the land banking scheme constituted an unauthorised collective investment scheme. This was clear from the correspondence from the FSA,

from the opinions of the two Counsel and from the Respondent and HB's efforts to change the scheme to achieve compliance with FSA requirements. It was also clear that the Respondent knew that the scheme was unauthorised, and that it should have been authorised. Accordingly, the Tribunal found this allegation to have been proved.

44. Allegation 1.2: That the Respondent failed to disclose to investors his personal interest in Hamilton Bentley & Partners Limited for which company he acted in relation to the investments in question contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code;

44.1 The Tribunal had considered the submissions and the written evidence as well as the contents of the sales pitch and in respect of the land at Rettendon the standard letter. It had also noted that while the investors in the Padbury site were not sent the standard letter the Respondent had conceded in interview that he did not think that the basis of retention of funds should be different for them from the Rettendon investors. None of the documentation from the firm or HB which the Tribunal had seen made any reference to the involvement of the Respondent in HB. In particular the script used for conversations with investors did not disclose his personal interest, and the letters sent to them did not so disclose it. When asked whether he had disclosed his interest personally to any of the investors he merely stated that he believed they were told as part of the sales pitch, although he admitted he had never seen the script, and produced no evidence to support his belief. The Tribunal could find no evidence aside from the reference in the letter from Mrs RH to the SRA that she might have been told, that the Respondent had fulfilled his duty to disclose his involvement in HB when he undertook conveyancing work for the investors. He had had every opportunity to point to such evidence to contradict the evidence of the script and letters that no such disclosure was ever made. He had also stated that he had only spoken to 10 investors personally. The Tribunal was not in a position to determine what the Respondent had said to those investors.

44.2 The Tribunal found the allegation to have been proved to the necessary standard at least in respect of those investors to whom the Respondent had not spoken.

45. Allegation 1.3: That the Respondent breached the terms of professional undertakings contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code;

45.1 In respect of this allegation and allegation 1.4, it was submitted on behalf of the Applicant that the Respondent, as principal in the firm, was responsible for the wording of the standard letter used for purchasers of land at Rettendon and that the wording in the letter assuring clients that their money would remain in the firm's client account pending the grant of the lease constituted an undertaking which the Respondent had breached by paying away monies before leases were registered.

45.2 The Respondent took the view in interview with the SRA that as the completion date was backdated to the date of the signature on the leases the firm was entitled to allow HB to appropriate the monies received from investors immediately upon receipt.

45.3 The Tribunal considered that in the case of both Padbury and Rettendon investors the Respondent had been bound to retain their money until leases were delivered and he

had failed to so retain it. The Tribunal considered that the wording in the standard letter constituted a solicitor's undertaking which had been breached by the payment away of purchase monies before loans had been granted. The fact that the investors may not have been clients of the firm did not affect the situation as undertakings are customarily given to third parties and there is no requirement that an undertaking must be given to a client. The Tribunal found this allegation to have been proven on the evidence.

46. Allegation 1.4: That the Respondent had given assurances to investors (either himself or through Hamilton Bentley & Partners Limited in which he had an interest) as to the retention of their funds in his client account for safe keeping which he failed to fulfil contrary to Rules 1(a) and (d) SPR and since 1 July 2007 contrary to Rules 1.02 and 1.06 of the Code.

46.1 The Tribunal had carefully considered the documentation issued by HB, in which the evidence showed the Respondent had had a close operational involvement. It considered that the statements about his firm in the brochure and the references to it in the telesales script constituted proof of the allegation that he had given assurance to investors. The Tribunal considered that the letter used in respect of the purchase of land at Rettendon also contained such assurances. In respect of the land at Padbury, the Tribunal considered that it was implicit that where money was received from a third party that the Respondent was holding it as a stakeholder or to the order of that third party until their leases had been granted and this had not occurred and sums in the region of £350,000 had disappeared.

46.2 Accordingly, in respect of both sites the Tribunal found that assurances given by the Respondent had been breached and the allegation was proved on the evidence.

47. Allegation 1.5: That the Respondent had withdrawn monies from client bank account otherwise than in accordance with Rule 22 Solicitors Accounts Rules 1998 ("SAR")

47.1 The evidence showed that there was an overdrawn balance on client account for HB.

47.2 This was a strict liability offence which the Tribunal found to have been proved on the evidence.

48. Allegation 1.6: That the Respondent effected transfers between client ledgers otherwise than in accordance with Rule 30 SAR

48.1 The Respondent had admitted during the course of interview, that transfers of client money took place without written authorisation, stating that his auditors had never brought it to his attention and that he did not know that written authorisation was required.

48.2 This was a strict liability offence which the Tribunal found to have been proved on the evidence.

49. Allegation 1.7: That the Respondent failed to maintain properly written books of account contrary to Rule 32 SAR.

49.1 Again in interview the Respondent had admitted that he had failed to record transactions for Mr ST.

49.2 This was a strict liability offence and the Tribunal found it to have been proved on the evidence.

50. Allegation 1.8: That the Respondent permitted his client bank account to be used to effectively provide banking facilities for clients contrary to Rule 15 SAR.

50.1 The Tribunal considered that there was clear evidence that the Respondent had provided banking facilities for HB, through which company expenses were paid without any underlying legal transaction. The Respondent had admitted in interview that money was spent on behalf of HB and "a lack of knowledge of the rules".

50.2 The Tribunal found this allegation to have been proved on the evidence.

Previous Disciplinary Matters

51. None.

Mitigation

52. The Respondent did not appear and had submitted no mitigation.

Sanction

53. It had been submitted on behalf of the Applicant that the Respondent's actions were at the very top end of the scale of professional misconduct.

54. The Tribunal was extremely concerned about the Respondent's involvement in this land banking scheme. It was satisfied that by his involvement with HB the Respondent with his firm had created a scheme which appeared to have involved HB receiving substantial profits and by which some investors had received leases which were effectively worthless in that they conveyed minimal rights on them, others had received no leases and investors had lost substantial sums of money. The Tribunal was satisfied that the Respondent had displayed gross recklessness in ignoring all the evidence that the scheme should have been regulated, including numerous letters from the FSA and opinions of two Counsel. It appeared that the Respondent had pursued this course of action in the pursuit of profit. Undoubtedly the involvement of the Respondent's firm was designed to give comfort to members of the public by way of the undertakings and assurances he gave. The Tribunal was satisfied that the Respondent had played a central part in this catastrophic situation. As a result, members of the public had suffered and the reputation of the profession had been severely damaged in that members of the public should be able to trust solicitors in all their actions and dealings and the Respondent's lamentable failures in this regard, including completely failing to advise investors of their rights had undermined public trust in the profession. Accordingly, the Tribunal felt it had no choice but to strike the Respondent off the Roll of Solicitors.

Costs

55. The Applicant had sought an order for costs fixed in the sum of £42,180.95 inclusive of VAT and the costs of the investigation. The Respondent had not engaged with the proceedings and the Tribunal therefore had no evidence of his means. Accordingly the order for costs was not to be enforced without leave of the Tribunal.

Statement of Full Order

56. The Tribunal Ordered that the Respondent, Stephen Peter David Murrell of 34 Cannon House, Cannon Drive, Canary Wharf, London, E14 4AS, 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 £42,180.95, such costs not to be enforced without leave of the Tribunal.

Dated this 25th day of March 2011
On behalf of the Tribunal

E. Richards
Chairman