

**SOLICITORS DISCIPLINARY TRIBUNAL**

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12488-2023

**BETWEEN:**

SOLICITORS REGULATION AUTHORITY LTD.

Applicant

and

JACK GRUNHUT

Respondent

---

Before:

Ms T Cullen (in the chair)

Ms B Patel

Mrs L McMahan-Hathway

Date of Hearing: 12 December 2023

---

**Appearances**

Cameron Scott, barrister of Capsticks LLP for the Applicant.

Jonathan Goodwin, Solicitor Advocate of Jonathan Goodwin Solicitor Advocate Ltd for the Respondent.

---

**JUDGMENT**

---

## **Allegations**

The Allegations Mr Grunhut were that, while in practice as a solicitor:

1. On or around 15 June 2020, in support of an application for a refund of Stamp Duty and Land Tax (“SDLT”) to HMRC in respect of Property A, the Respondent drafted and obtained a Deed of Trust which he knew was false and misleading in that it purported to have been made on 17 June 2019 but was actually signed on 15 June 2020.

In doing so he:

- 1.1. Breached paragraph 1.4 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 (“the SRA Code 2019”); and/or
- 1.2. Breached all or any of Principles 2, 4, and 5 of the SRA Principles 2019;

### PROVED

2. In an email to his employer, Berlad Graham, dated 13 May 2021, the Respondent knowingly provided false and misleading information by stating that he did not have any personal or financial relationships with any clients of the firm which had not been disclosed, in circumstances where he had in fact received two personal loans from clients of the firm on or around 22 January 2021 and 25 March 2021 and these loans had not been disclosed.

In doing so he:

- 2.1 Breached paragraph 1.4 of the SRA Code 2019; and/or
- 2.2 Breached any or all of Principles 2, 4 and 5 of the SRA Principles 2019.

### PROVED

3. On or around 9 September 2019, in relation to the sale of Property D, the Respondent gave an undertaking to a third party to pay funds received in excess of £290,000 to that third party upon completion without obtaining the consent of his client.

In doing so he:

- 3.1 Failed to achieve Outcome 1.2 of the SRA Code of Conduct 2011; and
- 3.2 Breached Principles 4, 5 and 6 of the SRA Principles 2011.

### NOT PROVED

4. On or around 12 October 2021, the Respondent provided false and misleading information to his employer, Berlad Graham, by confirming in an email that:
  - 4.1. He had not entered into any referral/introducer arrangements in relation to the firm’s clients or matters undertaken at the firm.

- 4.2 He has not entered into any such arrangements without prior COLP approval. In circumstances where both these statements were untrue.

In doing so he:

- 4.3 breached paragraph 1.4 of the SRA Code 2019; and/or  
4.4 breached either or both of Principles 2 and 5 of the SRA Principles 2019.

PROVED

5. [Withdrawn]  
6. Between 1 April 2021 and 31 May 2021, and while employed as a solicitor with Berlad Graham, in relation to the purchase of Property H, the Respondent failed to comply with his employer's anti-money laundering procedures and conduct adequate Client Due Diligence.

In doing so he:

- 6.1 failed to comply with Regulation 28 of the MLRs 2017.  
6.2 breached paragraph 7.1 of the SRA Code 2019; and/or  
6.3 breached Principle 2 of the SRA Principles 2019.

PROVED

### **Executive Summary**

7. The Allegations against Mr Grunhut related to his work at two firms: Berlad Graham and Taylor Rose.
8. In relation to Allegation 1, Mr Grunhut generated a deed of trust in June 2020 but dated it 17 June 2019. This was sent to his client, who signed and returned it. This was in the context of an application for Stamp Duty Land Tax (SDLT) relief. Mr Grunhut's case was that he had drafted the document as an aide memoire to show the client what the Deed of Trust would have looked like at his client's request and believed that the document returned to him was the original that had been signed in 2019. The Tribunal rejected Mr Grunhut's evidence and found this matter proved in full, including the allegation of dishonesty.
9. Allegations 2 and 4 related to false and misleading emails sent by Mr Grunhut to Berlad Graham. This related to loans from clients (Allegation 2) and referral/introducer arrangements (Allegation 4). The SRA's case was that he had done so knowingly and dishonestly in relation to Allegation 2. Dishonesty was not alleged in relation to Allegations 4. Mr Grunhut's case was that the contents of the emails were accurate as he perceived the situation at the time. The Tribunal rejected this and found both Allegations proved in full.

10. Allegation 3 was that Mr Grunhut had given an undertaking without his client's permission. His defence was that he had not given the undertaking and that a colleague had done so having accessed his emails without consent. The Tribunal rejected this and found that the undertaking had been given. However, it was not satisfied to the requisite standard that the client had not consented to the undertaking being given. On that basis, Allegation 3 was not proved.
11. Allegation 6 was admitted and found proved.

### **Sanction**

12. Mr Grunhut was [struck off the Roll](#) and ordered to pay £29,533.26 in costs.

### **Documents**

13. The Tribunal considered all of the documents in the case which were contained in an agreed electronic bundle.

### **Preliminary Matters**

#### Application to withdraw Allegation 5

14. Mr Scott applied to withdraw this Allegation. This application had been made in writing to The Tribunal the day before the hearing. Mr Scott explained that the SRA had become aware of comments made by a Judge in an unrelated case about Mr Grunhut's supervisor at Taylor Rose. There had also been a report to the SRA about this individual. Mr Scott told the Tribunal that had these factors been present at the time the Rule 12 was drafted, Allegation 5 would not have been brought. This was because the SRA relied on the evidence of Mr Grunhut's supervisor in support of the Allegation. In light of the doubts cast on his credibility and character, it was no longer appropriate to proceed with Allegation 5.
15. Mr Goodwin did not oppose this application.
16. The Tribunal was satisfied that it was appropriate to grant leave for Allegation 5 to be withdrawn in the circumstances set out by Mr Scott.

#### Anonymity

17. The Tribunal had previously, on 27 September 2023, granted an application by the SRA for certain clients to be anonymised in the Rule 12 Statement to protect their Legal Professional Privilege. One of those clients was Person A, who gave oral evidence in the proceedings. The Tribunal, through its clerk, enquired whether it remained the case that Person A had not waived privilege. Mr Goodwin confirmed that this was the case. In the circumstances, the Tribunal confirmed that its direction of 27 September 2023 extended to Person A not being identified in open Court during the course of his evidence. The basis for this was, again, to protect his Legal Professional Privilege. Mr Goodwin and Mr Scott were content with that arrangement.

## Factual Background

18. Mr Grunhut was admitted as a solicitor on 1 April 2019. Between 1 April 2019 and 1 May 2020, he was employed as a consultant solicitor at Taylor Rose TTKW Ltd (“Taylor Rose”). Between 15 April 2020 and 6 June 2022, he was employed as a consultant solicitor at Berlad Graham LLP (“Berlad Graham”). At the time of the hearing, he held a current Practising Certificate which was made subject to conditions on 3 March 2023.
19. On 30 July 2020, Taylor Rose made a self-report to the SRA regarding an undertaking given by Mr Grunhut in the sale of a conveyancing transaction, following the client making a complaint that the undertaking had been given without their consent. The SRA commenced an investigation into Mr Grunhut’s conduct at Taylor Rose on 20 November 2020. The investigation involved a recorded interview between a Forensic Investigation Officer, Oliver Baker, Mr Grunhut and his legal representative on 20 October 2021 and resulted in a Forensic Investigation Report (“FIR”) prepared by Sarah Bartlett dated 19 January 2022.
20. Berlad Graham had been the subject of a prior investigation into the conduct of another solicitor, in connection with an unrelated matter. In the course of that previous investigation, twelve of Mr Grunhut’s client files were reviewed. In October 2021, the SRA commenced a separate investigation into Mr Grunhut’s conduct at Berlad Graham, resulting in a FIR being prepared by Myles Robinson dated 22 June 2022.
21. Allegation 1
  - 21.1 On 17 June 2019, Property A was purchased by Person A through Company A for £855,000. Person A was the sole director and shareholder of Company A. The buyer was represented by Bude Nathan. Mr Grunhut had no involvement in the purchase.
  - 21.2 According to the Land Transaction Return (the Return) submitted by Bude Nathan on 18 June 2019, the amount of SDLT payable was £58,400. The Return confirmed that the property was an additional property, and that the purchaser (Company A) was not acting as a Trustee. No SDLT relief was claimed.
  - 21.3 On 29 November 2019, Israel Lev, the agent for Person A, emailed Person A stating:

*“I have spoken to my accountant, and he advised that a first-time buyer should be qualified for the reduced SDLT even if he is not British citizen or has not got a right of abode [sic]”*
  - 21.4 On or around 8 June 2020, Mr Grunhut was contacted by Person A to assist him with reclaiming the SDLT paid on the transaction.
  - 21.5 On 15 June 2020, Mr Grunhut sent Person A the following documents:
    - An unsigned letter dated 15 June 2020 from Client A and Company A to HMRC authorising Mr Grunhut to handle an SDLT refund on his behalf and for payments to be made into a Santander bank account number in Mr Grunhut’s name.

- An unsigned Trust Deed dated 17 June 2019 between Company A and Israel Lev stating, amongst other things, that Property A was acquired by Company A on trust as nominee and bare trustee for Israel Lev;
  - An unsigned letter from Mr Grunhut to HMRC dated 15 June 2020 stating that Mr Grunhut was assisting Client A in his request for a refund of SDLT as the SDLT return filed by Bude Nathan contained errors. The letter stated that the property was in fact purchased on trust for a first-time buyer who did not own any other property and used the property as their main residence. The letter applied for a refund of £25,650 and requested payment of the refund into Mr Grunhut's Santander bank account.
- 21.6 The email attaching these documents stated "*please sign and return*".
- 21.7 Later the same day, Person A emailed Mr Grunhut attaching the following documents;
- A scanned copy of the letter to HMRC authorising Mr Grunhut to handle the SDLT refund signed by Person A;
  - The first page of a Trust Deed with Israel Lev's address inserted, and the last page of the Trust Deed signed on behalf of Company A by Person A.
- 21.8 The signed Trust Deed was an identical document to that which Mr Grunhut had sent to Person A, except for the following;
- A single character at the very beginning of the document which had been struck through;
  - Mr Lev's address being added by hand;
  - The signatures and witness details on the last page.
- 21.9 The SRA's case was that Mr Grunhut knew that the document was backdated and had not been signed on 17 June 2019 but rather had been signed on 15 June 2020.
- 21.10 Mr Grunhut was interviewed about this transaction by the SRA on 13 April 2022. During that interview he stated, amongst other things:
- He drafted and sent the draft trust deed to Person A;
  - He sent it as an aid to Person A to help him find the original;
  - He accepted he should have realised that Person A may have wanted to backdate a document and present it as the original one. He suspected after the event that this is what had happened;
  - He should have been "a lot more diligent" with Person A;
  - He should have enquired why the solicitors who had originally acted in the purchase were not applying for the SDLT refund;

- There had been “a big lack of judgment” on his (Mr Grunhut’s) part;
- He only intended Person A to sign the authority letter sent to him on 15 June 2020 and not the trust deed.

## 22. Allegation 2

22.1 While employed as a consultant with Berlad Graham, Mr Grunhut received loans from clients of the firm as set out below:

| <b>Date</b>      | <b>Client</b>                             | <b>Amount (£)</b> | <b>Outstanding<br/>(as at 22/6/22)</b> | <b>Repaid</b>               |
|------------------|---|-------------------|--|-----------------------------|
| 16 December 2020 | Person A /<br>Holmleigh<br>Properties     | £480,000          | nil                                    | 9 April 2021                |
| 22 January 2021  | Moses<br>Meisels                          | £50,000           | nil                                    | 9 April 2021                |
| 25 March 2021    | Kevin<br>Mansouri                         | £25,000           | £10,000                                | 12 August<br>2021 (in part) |
| 2 June 2021      | Solomon<br>Gluck/<br>Riverside<br>Estates | £75,000           | £75,000                                |                             |
| <b>Total</b>     |   | <b>£630,000</b>   | <b>£85,000</b>                         |                             |

The loans of 22 January 2021 and 25 March 2021 were the loans that formed the basis of Allegation 2.

- 22.2 The SRA relied on material provided by Mr Grunhut, in response to its letter to him of 21 January 2022, as the evidential basis of the loans.
- 22.3 On 5 May 2021 Noor Khan, a partner at Berlad Graham, emailed Mr Grunhut on 5 May 2021 raising a number of queries with him regarding a request to transfer money from a matter relating to a company owned by Mr Grunhut’s wife to cover Holmleigh Properties’ legal costs.
- 22.4 Mr Grunhut told Ms Khan that he had obtained a loan from Holmleigh Properties. Ms Khan escalated the matter to Ranaan Berlad and on 12 May 2021, Mr Berlad sent an email to Mr Grunhut, raising a number of questions, including:

*“Please confirm that you/a close relative do not have any other personal or financial relationships with any clients of the firm (past or present) which have not been disclosed.”*

Mr Grunhut replied the following day, stating:

*“confirmed”.*

22.5 In his interview with the SRA, Mr Grunhut stated that he did not consider that the question at included loans as he had read the question in conjunction with the two previous questions in the email.

23. Allegation 3

23.1 On 3 September 2019, Taylor Rose was instructed by Person C in relation to the sale of Property D. Mr Grunhut was responsible for the conduct of the transaction. Person C authorised his brother, Person D, to give instructions on his behalf. An unsigned document headed “Contract Terms” on the firm’s file stated that the purchaser was Esbee Group, and the price was £290,000. These Contract Terms also contained the following provision:

*“The agent Aven Estates Ltd will pay the seller £29,000 and has the right to take all the monies from completion funds if succeeds to sell for a higher amount than £29,000 (sic).” The hearing proceeded on the basis that the reference to £29,000 should in fact have been £290,000.”*

23.2 On 6 September 2019, Aven Estates sent an email to Mr Zysblat, a member of Taylor Rose’s staff, asking for a solicitor’s undertaking to pay the seller, Person C, £290,000 for the property and all further monies received from the buyer:

*“will be for the profit of and forwarded immediately upon completion to the agent Aven Estates Ltd”.*

The email gave Aven Estates’ bank account details.

23.3 On 9 September 2019 at 10.11, an email was sent from Mr Grunhut’s email address to Aven Estates giving the following undertaking:

*“We undertake that any monies in excess of the £290,000 will be the profit of and forwarded immediately upon completion to the agent Aven Estates Ltd...”*

23.4 The SRA’s case was that this email containing the undertaking was sent by Mr Grunhut. Mr Grunhut denied this.

23.5 The SRA’s case was that the undertaking was given without Person C’s or Person D’s instructions.

23.6 At 14.58 on 9 September 2019, Aven Estates Ltd sent an email to Mr Grunhut’s email address thanking him for the undertaking and seeking a further undertaking in respect



of ground rent and other charges. At 15.02 the same day, an email was sent from Mr Grunhut's email address seeking instructions from Person D concerning the second undertaking but not referring to the first undertaking already given. Person D replied:

*"Thanks Jack Grunhut, please proceed"*.

- 23.7 Person C ceased instructing Taylor Rose on 4 February 2020 prior to the matter completing and sent a letter of complaint to Mr Grunhut dated 23 March 2020. In that letter he referred to what he described as Mr Grunhut's:

*"highly suspicious behaviour"*.

- 23.8 Person C wrote that he had, that day, received:

*"a series of the emails relating to "an alleged undertaking that you have provided to accompany called Aven Estates Ltd... I do not recall ever giving any such undertaking and I have no reason to give any such undertaking"*.

Person C asked, amongst other things, why the undertaking had been given without his consent. He also asked why had the purchase price been £290,000, when the agreed price was £350,000.

- 23.9 Mr Grunhut replied on 7 April 2020. He stated that Person C, Person D and a Mr Bodner from Aven Estates had attended a meeting with him on 2 September 2019. Mr Grunhut stated that at that meeting he had gone through the agreement that, should the purchase price be higher than £290,000, the additional sum would be paid to Aven Estates. Mr Grunhut wrote that he had been instructed to give the undertaking to pay the additional sum and also to give the further undertaking on 10 September 2019 regarding the ground rent. He also confirmed he had no financial connection with Aven Estates.
- 23.10 On 30 July 2020, Matthew Hoe, the COLP of Taylor Rose, notified the SRA of the matter. He confirmed that Taylor Rose was unable to explain why Mr Grunhut had given the undertaking to Aven Estates. The client had denied giving instructions to do so and they had been unable to find anything to contradict that. Mr Hoe told the SRA that the undertaking was unusual and non-routine and that the increased purchase price of £350,000 was markedly higher than the recent average sale price of properties in the street. There was no record of Mr Grunhut having sought approval for this undertaking.
- 23.11 Mr Grunhut subsequently told the SRA that he did not know that the sale price of the property had been increased. He claimed that the client had been spoken to prior to the undertaking being given and had instructed him to give the undertaking. When he was interviewed on 20 October 2021, he told the SRA that he was acting on the client's instructions or at least the instructions of someone authorised by the client at all times. There were no notes of the meeting with Person C and Person D on 2 September 2019. He agreed that the undertaking was unusual. He agreed that he did not seek advice from anyone within Taylor Rose as to whether he could give the undertaking but accepted that with hindsight he should have done.

23.12 In representations made to the SRA, Mr Grunhut had given a different explanation, stating that Mr Zysblat had used his email address without his knowledge to provide the undertaking.

24. Allegation 4

24.1 Between around 6 May 2020 and 18 September 2020, Mr Grunhut received the following payments into his personal bank account for referring clients to Fortys Capital, a short-term lender:

| Date    | Amount    | Client                                  | Property             | File ref    |
|---------|-----------|---|----------------------|-------------|
| 6.5.20  | £200      | Kettering Court Ltd                     | 66 Kettering Court   | KET001/0001 |
| 2.9.20  | £1,140.40 | Kevin/ Kaymar<br>Mansouri               | Middlemarch<br>Lodge | MAN016/0001 |
| 18.9.20 | £1,516.68 | Kevin/ Kaymar<br>Mansouri               | 115 Daws Lane        | 115001/0001 |
| 18.9.20 | £551.25   | Naftoli Rudzinski/<br>Nicer Estates Ltd | 68 Ethnard Road      | NIC015/0001 |

24.2 On 19 January 2022 Mr Grunhut provided the SRA with copy invoices in relation to the first two payments, which stated that these were referral fees.

24.3 On 22 October 2021, Mr Grunhut provided the SRA with letters dated 19 October 2021 signed by the clients in respect of the three payments received in September 2020. Each letter contained similar wording. For example, the letter in relation to the payment on 2 September 2020 stated:

*“I hereby confirm that Jack Grunhut notified me on 02/09/2020 of a payment of £1140.40 from Fortys Capital as a token of their appreciation of his referral of me to them for the finance of the purchase of [address]. At the time I confirmed to him that I was happy for him to keep the full amount of the payment.”*

24.4 On 9 July 2020 Mr Grunhut had paid £80,000 to Fortys Capital from his personal Bank account. On 23 November 2020, he received three payments totalling £82,676.22 from Fortys Capital. Mr Grunhut told the SRA that the payment to Fortys Capital was a private investment for himself and his wife which was used by Fortys Capital to finance a bridging loan to their clients and that the additional £2,676.22 was a return on investment. He also stated that the commissions were received: *“in circumstances in which the individuals involved insisted on paying me a fee for my help”*.

24.5 On 29 April 2020, Mr Berlad had emailed a number of fee earners at the firm, including Mr Grunhut, reminding them of the SRA Code regarding referral agreements. The email asked the recipients to confirm whether they were party to any referral agreements. It also asked that Mr Berlad be informed of any future referral arrangements before they were entered into. This was repeated in emails sent on

21 September 2020 by Mr Berlad and 20 April 2021 by Ms Khan. The latter two emails referred to a requirement for COLP authorisation to be sought in relation to any referral arrangements.

- 24.6 A further email on this subject was sent by Ms Khan on 12 October 2021 which included the following:

*“ ... we must disclose information pertaining to all referral and introducer agreements. You have all previously confirmed that you have not entered into any referrer/introducer arrangements in relation to BG clients/matters undertaken at BG. We further asked that you do not enter into any such arrangements without prior COLP approval... Please can you confirm that this remains correct by 4pm 15 October”.*

- 24.7 Mr Grunhut replied to that email the same day stating:

*“I can confirm that I have not entered into any referral/ introducer arrangements in relation to BG clients/ matters undertaken at BG. I can also confirm that I have not/ will not enter into any such arrangement without prior COLP approval”.*

- 24.8 The SRA’s case was that at the time he sent this email, Mr Grunhut had in fact entered into referral arrangements and had been paid referral fees in respect of four Berlad Graham client matters. Mr Grunhut denied this.

- 24.9 On 22 October 2021, Mr Grunhut sent an email to the SRA’s FIO confirming, amongst other things, that the payments he received on 2 and 18 September 2020 were referral fees. He said that he had sent a copy of the email to Berlad Graham. On 25 October 2021, Mr Berlad wrote to Mr Grunhut and asked, amongst other things, why he had not informed the firm of the payments and why he had not disclosed them when the firm had queried the payments with him. Mr Grunhut replied that he did not believe he was required to notify the firm as he had checked the guidance and there was no agreement or arrangement.

- 24.10 On 22 October 2021, Mr Grunhut told the SRA that the clients had not been able to secure a buy-to-let mortgage so he had advised them to contact Fortys Capital. There was no “*arrangement*” for him to be paid a referral fee but the clients had asked “*as a sign of gratitude*” for an invoice so that they could pay him a referral fee.

- 24.11 In his interview with the SRA on 13 April 2022, Mr Grunhut indicated that he did not consider that the SRA Code of Conduct or Berlad Graham’s policies applied to these payments as there was no written agreement and the arrangement was informal. He did not consider he needed to tell the firm about these payments although he accepted with hindsight he should have done.

## 25. Allegation 6

- 25.1 Berlad Graham acted for Company I in the purchase of Property H. The transaction completed on 14 May 2021. The purchase price was £460,000. Mr Grunhut was the solicitor responsible for the transaction.

- 25.2 Berlad Graham's AML policy was contained in the firm's Office Manual. This confirmed that client due diligence checks involved verifying the client's identity and identifying beneficial owners of trusts. As regards trusts, a certified copy of the trust was required and evidence of the identity of beneficial owners should be obtained.
- 25.3 The AML policy also required fee earners to:
- "...take reasonable measures to obtain information about the source of funds and source of wealth, at the earliest opportunity to ensure they have time to obtain further information before completion...If a payment is made from a third party, the fee earner must ask why the third party is helping with the funding..."*
- 25.4 Mr Grunhut, with the assistance of his legal secretary, conducted client due diligence in relation to Company I and its director and shareholder, Person F.
- 25.5 On 12 May 2021, Person F emailed Mr Grunhut's colleague, Mr Clifford asking him to deduct the stamp duty from the statement as the purchase would "eventually" be transferred into a private name which would be exempt from stamp duty. Mr Clifford emailed Person F, copying in Mr Grunhut, on 20 May 2021 confirming that £13,800 would be needed to pay SDLT. He also emailed Mr Grunhut stating:
- "We haven't got the funds for the SDLT he needs to send it to us it doesn't matter that the property will eventually be put in a private name, unless there is a relief that I am unaware of? (sic.)"*
- 25.6 Person F responded to Mr Clifford on 20 May 2021 stating that he did not have to pay SDLT as the purchase would be in a private name. Mr Clifford responded, again copying in Mr Grunhut, asking for evidence that the property was bought on trust for an individual and no SDLT needed to be paid. On 24 May 2021 Person F emailed Mr Clifford attaching a trust deed dated 28 April 2021 which stated that the property was held on trust for an individual called Aron Bard. Mr Clifford forwarded this email to Mr Grunhut on 24 May 2021 stating that he would now proceed to do the SDLT. Mr Grunhut acknowledged this, saying "good". The SDLT return was completed on 24 May 2021, with the SDLT 5 being sent to Mr Grunhut the same day.
- 25.7 Prior to receipt of the trust deed on 24 May 2021, there had been reference to Aron Bard on any of the documents. The SRA's case was that Mr Grunhut had failed to conduct any client due diligence or other AML checks in relation to Mr Bard and made no enquiries of Person F or anyone else as to Aron Bard's involvement in the transaction and why this involvement had not been disclosed earlier. Mr Grunhut admitted that no checks had been done in relation to Mr Bard.
- 25.8 On 19 January 2022, Mr Grunhut provided the following explanations to the SRA.

### **Witnesses**

26. The written and oral evidence of witnesses is quoted or summarised in the Findings of Fact and Law below. The evidence referred to will be that which was relevant to the

findings of the Tribunal, and to facts or issues in dispute between the parties. For the avoidance of doubt, the Tribunal read all of the documents in the case and made notes of the oral evidence of all witnesses. The absence of any reference to particular evidence should not be taken as an indication that the Tribunal did not read, hear or consider that evidence. The following witnesses gave oral evidence:

27. Myles Robinson (FIO)

- 27.1 Mr Robinson confirmed that Mr Grunhut had cooperated fully with the investigation.
- 27.2 Mr Goodwin put it to Mr. Robinson that there was no direct evidence of supervision of Mr Grunhut, by which he meant regular monthly meetings, file reviews and appraisals. Mr Robinson could not recall if he saw specific documents and he told the Tribunal that the closest document was the May 2021 email sent by Mr Berlad and a note of the meeting afterwards.
- 27.3 In relation to Allegation 1, Mr Robinson agreed that Mr Grunhut had given consistent explanations as to his belief at the time and that these were consistent with the statement given by Person A.
- 27.4 In relation to Allegation 4, Mr. Robinson accepted that he had not contacted the writers of the letters provided by Mr Grunhut. Mr Goodwin asked him why this was. Mr Robinson agreed that he could have contacted them, but he had understood Mr Grunhut to have been saying that these were referral arrangements, albeit he wanted to draw distinction between formal and informal. Mr Robinson agreed that he saw no formal referral arrangements or agreements.

28. Mr Grunhut

- 28.1 Mr Grunhut confirmed that his written Answer was true to the best of his knowledge and belief and he relied upon it as his evidence before the Tribunal. Mr Grunhut further confirmed that he was of good character and he referred to a certificate of good standing that had been issued to him by the SRA in August 2022.
- 28.2 In relation to Allegation 1, Mr Grunhut told the Tribunal that his intention had been that Person A only sign the authority letter. He told the Tribunal that Person A had asked him for a document that would help him find the original trust deed. Mr Grunhut told the Tribunal that at the time his genuine belief had been that he had thought this would be the most helpful way for Person A to find this document. Mr Grunhut told the Tribunal that he did not think he was acting inappropriately at the time, but in hindsight he would have made more enquiries.
- 28.3 In cross-examination, Mr Scott asked Mr Grunhut whether Person A had told him that the property was bought on trust. Mr Grunhut confirmed that he had and that Person A had not told his solicitors at the time. Mr Grunhut had not asked him why this was.
- 28.4 Mr Grunhut accepted that he had drafted the trust deed and had put in the date of 17 June 2019, before sending it to Person A in 'Word' format. Mr Scott put to Mr Grunhut that his explanation for doing so, namely that it was to assist Person A in locating the original, was untrue. Mr Grunhut denied this and maintained that the

request in the email to “please sign and return” referred to the letter of authority. Mr Scott asked Mr Grunhut why he had not simply told Person A that the document he was looking for would say ‘Trust Deed’. Mr Grunhut could not recall why he had not said that. Mr Grunhut told the Tribunal that he did not think sending it in ‘pdf’ or ‘Word’ made any difference. Mr Grunhut denied intending that Person A would sign the trust deed.

- 28.5 Mr Scott put to Mr Grunhut that Person A had responded in less than four hours with the two documents signed, suggesting that it was surprising that Person A had managed to find the original in such a short space of time. Mr Grunhut told the Tribunal that the fact it took that length of time led him to believe at the time that Person A had spent time looking for the original trust deed. Mr Grunhut denied knowing that the document sent back to him was the same document he had sent out a few hours earlier. Mr Grunhut denied acting dishonestly and denied suggesting to HMRC that the document was signed in June 2019 when in fact he knew it was signed in June 2020.
- 28.6 In relation to Allegation 2, Mr Grunhut told the Tribunal that he had relied on his interpretation of the rules at the time and an internet search when considering whether he was involved in a financial relationship. Mr Grunhut told the Tribunal that he did not consider that the term ‘financial relationship’ included loans. He told the Tribunal that the questions leading up to this question in the email had shifted his focus towards shareholdings and directorships.
- 28.7 In cross-examination, Mr Grunhut accepted that he had received loans and that they had come from clients of Berlad Graham that he had introduced. He further accepted that he had not told the firm about the loans. Mr Scott put to Mr Grunhut that taking a loan meant that he was in a financial relationship with the person advancing the loan. Mr Grunhut denied this.
- 28.8 Mr Scott took Mr Grunhut through the email exchanges and put to him that it was clear, given what caused this email to be written, that the concern was loans given to him and his wife by clients. Mr Grunhut told the Tribunal that it was not clear to him at the time. Mr Grunhut denied that his answer “confirmed” was untrue and he denied acting dishonestly.
- 28.9 In relation to Allegation 3, Mr Grunhut accepted that he had given inconsistent explanations. He told the Tribunal that when Person C had first complained about the undertaking, he assumed he had sent it as it came from his email address. He told the Tribunal that he did not distinctly remember the file, and it never occurred to him that someone else would use his (Mr Grunhut’s) email address. Upon further reflection Mr Grunhut had reviewed the court documentation and he stated that he had sufficient evidence that a colleague, Mr Zysblat, had used his email address and was actively involved in this matter without his knowledge. Mr Grunhut confirmed that the representations sent to the SRA on 13 February 2023, when this explanation was provided, were true and accurate.
- 28.10 Mr Grunhut told the Tribunal that he had first met Mr Zysblat at a ABGN solicitors (latterly ABJ) in January 2017 when he (Mr Grunhut) had started work as an intern. Mr Zysblat was a business relationship manager. In due course a business relationship

developed between them, and they subsequently worked together while Mr Grunhut was at Taylor Rose.

- 28.11 Mr Grunhut referred the Tribunal to text messages with an individual connected to Aven estates. These contained a direct dial landline number for Mr Zysblat.
- 28.12 Mr Grunhut told the Tribunal that the fact that the initial email was sent only to Mr Zysblat indicated that it was intended “*for his eyes only*”.
- 28.13 Mr Grunhut told the Tribunal that he only became aware of Mr Zysblat’s regulatory history in August 2021, when a Regulatory Settlement Agreement was published by the SRA.
- 28.14 In cross-examination, Mr Grunhut confirmed that he had day to day conduct of the matter and that he handled the transaction.
- 28.15 Mr Scott put to Mr Grunhut that he would have seen the email of 9 September 2019 that was sent to his email address requesting the second undertaking. Mr Grunhut told the Tribunal that he would not necessarily have seen it. Mr Scott suggested that Mr Grunhut had seen it as he had responded to it by asking Person D to confirm his instructions. Mr Grunhut denied sending that email too, telling the Tribunal that Mr Zysblat had sent it. Mr Scott put to Mr Grunhut that this was the first time he had suggested that Mr Zysblat had sent the second email. Mr Grunhut told the Tribunal that he had not been asked about subsequent emails. Mr Grunhut denied giving the first or the second undertaking.
- 28.16 Mr Scott asked Mr Grunhut about the letter of complaint that he received in March 2020. Mr Grunhut agreed that he had been shocked to receive such a serious allegation against him. Mr Grunhut told the Tribunal that in preparing his response to Person C, his memory had been “jogged” by Mr Zysblat and he had relied on his version of events. Mr Grunhut reiterated this answer when Mr Scott put to him that in his response to Person C he had stated that “I recall specifically”, in relation to a meeting in which he Mr Grunhut had stated that Person C had provided his instructions for the first undertaking. Mr Grunhut told the Tribunal that he had believed this is what had happened as it had never occurred to him that Mr Zysblat would abuse his trust and access his emails.
- 28.17 Mr Grunhut denied that his submissions to the SRA in February 2023 had been a lie. He further denied that the text messages referred to above were of no relevance, telling the Tribunal that they showed Mr Zysblat had significant involvement in the matter.
- 28.18 In relation to Allegation 4, Mr Grunhut reiterated that he denied this Allegation, telling the Tribunal that his email of 12 October 2021 reflected his understanding at the time.
- 28.19 In cross-examination, Mr Scott noted that the invoices used the words “referral fee” in the body of the invoice and put to Mr Grunhut that he had an arrangement with Fortys Capital, even if it was not written or formal. Mr Grunhut denied this and denied that he had arranged to be paid a percentage of the loan amount.

- 28.20 Mr Grunhut accepted that Berlad Graham did not know of these payments, telling the Tribunal that he had looked at the guidance and did not consider them reportable. Mr Grunhut could not recall which guidance he had looked at. Mr Scott took Mr Grunhut through the email exchanges and put to him that he had a personal arrangement with Fortys Capital which he ought to have reported to the firm's COLP. Mr Grunhut denied this and denied lacking integrity in not disclosing the payments he had received for referring the clients.
- 28.21 Mr Grunhut confirmed that he admitted Allegation 6.
- 28.22 At the start of his evidence, Mr Grunhut had described his working arrangements, security systems in place for his work access and arrangements regarding supervision. Mr Scott had put to him that he did have supervision in place at Berlad Graham. Mr Grunhut had denied this.
29. Person A
- 29.1 Person A confirmed that his witness statements were true to the best of his knowledge and belief.
- 29.2 Person A told the Tribunal that he had bought the property on trust and that he had signed the original trust deed on 17 June 2019. Person A stated that he had been unaware that the SDLT form had recorded that the property was not bought on trust.
- 29.3 Person A told the Tribunal that it was possible he had signed two trust deeds – one on 17 June 2019 and one on 15 June 2020. Having been shown version sent on 15 June 2020, Person A accepted in cross-examination that it looked like he had signed and returned that one, having been sent it by Mr Grunhut. Person A also stood by his written statement, put to him in re-examination, that the document he had sent back was the one signed in 2019.

### **Findings of Fact and Law**

30. The Applicant was required by Rule 5 of The Solicitors (Disciplinary Proceedings) Rules 2019 to prove the allegations to the standard applicable in civil proceedings (on the balance of probabilities). The Tribunal had due regard to its statutory duty, under section 6 of the Human Rights Act 1998, to act in a manner which was compatible with Mr Grunhut's rights to a fair trial and to respect for their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.
31. The Tribunal considered carefully all the documents, witness statements and oral evidence presented. In addition, it had regard to the oral and written submissions of both parties, which are briefly summarised below.



## 32. Allegation 1

### Applicant's Submissions

- 32.1. Mr Scott submitted that by drafting and obtaining a backdated trust deed on behalf of Person A, Mr Grunhut intended to mislead HMRC for the purpose of claiming an SDLT refund of £25,797.58. He submitted that he had obtained the backdated trust deed in order that he could provide it to HMRC if required in support of the claim for a refund of SDLT.
- 32.2 Mr Scott submitted that Mr Grunhut had breached Principle 2 on the basis that public trust in solicitors would be undermined if it was known that Mr Grunhut had drafted a backdated trust deed, sent this to Client A for signature and obtained it to support a claim for refund of SDLT, thereby providing false and misleading information to HMRC. Mr Scott submitted that Mr Grunhut's failure to make adequate enquiries to establish if the property had in fact been purchased on trust and the refund was properly being claimed similarly undermined public trust. Principle 2 was therefore breached.
- 32.3 Mr Scott submitted that Mr Grunhut had acted dishonestly. He relied on the test set out in Ivey v Genting Casinos [2017] UKSC 67.
- 32.4 Mr Scott submitted that Mr Grunhut had known the trust deed had not been signed on 17 June 2019. He had failed to make any enquiries with the client's previous solicitors and the lender's solicitors to establish if the property had in fact been purchased on trust as he was told by Person A. Mr Scott submitted that even if Mr Grunhut had genuinely believed that Person A had lost the trust deed, drafting a backdated trust deed and having it signed in support of the refund claim was dishonest.
- 32.5 Mr Scott further submitted that Mr Grunhut had lacked integrity and he relied on the test in Wingate and Evans and Malins v SRA [2018] EWCA Civ 366. He submitted that a solicitor acting with integrity would not have drafted a backdated trust deed and sent this to a client for signature or acted in the ways described above.

### Respondent's Submissions

- 32.6 Mr Goodwin made a number of overarching submissions, which are summarised here for ease of reference, before making submissions specific to each Allegation. The Tribunal had the overarching submission in mind when considering each Allegation.
- 32.7 Mr Goodwin reminded the Tribunal that Mr Grunhut had been relatively newly qualified at the material time and as such was entitled to support and supervision, which Mr Goodwin submitted had been lacking.
- 32.8 Mr Goodwin drew the Tribunal's attention to the character references submitted in support of Mr Grunhut's good character. This entitled Mr Grunhut to the appropriate direction in relation to credibility of his explanations and propensity, or lack thereof, in relation to the Allegations themselves. Mr Goodwin submitted that being accused of dishonesty and lack of integrity was a cause of concern, upset and sadness to Mr Grunhut. It was regrettable that Mr Grunhut had come across individuals who were less than ideal role models so early in his career.

- 32.9 Mr Goodwin reminded the Tribunal of the burden and standard of proof that the SRA had to meet. In particular, Mr Goodwin emphasised that it was Mr Grunhut's state of knowledge at the time, rather than with hindsight, that was relevant.
- 32.10 Mr Goodwin submitted that Mr Grunhut had given evidence in a calm, measured way despite the stress of the situation. He invited the Tribunal to prefer Mr Grunhut's evidence to anything said in the documents by others who had not given evidence. Mr Goodwin reminded the Tribunal of Mr Grunhut's full co-operation with the SRA, which was confirmed by Mr Robinson in his evidence.
- 32.11 In relation to Allegation 1 specifically, Mr Goodwin relied on the representations sent to the SRA, Mr Grunhut's interview and his evidence. In relation to the 'please sign and return' request in the email to Person A, Mr Goodwin submitted that while the Tribunal may criticise Mr Grunhut for his lack of care, his genuine belief in June 2020 was as he had set out in his evidence. Mr Goodwin submitted that Mr Grunhut accepted that his email could have been clearer in what it was he was asking Person A to do, but Mr Grunhut had not suspected anything inappropriate from Person A at the time and there was no cause for concern apparent.
- 32.12 Mr Goodwin submitted that Person A's evidence supported Mr Grunhut's position. He submitted that the SRA's case was unfair and not supported by the evidence and he invited the Tribunal to find it not proved. Further, due to the manner in which Allegation 1 had been pleaded, the SRA had to prove dishonesty, with reference to the test in *Ivey*, or could prove no part of the Allegation.

### The Tribunal's Findings

- 32.13. The Tribunal took into account Mr Grunhut's good character, both in relation to propensity and credibility when considering each of the Allegations.
- 32.14 The Tribunal noted that Mr Grunhut did not dispute drafting a trust deed dated 17 June 2019 on 15 June 2020. He did not deny sending this document to Person A, together with two other documents, with a covering email which said "*please sign and return*".
- 32.15 Mr Grunhut's case was that he had done so at the request of Person A on the basis that Person A had asked him to send him a document which would assist him in locating the original. Further, Mr Grunhut's case was that he only intended Person A to sign one document, namely the letter of authority, and not the trust deed. Person A's evidence was not entirely consistent in that in his written statement he stated that he had sent back the original that he claimed to have signed in June 2019. In his oral evidence he accepted that it was possible that he had sent back the version sent to him by Mr Grunhut.
- 32.16 The Tribunal found Mr Grunhut's evidence implausible. If he had been asked to provide a document which would help Person A find the original, there was no need to put the date on it or the details of the parties including the addresses. He could simply have sent a blank deed of trust template. Mr Grunhut could have had the word 'Draft' added in watermark across the document to ensure no confusion with the original. It made little sense to populate the document in the way Mr Grunhut did, if he did not intend that Person A would rely on that document and sign it.

- 32.17 This was reinforced by the email which attached three documents and said “*please sign and return*”. As a solicitor, notwithstanding his relative inexperience, Mr Grunhut would know the importance of being clear. It would have taken no effort to have added the words ‘the letter of authority’ to that sentence.
- 32.18 The email did not contain a phrase such as ‘here is a specimen trust deed to help you find the original’. It made no reference to Person A searching for the original or to the document being attached for the purposes of assisting that search.
- 32.19 The document sent by Mr Grunhut was clearly false as it was dated 17 June 2019 when in fact it had been created on 15 June 2020. It was misleading as it purported to have been signed on a date almost a year earlier and would have given the impression to anyone looking at it, in this case HMRC, that it had been signed on 17 June 2019 when it had not been.
- 32.20 The Tribunal rejected Mr Grunhut’s evidence that he did not know at the time that the trust deed was false and misleading. Mr Grunhut was aware that this document was being obtained in the context of an application for a refund of SDLT. He knew that the original was not in his possession, and he was aware that for the application to HMRC to be successful, HMRC would require evidence that the trust deed was signed on 17 June 2019. The Tribunal was satisfied on the balance of probabilities that Mr Grunhut had drafted and obtained the deed of trust knowing that it was false and misleading.
- 32.21 The Tribunal therefore found the factual basis of Allegation 1 proved. It followed from those factual findings that paragraph 1.4 of the Code had been breached in that Mr Grunhut had sought to mislead HMRC. He had also breached Principle 2 on the basis that the trust and confidence the public placed in the profession was clearly undermined by such conduct.
- 32.22 In considering whether Mr Grunhut had lacked integrity, the Tribunal applied the test set out in Wingate. At [100] Jackson LJ had stated:
- “Integrity connotes adherence to the ethical standards of one’s own profession. That involves more than mere honesty. To take one example, a solicitor conducting negotiations or a barrister making submissions to a judge or arbitrator will take particular care not to mislead. Such a professional person is expected to be even more scrupulous about accuracy than a member of the general public in daily discourse”.*
- 32.23 The Tribunal was satisfied on the balance of probabilities that Mr Grunhut had clearly lacked integrity. Knowingly drafting and obtaining a false and misleading document was the opposite of being scrupulously accurate. The Tribunal found the breach of Principle 5 proved.
- 32.24 In considering the allegation of dishonesty, the Tribunal applied the test in Ivey and in doing so, adopted the following approach:

- Firstly the Tribunal established the actual state of the Mr Grunhut’s knowledge or belief as to the facts, noting that the belief did not have to be reasonable, merely that it had to be genuinely held.
- Secondly, once that was established, the Tribunal then considered whether that conduct was honest or dishonest by the standards of ordinary decent people.

32.25 The Tribunal had already made findings as to Mr Grunhut’s state of knowledge as set out above. Mr Goodwin had correctly submitted that considering the factual basis of the Allegation required an assessment of Mr Grunhut’s state of knowledge at the material time. Having found that Mr Grunhut knew that he was drafting and obtaining a false and misleading document, the Tribunal had no difficulty in also finding, on the balance of probabilities, that such conduct would be considered dishonest by the standards of ordinary, decent people. The breach of Principle 4 was proved.

### **33. Allegation 2**

#### Applicant’s Submissions

- 33.1. Mr Scott submitted that Mr Grunhut had misled his employer by failing to confirm that he had financial relationships with other clients of the firm in that he had accepted loans from two other clients. The public would expect a solicitor not to mislead their employer when asked a question of this nature. Mr Scott submitted that Mr Grunhut had therefore breached Principle 2.
- 33.2. Mr Scott further submitted that Mr Grunhut had acted dishonestly. In relation to Mr Grunhut’s state of knowledge, Mr Scott submitted that Mr Grunhut had understood the question asked at 5e of the email dated 12 May 2021 in that that it required him to disclose the personal loans he had taken from other clients of the firm. He knew that he had taken those loans when he replied. Mr Scott submitted that Mr Grunhut knew that this was false and misleading. He further submitted that this would be considered dishonesty by the standards of ordinary decent people, thus breaching Principle 4. It also lacked integrity, in breach of Principle 5.

#### Respondent’s Submissions

- 33.3 Mr Goodwin relied on the representations made in February 2023 and Mr Grunhut’s evidence. Mr Goodwin submitted that Mr Grunhut accepted he had made a mistake in answering the question, but it was a genuine mistaken belief that had led him to answer in the way he had. At the time he had not realised, but he now accepted that the question was framed in a way which may include loans. That was not his understanding at the time and Mr Goodwin submitted that the single word “confirmed” was not dishonest.
- 33.4. As with Allegation 1, Mr Goodwin submitted that the factual basis of this Allegation relied on a finding of dishonesty by reason of its drafting.

### The Tribunal's Findings

33.5 Mr Grunhut had accepted that he received the two loans on 22 January 2021 and 25 March 2021. It was further accepted by him that the loans were advanced by clients of the firm.

33.6 Mr Grunhut had submitted that he did not consider the term “financial relationships” to include loans. The Tribunal did not consider Mr Grunhut’s evidence to be credible on this point. A loan involved an agreement to advance and repay monies. That was squarely within the definition of financial relationship and for Mr Grunhut to suggest that he thought otherwise at the time was incapable of belief.

33.7 The Tribunal considered the totality of the email sent to him on 12 May 2021, in particular question 5:

*“5. Not only should the above be addressed, but please confirm and respond to the following:*

*a. How was the mortgage discharged? There is no evidence on file regarding contact with lenders. How a redemption statement/DSI was obtained? - David could not see any correspondence/redemption evidence with the lenders on SOS. Please clarify and add all documents to the electronic file.*

*b. Why did you email the documents to Ezran law - what is their involvement with this matter?*

*c. What is the nature of your relationship with [Person A]? Why was he appointed as a director of your company?*

*d. What is going on with your company - why have you/your wife resigned and been appointed so many times?*

*e. Please confirm that you/a close relative do not have any other personal or financial relationships with any clients of the firm (past or present), which have not been disclosed?”*

33.8 The Tribunal found that it was fanciful for Mr Grunhut to suggest that he had believed the scope of question 5e was limited by the wording of questions 5c or 5d. The word “other” in 5e clearly distinguished it from the previous questions. It was a wide-ranging question that unequivocally called for complete disclosure of anything that had not previously been disclosed by way of personal or financial relationships at the time or previously. Mr Grunhut had not emailed back and asked for clarity about the question and so there was no evidence that he was unsure or unclear.

33.9 The Tribunal was satisfied on the balance of probabilities that Mr Grunhut’s reply, in which he wrote “confirmed” after question 5e, was false, because he did have two financial relationships with clients of the firm, and misleading because it purported to provide reassurance to Mr Berlad when in fact, he was not telling the truth. The Tribunal was further satisfied on the balance of probabilities that Mr Grunhut knowingly provided this false and misleading information. The Tribunal made this finding because

it was simply not believable that he could have misunderstood the question or not understood the nature of a loan. The Tribunal found the factual basis of Allegation 2 proved on the balance of probabilities.

- 33.10 As with Allegation 1, the finding that Mr Grunhut had knowingly provided false information meant that it followed that he had breached Paragraph 1.4 of the Code. The Tribunal further found that he had breached Principle 2 on the basis that the public could not trust or have confidence in the profession if a solicitor knowingly gave false information to his employer.
- 33.11 In relation to Principle 4, the Tribunal again applied the Ivey test. It had already made findings as to Mr Grunhut's state of knowledge which are set out above. The Tribunal found that Mr Grunhut's actions in answering the question in the way he did, knowing it to be false and misleading, would be considered dishonest by the standards of ordinary decent people. The breach of Principle 4 was therefore proved.
- 33.12 It further followed from the findings made that Mr Grunhut had lacked integrity and had therefore breached Principle 5.

#### 34. **Allegation 3**

##### Applicant's Submissions

- 34.1 Mr Scott submitted that Mr Grunhut had failed to advise Person C or Person D as to the undertaking requested by Aven Estates Ltd to pay any funds received in excess of £290,000 to Aven Estates. He had not obtained instructions to give the undertaking and had not informed his client that he had done so. Mr Grunhut had also not sought any advice or authorisation from anyone at Taylor Rose before giving the undertaking.
- 34.2 Mr Scott had cross-examined Mr Grunhut and had highlighted the inconsistent accounts given by him in relation to this Allegation.
- 34.3 Mr Scott submitted that Mr Grunhut had failed to act in the best interests of his client, failed to provide a proper standard of service to Person C and failed to maintain the trust the public placed in the profession.

##### Respondent's Submissions

- 34.4 Mr Goodwin acknowledged that Mr Grunhut had provided two inconsistent explanations. He submitted that Mr Grunhut had sought to assist the Tribunal in an open and transparent way. Mr Goodwin submitted that Mr Grunhut now genuinely believed that Mr Zysblat had accessed his emails without his knowledge and consent and that this was only discovered after the notice recommending referral to the Tribunal was served, with the accompanying paperwork. Mr Goodwin submitted that the Regulatory Settlement Agreement demonstrated the type of individual that Mr Zysblat was, and this was supported, Mr Goodwin suggested, by the fact that Mr Zysblat was the primary focus of the investigation by the SRA into Berlad Graham.

- 34.5 Mr Goodwin referred the Tribunal to the email asking for the first undertaking on 9 September 2019, which he reminded the Tribunal was only sent to Mr Zysblat. Mr Goodwin rhetorically asked how Mr Grunhut would have had enough information to know that he had not drafted the undertaking. The answer to that question was that it was only when he had fully reviewed the papers.
- 34.6 Mr Goodwin also referred to the text messages, including those sent on 8 September 2019 which contained the direct dial telephone number for Mr Zysblat. Mr Goodwin relied on the representations made on 13 February 2023 and submitted that there was no evidence that Mr Grunhut had been involved in drafting the undertaking.

### The Tribunal's Findings

- 34.7 The Tribunal was required to resolve two factual disputes in this matter. The first was whether Mr Grunhut had given the undertaking and, if so, had he done so with Person C's authority.
- 34.8 In relation to the first question, the Tribunal noted that Mr Grunhut's consistent position until February 2023 was that he had given the undertaking.
- 34.9 In his response dated 7 April 2020 to Person C's complaint of 23 March 2020, Mr Grunhut made the following assertions, which the Tribunal found of particular relevance:

*"I have now had an opportunity to consider your letter of the 23rd March and would respond as follows:*

- *On the 2nd September 2019 you attended my offices with your brother and Mr Bodner from Aven Estates to instruct me on selling the above property. That meeting was also in the presence of other people in the office at that time.*
- *At that meeting we went through in detail the attached terms which had been agreed and I recall specifically discussing with you your agreement that should the agreed purchase price be higher than £290,000, that additional sum would be paid on completion to Aven Estates.*
- *Subsequent to the meeting and upon your specific Instructions given to me in the meeting, I undertook on the 9th September to pay that sum to Aven Estates as well as undertaking on the 10 September to pay any outstanding ground rent, service charges and insurance."*

- 34.10 Mr Grunhut had had an opportunity to fully review the file before sending this letter to Person C, having received an extremely serious complaint about his personal conduct on 23 March 2020. Mr Grunhut's reply was unequivocal, detailed and precise. He strongly maintained that he had given the undertaking based on Person C's instructions. Mr Grunhut referred to having a specific recollection of the conversation, including by reference to the date of the meeting. This was inconsistent with Mr Grunhut's evidence that the basis of this reply was his memory being 'jogged' by Mr Zysblat.

- 34.11 The email giving the undertaking had come from Mr Grunhut's email address. Although the initial email requesting it had only been sent to Mr Zysblat, the outgoing email came from Mr Grunhut's email address and the request for the second undertaking came as part of an email chain referencing the giving of the first one.
- 34.12 Mr Grunhut's explanation to Person C and in subsequent responses to the SRA was closer in time to the events in question and were consistent with Mr Grunhut having provided the undertaking. The Tribunal found as a matter of fact, on the balance of probabilities, that Mr Grunhut had given the undertaking.
- 34.13 The next question was whether or not he had done so without obtaining the consent of his client. The Tribunal referred again to the response to the complaint. It had noted when considering the first question that it was detailed and precise.
- 34.14 The Tribunal noted that Person C, in his complaint, claimed to have known nothing about Aven Estates. Yet he had given instructions, through Person C, consenting to the second undertaking which referenced Aven Estates. That email chain, as noted above, referred to the request for the first undertaking and contained the first undertaking itself. The Tribunal noted that no point had been taken on this by Persons C or D at that time. The email sent to Person D had said "*please see below*" and "*below*" included the first undertaking. Person D had not written back to ask who Aven Estates were or to query the previous undertaking. Instead, he wrote back and instructed Mr Grunhut to proceed.
- 34.15 The burden of proof lay on the SRA. The Tribunal could not be satisfied on the balance of probabilities that the SRA had proved that the first undertaking had been given without instructions, based on the ambiguous nature of the email correspondence and the inconsistency with that and the allegation contained in Person C's complaint six months later.
- 34.16 The Tribunal therefore found the factual basis of Allegation 3 not proved.

## **35. Allegation 4**

### Applicant's Submissions

- 35.1 Mr Scott submitted that in his email of 12 October 2021, Mr Grunhut had misled his employer in relation to referral/introducer arrangements. Mr Scott submitted that even if, as Mr Grunhut claimed, his arrangements were informal, they still existed and as such the email was misleading. This represented a breach of Paragraph 1.4 of the Code.
- 35.2 Mr Scott further submitted that Mr Grunhut had breached Principles 2 and 5 on the basis that a solicitor acting with integrity would not mislead his employer and that doing so would undermine the trust the public placed in the profession.

### Respondent's Submissions

- 35.3 Mr Goodwin reminded the Tribunal that dishonesty was not alleged in relation to this Allegation.



- 35.4 Mr Goodwin submitted that the payments were not referral fees or introducer payments. He invited the Tribunal to take the view that given that only four payments were identified, three of them in a three-week period, it was less likely that this was reflective of an arrangement or agreement. Mr Goodwin submitted that there was no support or evidence to suggest that Mr Grunhut had entered into such arrangements and that as such, his email of 12 October 2021 was truthful and accurate. Mr Goodwin reminded the Tribunal, however, that it was Mr Grunhut's belief at the time that was relevant, even though dishonesty was not alleged.

### The Tribunal's Findings

- 35.5 The Tribunal examined the invoices generated by Mr Grunhut that matched the payments received. In each case the narrative used the words "referral fee" and "brokers fee". At the bottom of the invoice Mr Grunhut had written "Thank you for your business. It was a pleasure doing business with you." The payment terms were specified as three days.

- 35.6 This was consistent with Mr Grunhut's email to the SRA of 22 October 2021 in which he described the payments made on 2 September 2020 and 18 September 2020 as:

*"referral fees",*

albeit stating that there was no arrangement for such a fee to be paid.

- 35.7 The letters from the clients were all dated 19 October 2021, a week after the reply sent to Ms Khan's email. The subject heading in each case referred to:

*"Commission received from Fortys Capital".*

The letters themselves described the payments as a "token of their appreciation".

- 35.8 The Tribunal found that the payments were not simply tokens of appreciation. A token of appreciation did not require an invoice to be generated. Further, the sums involved ranged from £200 to over £2000. This went beyond what could reasonably be considered a token of appreciation, particularly as the payments were supported by invoices and made on more than one occasion, including three in a 16-day period.

- 35.9 The Tribunal found on the balance of probabilities that Mr Grunhut had entered into a referral/introducer arrangement. It may not have been a formal arrangement set out in a written agreement, but the reality of the situation was that Mr Grunhut was receiving financial payment having introduced a client of the firm.

- 35.10 The Tribunal considered what it was that Mr Grunhut had been asked to confirm by his employers. The Tribunal noted that the email of 12 October 2021, sent by Ms Khan, was sent in the context of a number of previous emails on this topic, sent at approximately six-monthly intervals. These emails had made specific reference to the SRA Code of Conduct and the firm's own policy.

- 35.11 Ms Khan's email of 12 October 2020 asked for confirmation as to "any" referral/introducer "arrangements". This was a wide-ranging enquiry and was not open to the narrow interpretation that Mr Grunhut claimed to have adopted. The Tribunal was satisfied on the balance of probabilities that the response provided to this question, which was unequivocal, was false and misleading. It was false because Mr Grunhut did have an arrangement with Fortys Capital which he had entered into without the approval of the COLP. It was misleading, therefore, because it would have provided a false sense of reassurance to Berlad Graham as to Mr Grunhut's working arrangements in this regard.
- 35.12 The Tribunal rejected Mr Grunhut's evidence that he did not consider the information to be disclosable. It was inherently improbable that he could have misunderstood the nature of the question. At the very least, Mr Grunhut should have sought clarification before providing the categorical answer that he did.
- 35.13 The Tribunal found the factual basis of Allegation 4, together with the breach of Paragraph 1.4 of the Code, proved on the balance of probabilities.

#### Principle 5

- 35.14 The Tribunal found that providing this false and misleading answer to his employers was a clear case of lack of integrity. Wingate made specific reference to the need for solicitors to be "scrupulously accurate" and this was the opposite of that. The Tribunal found the breach of Principle 5 proved on the balance of probabilities.

#### Principle 2

- 35.15 It followed from the Tribunal's findings above that the trust the public placed in the profession would be undermined by a solicitor giving false and misleading answers to questions put to him by their employer. The Tribunal found the breach of Principle 5 proved on the balance of probabilities.

#### **36. Allegation 6**

- 36.1 This Allegation was admitted by Mr Grunhut. The Tribunal was satisfied that this admission was properly made, having regard to the evidence, and it found Allegation 6 proved on the balance of probabilities.

#### **Previous Disciplinary Matters**

37. None.

#### **Mitigation**

38. Mr Goodwin told the Tribunal that many of his points in mitigation had already been put in his closing submissions. He reminded the Tribunal of Mr Grunhut's previous good character, his relative lack of experience and of the submissions made about the adequacy of supervision and training.

39. Mr Goodwin told the Tribunal that Mr Grunhut accepted he had made errors of judgment, for which he sincerely and genuinely apologised. Mr Goodwin told the Tribunal that Mr Grunhut had been “consumed with work” and had “acted in haste”.
40. Mr Goodwin accepted that the Tribunal’s guidance in dishonesty cases pointed towards a strike-off. However, he submitted there were exceptional circumstances in this case which justified a lesser sanction. Mr Goodwin submitted that the acts were momentary and isolated. He told the Tribunal of bereavement suffered by Mr Grunhut between March and May 2020 as well as issues with his wife’s health in 2021.

### **Sanction**

41. The Tribunal had regard to the Guidance Note on Sanctions (10<sup>th</sup> Edition - June 2022). The Tribunal assessed the seriousness of the misconduct by considering Mr Grunhut’s culpability, the level of harm caused together with any aggravating or mitigating factors.
42. In assessing Mr Grunhut’s culpability, the Tribunal found that his motivation in relation to Allegation 1 was to help a friend and client. In relation to Allegations 2 and 4 the motivation had been to conceal matters from his employer. In relation to Allegation 6, Mr Grunhut had essentially taken a short-cut.
43. The Tribunal did not accept the submission that the acts were momentary. There were several opportunities in the email chains when Mr Grunhut could have taken a different course and he had not done so. In relation to Allegation 1 in particular, thought was put into the drafting of the document that was sent to Client A as he had populated it with information before sending it to the client. In Allegations 2 and 4 he had an opportunity to think before replying to the emails from Berlad Graham.
44. The Tribunal recognised Mr Grunhut’s relative inexperience. This was relevant to Allegation 6 but not relevant to matters of honesty or integrity. A solicitor of any experience would know that providing false and misleading information to an employer (in the case of Allegation 2, dishonestly) and deliberately creating a false document (Allegation 1) was entirely unethical and a serious breach of professional obligations.
45. There was an element of breach of trust in this case. Mr Grunhut was in a position of trust in relation to HMRC, who trusted solicitors not to provide false and misleading documents to them, and to his employers who trusted him not to provide false and misleading answers to reasonable and important questions. In each case, if a solicitor could not be trusted to do these things, then the system would break down.
46. The Tribunal acknowledged that Mr Grunhut had co-operated with the SRA throughout its investigation.
47. In assessing the harm caused, the Tribunal found that the main harm present was to the reputation of the profession, which was high. The public would not expect solicitors to generate false documents to be submitted to HMRC as part of an application for a tax refund and it would expect solicitors to be transparent and accurate with their employers.

48. The matters were aggravated by Mr Grunhut's dishonesty in relation to Allegations 1 and Coulson J in Solicitors Regulation Authority v Sharma [2010] EWHC 2022 Admin observed:

*"34. there is harm to the public every time a solicitor behaves dishonestly. It is in the public interest to ensure that, as it was put in Bolton, a solicitor can be "trusted to the ends of the earth"."*

49. The misconduct was repeated in that it took place on more than one occasion over a two-year period. Mr Grunhut knew he was in material breach of his obligations (Allegations 1, 2 and 6) and certainly ought to have known (Allegation 4).
50. The misconduct was mitigated by Mr Grunhut's co-operation with the SRA, his previous good character and his admission to Allegation 6.
51. The misconduct was so serious that a Reprimand, Fine or Restriction Order would not be a sufficient sanction to protect the public or the reputation of the profession from future harm by Mr Grunhut. The Tribunal noted that the usual sanction where misconduct included dishonesty would be a strike-off and it had regard to Sharma. The circumstances in which such a sanction was not imposed were exceptional, described in Sharma as "a small residual category where striking off will be a disproportionate sentence in all the circumstances ...".
52. In Solicitors Regulation Authority v James [2018] EWHC 3058 (Admin) at [101], Flaux LJ set out the basis on which question of exceptional circumstances was assessed:

*"First, although it is well-established that what may amount to exceptional circumstances is in no sense prescribed and depends upon the various factors and circumstances of each individual case, it is clear from the decisions in Sharma, Imran and Shaw, that the most significant factor carrying most weight and which must therefore be the primary focus in the evaluation is the nature and extent of the dishonesty, in other words the exceptional circumstances must relate in some way to the dishonesty."*

53. The Tribunal considered whether the circumstances in this case were exceptional, having regard to James and the factors identified in Sharma. The Tribunal had found that the misconduct had continued over a period of time, that Mr Grunhut had caused a high level of the reputational harm and had risked individual harm by his actions. This was not a single, isolated moment of poor judgment but a course of actions that included dishonesty in different fields of his working life. The common theme across Allegations 1, 2 and 4 was a lack of transparency on the part of Mr Grunhut.
54. The matters advanced by Mr Goodwin as exceptional circumstances were considered by the Tribunal. The issue of supervision was not one that the Tribunal considered was of relevance in these matters. The Tribunal was not required to make a finding on that issue, on the basis that, as with the question of Mr Grunhut's experience, a solicitor did not need supervision or file reviews to know that they must not create false documents or lie to their employers.

55. The Tribunal was sympathetic to Mr Grunhut's personal circumstances during the period in question, but no link had been established between those matters and the misconduct.
56. The Tribunal found no exceptional circumstances in this case and accordingly the only appropriate sanction was that Mr Grunhut be struck-off the Roll.

## Costs

### Applicant's Submissions

57. Mr Scott applied for the SRA's costs in the total sum of £35,957.18.
58. The cost schedule had originally been in the sum of £60,026.61. This had been reduced to take account of the withdrawal of Allegation 5. As a result of that, the FI Officer (Ms Bartlett) had calculated her costs and significantly reduced them as the bulk of her report had formed the basis of Allegation 5. Mr Scott suggested reducing Capsticks' costs by 1/6 to reflect with withdrawal of this Allegation.
59. Mr Scott submitted that the level of reduction to reflect Allegation 3 having not been found proved was a matter for the Tribunal. He submitted that any additional reduction may be relatively small given the amount of evidence and time devoted to it.
60. Mr Scott noted that Mr Grunhut had provided a statement of means but with no documentation in support. Mr Scott submitted that Mr Grunhut had not provided sufficient evidence to show that he was unable to bear the costs. The statement of means could not be relied on.

### Respondent's Submissions

61. Mr Goodwin submitted that Mr Grunhut's statement of means was true and should be taken into account.
62. Mr Goodwin submitted that in circumstances where Allegation 3 was not proved, the totality of Ms Bartlett's costs should be removed. He further submitted that a more significant reduction than 1/6 should apply to Capsticks' costs in relation to Allegation 5.
63. In relation to Mr Grunhut's ability to pay, Mr Goodwin submitted that if Mr Grunhut was struck-off (the submissions being made before sanction was announced), Mr Grunhut would be deprived of his ability to earn living and could not practise as a solicitor for life. Mr Goodwin referred the Tribunal to Barnes v Solicitors Regulation Authority [2022] EWHC 677 (Admin) and submitted that the Tribunal should not make an order for costs where it was unlikely to be satisfied.
64. In response to requests for clarification as to Mr Grunhut's finances from the Tribunal, Mr Goodwin took instructions. The Tribunal was told that Mr Grunhut was living in a property owned by a company that was owned by his wife. The bank account referred to in the statement of means was a joint account. The accounts relating to Jack Daniels and Lion Law had £0 and £100 in them respectively.

65. In response to a query from the Tribunal about Mr Grunhut's outgoings, Mr Goodwin told the Tribunal that Mr Grunhut had misunderstood some of the questions. The current position was that he had no income and is making no contribution to the household. He had no financial interest in the family home and the mortgage payment was made by the company that owned the property.

### The Tribunal's Decision

66. The Tribunal was satisfied that Mr Grunhut should pay the SRA's costs in this matter. It further agreed to summarily assess those costs.
67. The Tribunal agreed with Mr Goodwin's submission that all matters arising out of the FI report prepared by Ms Bartlett should be deducted from the costs, in circumstances where Allegation 5 had been withdrawn and Allegation 3 had not been proved. The Tribunal also decided to deduct a further 1/6 from the total costs in relation to Allegation 3.
68. This reduced the costs, as claimed by Mr Scott, to £29,533.96.
69. The Tribunal considered whether to reduce the costs further on account of Mr Grunhut's means. Rule 43(5) states that:

*“(5) If the respondent makes representations about the respondent's means, the representations must be supported by a Statement which includes details of the respondent's assets, income and expenditure (including but not limited to property, savings, income and outgoings) which must be supported by documentary evidence.”*

70. This was reflected in the Standard Directions issued in this case on 15 August 2023, which stated that:

*“If at the substantive hearing the Respondent wishes their financial position to be taken into consideration by the Tribunal in relation to possible sanctions and/or costs, they shall, in accordance with SDPR Rule 43(5) by no later than 4:30 P.M. on Tuesday 14 November 2023 file at the Tribunal and serve on every other party a Statement of Means including full details of assets (including, but not limited to, property)/income/outgoings supported by documentary evidence. Any failure to comply with this requirement may result in the Tribunal drawing such inference as it considers appropriate, and the Tribunal will be entitled to determine the sanction and/or costs without regard to the Respondent's means.”*

71. Mr Grunhut had filed a statement of means but he had not provided full details and there was no documentary evidence provided in support of the contents of the statement. The Standard Direction made clear that in the absence of compliance with these requirements, the Tribunal would be entitled to determine the issue of costs without regard to Mr Grunhut's means. In the circumstances, the Tribunal was able to attach very little weight to his Statement of Means. This was not akin to Barnes. In

Barnes, the Respondent had provided a full Statement of Means which was supported by documentary evidence and which had not been challenged by the SRA.

72. In the circumstances, the Tribunal was not satisfied that there was any basis on which to further reduce the costs or to restrict their enforcement. It therefore ordered that Mr Grunhut pay costs in the sum of £29,533.26.

### **Statement of Full Order**

73. The Tribunal Ordered that the Respondent, Jack Grunhut, 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 £29,533.26.

Dated this 18<sup>th</sup> day of January 2024

On behalf of the Tribunal

*T Cullen*

T Cullen  
Chair

**JUDGMENT FILED WITH THE LAW SOCIETY**  
**18 JANUARY 2024**