# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12515-2023

**BETWEEN:**

SOLICITORS REGULATION AUTHORITY LTD Applicant

and

RICHARD JAMES MORRIS First Respondent

CANDEY LIMITED (a firm) Second Respondent

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Before:

Mr P Lewis (in the chair)
Ms H Hasan
Mrs L McMahon-Hathway

Date of Hearing: 13 – 17 May, and 27 September 2024

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**Appearances**

Michael Collis, counsel in the employ of Capsticks LLP, for the Applicant.

Mr Morris represented himself.

Christopher Convey, counsel of 33 Chancery Lane for the Second Respondent.

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# JUDGMENT

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**Allegations**

1. The allegations made against Richard James Morris, made by the Solicitors Regulation Authority ("SRA") were that, while in practice as a Solicitor at Candey Limited ("the Firm"), he:

1.1. Between approximately 27 May 2015 and 15 June 2015, failed to obtain adequate information relating to the source of funds, as required by the Money Laundering Regulations 2007, in relation to the expected settlement monies, and in doing so breached any or all of Principles 6 and 7 of the SRA Principles 2011 ("the Principles") and failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011 ("the Code").

1.2. Between approximately 15 June 2015 and 19 June 2015, authorised the outgoing transfer of part of the settlement monies, despite not being in possession of adequate information relating to the source of funds, as required by the Money Laundering Regulations 2007, and in doing so breached any or all of Regulation 11 of the Money Laundering Regulations 2007 ("the MLRs), Principles 6 and 7 of the Principles and failed to achieve Outcome 7.5 of the Code.

1.3. Between 15 June 2015 and 24 June 2015, used a client account as a banking facility, and in doing so breached any or all of Rule 14.5 of the SRA Accounts Rules 2011 ("the Accounts Rules") and Principles 6 and 7 of the Principles.

**Recklessness**

2. Allegations 1.1 and 1.2 above were advanced on the basis that Mr Morris's conduct was reckless. Recklessness was alleged as an aggravating feature of his conduct but was not an essential ingredient in proving the allegations.

**Second Respondent**

3. The Allegations against the Firm made by the SRA were that:

3.1. Between approximately 27 May 2015 and 19 June 2015, failed to ensure that adequate source of funds information was obtained, as required by the MLRs in relation to the expected settlement monies; and in doing so breached any or all of Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.

3.2. Between approximately 15 June 2015 and 19 June 2015, failed to ensure that no transfers took place in relation to the settlement monies, despite the lack of adequate source of funds information as required by the MLRs, and in doing so breached any or all of Regulation 11 of the MLRs, Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.

3.3. On or around 19 June 2015, authorised the transfer of part of the settlement monies, despite the ongoing lack of adequate source of funds information as required by the MLRs, and in doing so breached any or all of Regulation 11 of the MLRs, Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.

**Executive Summary**

4. Mr Morris admitted all of the allegations. The Firm denied all of the allegations. The Tribunal, having determined that Enhanced Due Diligence ("EDD") was not required in the circumstances of the case, found the allegations in relation to a breach of the MLRs (allegations 1.1 and 12 for Mr Morris and allegations 3.1, 3.2 and 3.3 for the Firm) not proved. The Tribunal found allegation 1.3 proved against Mr Morris.

5. The Tribunals reasoning can be accessed here:

- The Tribunal's Findings: Allegation 1.1-1.2, Allegation 1.3, Allegation 3

**Sanction**

6. The Tribunal sanctioned Mr Morris to a fine in the sum of £6,000. The Tribunal's sanctions and its reasoning on sanction can be found here:

- Sanction

**Documents**

7. The Tribunal reviewed all the documents submitted by the parties, which included (but were not limited to):

- Rule 12 Statement and Exhibit IWB1 dated 10 November 2023 and amended 25 January 2023
- First Respondent's Answer and Exhibits dated 14 December 2023
- Second Respondent's Answer (undated)
- Applicant' Reply to the First Respondent's Answer dated 15 January 2024
- Applicant's Reply to the Second Respondent's Answer dated 15 January 2024
- Second Respondent's Skeleton Argument dated 9 May 2024
- Applicant's Schedule of Costs dated 19 September 2024

**Preliminary Matters**

8. Second Respondent's application for all members of the Firm to be present throughout the hearing

8.1 Mr Convey submitted that both Mr Dunn and Mr Candey wished to be present throughout the hearing, notwithstanding that they were both witnesses of fact. Rule 35(7) of the Solicitors (Disciplinary Proceedings) Rules 2019 ("the SDPR") stated:

> *"Other than a party to the proceedings, a factual witness is excluded from the hearing until their evidence has been given, unless the parties agree or the Tribunal directs otherwise."*

8.2 Both Mr Dunn and Mr Candey were senior partners of the Firm and were thus the Firm in representative form. They had both provided witness statements in the proceedings. Mr Convey submitted that should there be any discrepancies between their written and

oral evidence as a result of their attendance at the hearing, the Tribunal would be entitled to draw an adverse inference.

8.3 Mr Collis expressed sympathy with the Firm's position, commenting on the logistical difficulty of Mr Convey receiving instructions if none of the Firm's partners were permitted to attend the hearing. It was noted that there was a factual dispute between the Firm and Mr Morris, which could cause potential issues if any of the evidence was changed or adjusted. Mr Collis confirmed that it was the Firm that was a Respondent in the proceedings and not the Firm's principals. Mr Collis considered that it was unusual for the full compliment of a Firm's principals to be in attendance for the entire hearing when they were also witnesses of fact.

8.4 Mr Morris submitted that he was reasonably comfortable with the partners being in attendance at the hearing, although he was unsure as to how that would affect his position.

8.5 The Tribunal considered that whilst Mr Convey would require a member of the Firm to provide him with instructions during the course of the proceedings, it was not necessary for all of members of the Firm to be present to do so. Given the importance of Mr Candey's evidence, the Tribunal determined that Mr Dunn should remain throughout the course of the hearing to provide instructions, and Mr Candey would attend the hearing to give evidence in the conventional way as a witness of fact.

8.6 Accordingly, the application for all members of the Firm to be present throughout the proceedings was refused.

9. The Order of Cross-Examination

9.1 In an email dated 10 May 2024, Mr Morris requested that cross-examination be conducted by counsel first, and that his cross-examination of any witness take place after that of both Mr Collis and Mr Convey, due to his inexperience.

9.2 The convention at the Tribunal is for co-respondents conduct cross examination of each other (and each other's witnesses) first, with the Applicant being the last to cross-examine. The Tribunal noted that Mr Morris was not a litigator, but did not consider that his inexperience was sufficient justification for it to depart from the norm. It was the Applicant who was required to prove its case to the requisite standard, and accordingly, the Applicant should be the last to cross-examine any Respondent or Respondent witness. The Tribunal confirmed that should Mr Morris have any further questions arising from the cross-examination of any witness by any of the parties, he should alert the Tribunal to that.

9.3 Accordingly, the application to amend the conventional order of cross-examination of witnesses was refused.

10. Anonymisation of clients, companies and associated persons

10.1 Mr Collis submitted that a number of clients, potential clients, companies and associated persons had been anonymised in the Rule 12 Statement. The proposed anonymisations were not contentious. Whilst there was some ambiguity as to whether

all those anonymised were clients, the naming of those persons and/or entities were likely to lead to the jigsaw identification of clients who were entitled to privacy in order to protect their legal privilege. The Respondents confirmed that there were no objections to anonymity.

10.2 The Tribunal determined that in order to protect the privilege and confidentiality of clients, the anonymity of those entities and persons who were not clients should be maintained throughout the hearing and in the Tribunal's Judgment. Accordingly, the application for anonymisation was granted.

**Factual Background**

11. Mr Morris was a solicitor who was admitted to the Roll in September 2002. According to SRA records, he joined the Firm (when it traded solely as Candey Law LLP) in May 2012 and left (both the LLP and the Limited Company) in September 2018. SRA records indicated that he was currently a Director at Radius Law Limited. He held an unconditional practising certificate.

The Second Respondent

12. The Firm is a recognised body, which was authorised by the SRA in June 2014. The Firm has corresponded with the SRA via its director, Mr Ashkhan Darius Candey, who is a solicitor who was admitted to the Roll in September 1999. Mr Candey has been the Firm's COLP and COFA and MLRO since June 2014.

13. At the time of these Allegations, the main areas of work for the Firm were litigation (86%), residential property (7%) and commercial property (2.5%).

**Witnesses**

14. The following witnesses provided statements and gave oral evidence:

- Sean Grehan – Forensic Investigation Officer
- Richard Morris – First Respondent
- Nigel McEwen – Chairman of the Second Respondent
- Andrew Dunn – Partner and Director of the Second Respondent
- Ashkhan Candey – Managing Director of the Second Respondent

15. The written and oral evidence of the witnesses is quoted or summarised in the Findings of Fact and Law below in so far as it is necessary to do so

**Findings of Fact and Law**

16. The Applicant was required to prove the allegations on the balance of probabilities.

**Recklessness**

17. The Tribunal applied R v G [2003] UKHL 50 per Lord Bingham stated:

> "A person acts recklessly…with respect to (i) a circumstance when he is aware of a risk that it exists or will exist; (ii) a result when he is aware of a risk that it will occur and it is, in the circumstances known to him, unreasonable to take that risk."

18. This was adopted in the context of regulatory proceedings in Brett v SRA [2014] EWHC 2974 (Admin).

**ALLEGATIONS**

**The Applicant's Case**

*Background*

19. This matter came to the SRA's attention on 2 July 2019, following receipt of a report from Mr Crossley of St Paul's Solicitors. This report identified that it was believed that "Candey LLP" had breached money laundering principles and Rule 14.5 of the Accounts Rules in relation to its handling of £23,941,641.59 ("the Settlement Monies"), which had been received on 15 June 2015. The client relating to this transaction was a company called Company A, before it changed its name to Company B.

20. On 5 March 2020, the SRA wrote to Mr Ashkhan Candey, setting out its concerns in relation to the matter. The SRA summarised the key issues as follows:

> *"Candey were involved in financial transactions that took place over a short period of time, between 15 June 2015 and 30 June 2015. There was litigation in 2012 which resulted in settlement, of in excess of £200m, being reached in December 2013. As part of the settlement, there was a chose in action in respect of a property investment dispute in Qatar, which was ultimately settled by agreement on 11 June 2015 for circa £31m.*
>
> *Around three quarters of the £31m, totalling around £24m, was paid into the client account of Candey on or around 15 June 2015. The majority had been dissipated to over ten different 'persons' by the end of that month".*

21. The e-mail to Mr Candey identified ten separate matters upon which it required clarification. Mr Candey responded to the SRA on 24 April 2020, and made the following points explaining (amongst other things:

- Client C was the client or the ultimate beneficial owner of the entities with which the Firm dealt. Company A was a family office for Client C, and it was run by a DS;

- The Firm was unaware of any freezing order against Client C in June 2015; a freezing order in relation to the settlement proceeds was only served on the Firm in December 2016. The point was made that the worldwide freezing order that had been in place since 20 March 2015 may not have attached to the settlement monies;

- Checks had been made at the time to ensure that those instructing the Firm were entitled to receive such monies; Mr Candey ascertained that the monies were the proceeds of a settlement, which had been sent by a firm in Qatar. Mr Candey continued, *"On inspection at the time I was of the belief that the settlement was genuine, and my belief was supported by the fact that I had previously acted in proceedings in and around 2003 involving Andrew Ruhan, Simon McNally and others"*;

- The e-mail attached a 22 April 2020 e-mail from Mr Morris, along with an Excel spreadsheet, and made the following point: *"I am still following up issues that arise from what he* [Mr Morris] *has disclosed, but the contents of the Excel spreadsheet and accompanying documents now lead me to believe that Mr Morris allowed Rule 14.5 of the SRA Accounts Rules 2011 to be breached…"*; and

- Mr Morris, a Partner and Head of Property, was the fee earner on this matter.

22. On 24 April 2020, Mr Morris also contacted the SRA. In the course of this e-mail, Mr Morris stated:

- That he would be, in due course, submitting a self-report in relation to his former role as a consultant solicitor working with Candey;

- That having reviewed the file, the SRA Accounts Rules, and the questions that the SRA posed to Mr Candey, he believed that his role in the matter met the test under Rule 7.7, in that the facts and matters were capable of amounting to a serious breach; although any breach of the Rules was entirely inadvertent;

- His concerns related to payments that were made on instruction from his client, between 16 and 30 June 2015. He produced a table detailing these payments, which had been prepared in his work to assist Candey; and

- He did not, at the time, believe that the payments in question were improper. It was only upon reviewing these matters, with the SRA's concerns in mind, that he had cause to consider them again.

23. The table that Mr Morris attached to this e-mail identified the following 5 outgoing transactions, in which neither Mr Morris nor the Firm were instructed in any underlying transaction. The total value of payments identified by Mr Morris as a potential breach of Rule 14.5 of the Accounts Rules was, therefore, £7,541,716.18.

24. On 28 May 2020, Mr Candey sent a further letter to the SRA, which stated in summary, that

- The letter stood as a, *"…self-report by the firm …"* and was also a report by the Firm in relation to Mr Morris

- Having reviewed the File, the Firm considered that five out of the fourteen payments authorised out of the Firm's client account could potentially be in breach of Rule 14.5;

- *"The firm had received £23,921,641.59 on 15 June 2015 in connection with the purchase of Dissington Estate … at an overall price of £25 million. The structuring of the purchase shifted as the transaction progressed with the result that ultimately only £10 million changed hands. Instead of paying the balance to the client, Richard Morris accepted instructions from DS of the client's family office [Company A] as to the destination of the balance, resulting in payments to third parties which appear to be in breach of rule 14.5";*

- The Firm's client was initially Company A, which was the family office in the UK for Client C, which was run by DS. Company A became the Firm's client in January 2014. From the outset, it was understood that Company A provided *"family office services"* to Client C, including investment management in respect of the investments beneficially owned by Client C through offshore corporate vehicles;

- The Firm's electronic file contained specified Client Due Diligence (CDD) documents;

- The purchase of Dissington Estate proceeded in the name of Company E, a company registered in the Marshall Islands, although the Firm had yet to locate any CDD for that entity. The Firm believed that Client C was the ultimate beneficial owner of Company E, as she was with Company D. The file was opened in the name of Company B, although there was a delay in requesting money laundering CDD for that entity as well;

- The File Opening Form that was submitted when Company A first became a client of the Firm's contained a risk assessment marked as *"High"*. This was based on Client C's ex-husband being a disqualified director and a convicted fraudster. *"This was intended to alert Richard Morris, as the fee-earner handling the file, to the high-risk nature of the client, to enable him to deal with the matter appropriately"*;

- That it was believed that a copy of the Firm's Money Laundering Policy, dated October 2009, would have been given to Mr Morris during his induction;

- Mr Candey managed Mr Morris. As Mr Morris was a partner specialising in property work, which none of the other partners handled, the Firm relied on his seniority and the regular meetings that Mr Candey had with him;

- In Mr Morris's appraisal on 10 November 2014, he stated, *"I believe I comply with the form's procedures well although occasionally I don't when I'm busy."* To address that issue, the Firm assigned him an administrative assistant, Julie Taylor;

- Mr Candey spoke to Mr Morris regularly, and dropped into his office on at least a weekly basis, to discuss what work he was doing and any issues he may have;

- The Firm's procedures required fee earners to investigate the source of funds to be paid to the Firm, in particular in the case of a foreign entity:

- In June 2015, to ensure that no individual could pay out or receive money without it being scrutinised by at least another individual, the Firm's procedure for a payment out of the client account was:

    - One person would request the payment;
    - A partner would authorise the payment;
    - The accounts manager, Georgina Golding, would make the payment; and
    - In the case of unusually large payments in, the matter would be referred to Mr Candey.

- *"As the Managing Partner responsible for financial management, my role included oversight of the client account. On 19 June 2015, I was alerted by Ms Golding who advised me that we had received £23 million in relation to the transaction in issue. I required Richard Morris to carry out extensive checks to ascertain the ultimate source of the money, as set out in the emails I exchanged with him and others on 19 June 2015… …I made it clear as set out in those emails that unless I was satisfied as to the source of the monies, they would have to be returned. I was satisfied as to the source of funds, by the extensive evidence that was obtained, which demonstrated that [Client C] was beneficially entitled to the money.*

  *I was given to understand that all the money was to be used for the acquisition of the Dissington Estate on 19 June 2015, as indicated in my email of 19 June 2015 timed at 15:32: "I thought we were sending out 23 million". Richard Morris then informed me that the only payments that required to be made on that date were £500,000 and €360,000. In the belief that those payments were being made in relation to the acquisition of Dissington Estate, I authorised them. My understanding was that such payments were not unusual in complex property matters where the acquisition of an estate might entail dealing with multiple vendors or entities, sometimes onshore or offshore. The further payments that were subsequently made were not referred to me. Richard had authority to make payments without reference to me";*

- *"Richard Morris revealed to me in December 2016 that when he had conducted the transaction, he had been aware of the involvement in [Company A] of [Person F], the ex-husband of [Client C], and that he had been convicted of a large-scale multi-million-pound fraud. He had not disclosed that to me or Ms Golding at the time of the transaction in June 2015, when I was examining the source of the funds received by the firm"*;

- In September 2018, the Firm received correspondence from third parties claiming to have an interest in the monies that were received in June 2015. This caused Mr Candey to investigate the matter further and he specifically raised with Mr Morris whether any of the payments out that had been made in June 2015 were in breach of Rule 14.5. The SFO had already been provided with full details (including client ledgers). When Mr Candey asked Mr Morris why money had simply not been paid to the client to allow them to make a payment themselves, Mr Morris stated: *"The money was coming in for a transaction (refinance and option agreement) we were working on in respect of the Dissington Estate – hence the reason why the Qatar monies and related correspondence is filed on the Dissington file. £10m was paid*

*to Mincoffs solicitor in Newcastle (who were acting for the other party – Lugano) from the monies that came in from the transaction";*

- In response, Mr Candey confirmed to Mr Morris his understanding: *"…The monies were paid either to the client's related bank accounts or other lawyers. There were genuine background property transactions: the purchase of UK property was not exactly dissipation of funds. Far from it, I presume that the SFO had sight of where the money went via the ledger?"* Mr Morris did not correct him and it was only in April 2020 that he conceded that the payments may have potentially been in breach of Rule 14.5; and

- That Mr Candey was, and remained, the Firm's Money Laundering Reporting Officer ("MLRO"). The Firm has also appointed the Chairman, Nigel McEwen, as the Firm's Money Laundering Compliance Officer ("MLCO").

25. On 29 May 2020, Mr Morris wrote again to the SRA. Mr Morris referred to this letter as a, *"…detailed self-report about potential breaches of Rule 14.5 of the Solicitors Accounts Rules…"*, and the following comments were made:

- That he had considered the due diligence checks that were made upon receipt of the Qatar settlement monies and, with the benefit of hindsight, he believed that there may be questions raised as to the efficacy of some of these;

- That any potential breaches in directing the payments were entirely inadvertent and unintentional. Whilst he understood that monies paid into a client account should relate to an underlying legal transaction, he believed that he thought it would be unobjectionable to make payments as directed by the client. He now saw that the appropriate thing to do would have been to decline to make the payments and pay the funds back to the client;

- Whilst he was given the title 'partner' he was not personally involved in the management of the Firm;

- Prior to joining Candey, he did not have responsibility for dealing with client payments. When he moved to Candey, he did have that responsibility as he was working independently. He therefore had to adapt very quickly;

- If compliance issues did arise, Mr Morris would try and raise them with the partners in the Firm; Ashkhan Candey as Managing Partner, Nigel McEwen and Andrew Dunn;

- The client in the Dissington transaction was Company A; a company owned by DS that provided "family office" services to Client C. Client C lived in Jersey and the family office essentially acted as her agent in the UK. The instructions for dealing with Client C's matters came from Companies A and B;

- There was no attempt to hide or keep secret the payments that had been made on the client's behalf; they were all made openly and properly recorded on the client file;

- Mr Morris was not involved in the decision making or any discussions as to whether the Firm should act for the client after a designation of 'high risk' had been given. However, he believed that if the Firm had determined to act nonetheless, that he must have thought that senior figures within the Firm would have conducted the due diligence that they deemed appropriate and found the risks to be acceptable;

- Mr Morris worked for the client on approximately seven matters over the course of eighteen months before the payments were made in June 2015. During that time, he formed the view that the client was providing good quality and legitimate instructions. Had he any concerns about the client, or what the Firm was being asked to do, he would have raised those concerns with either Ashkhan Candey (as COLP/COFA) or Nigel McEwen (as MLRO);

- When Mr Morris was informed that the client was intending to arrange for the Qatar settlement monies to be sent to the Firm for use in the Dissington transaction, given the size of the payment and its origin in Qatar, he raised it with the Firm's compliance officers for guidance. He recalled having a discussion with Nigel McEwen and Dawn McEwen (Nigel McEwen's wife, who joined the Firm in around early-mid 2015 as a Commercial Director) in his room about the general veracity of the funds;

- On 3 June 2015, Ocean provided copies of its Commercial Registration (equivalent to articles of incorporation), Chambers of Commerce Certificate and Municipality License for Ocean to Mr Morris. These documents were then forwarded onto Nigel and Dawn McEwen, and Georgina Golding (the Firm's Senior Legal Cashier;

- Mr Morris acknowledged that with the benefit of hindsight, some of the payments may have breached Rule 14.5, although this occurred because he did not properly understand the rule; and

- Mr Morris also set out the extent to which he had attempted to improve his knowledge of client account matters and his reflection upon the events of 2015.

26. Following notice being given to the Firm, the SRA's investigation commenced on 5 October 2021 at the Firm's offices. The investigation was conducted by a Forensic Investigation Officer ("FIO") and culminated with the production of a Forensic Investigation Report ("FIR) on 20 April 2022. The concerns identified by the FIO could be split across two key areas: (i) improper use of client account as a banking facility; and (ii) failure to comply with the MLRs.

27. **Allegation 1.1 - Between approximately 27 May 2015 and 15 June 2015, failed to obtain adequate information relating to the source of funds, as required by the Money Laundering Regulations 2007, in relation to the expected settlement monies, and in doing so breached any or all of Principles 6 and 7 of the Principles and failed to achieve Outcome 7.5 of the Code.**

**Allegation 1.2. - Between approximately 15 June 2015 and 19 June 2015, authorised the outgoing transfer of part of the settlement monies, despite not being in possession of adequate information relating to the source of funds, as required**

**by the MLR's, and in doing so breached any or all of Regulation 11 of the MLRs, Principles 6 and 7 of the Principles and failed to achieve Outcome 7.5 of the Code**.

27.1 At the time of these transactions, the Money Laundering Regulations 2007 were in force. The key Regulations for the purposes of this case, it was submitted, were as follows:

*"Regulation 7*

*(1) Subject to regulations 9, 10, 12, 13, 14, 16(4) and 17, a relevant person must apply customer due diligence measures when he—*

*(a) establishes a business relationship;*
*(b) carries out an occasional transaction;*
*(c) suspects money laundering or terrorist financing;*
*(d) doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification.*

*(2) Subject to regulation 16(4), a relevant person must also apply customer due diligence measures at other appropriate times to existing customers on a risk-sensitive basis.*

*(3) A relevant person must—*

*(a) determine the extent of customer due diligence measures on a risk-sensitive basis depending on the type of customer, business relationship, product or transaction; and*
*(b) be able to demonstrate to his supervisory authority that the extent of the measures is appropriate in view of the risks of money laundering and terrorist financing."*

*"Regulation 8*

*(1) A relevant person must conduct ongoing monitoring of a business relationship.*

*(2) "Ongoing monitoring" of a business relationship means—*

*(a) scrutiny of transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with the relevant person's knowledge of the customer, his business and risk profile; and (b) keeping the documents, data or information obtained for the purpose of applying customer due diligence measures up-to-date.*

*(3) Regulation 7(3) applies to the duty to conduct ongoing monitoring under paragraph (1) as it applies to customer due diligence measures."*

*"Regulation 11*

*(1) Where, in relation to any customer, a relevant person is unable to apply customer due diligence measures in accordance with the provisions of this Part, he—*

*(a) must not carry out a transaction with or for the customer through a bank account;*
*(b) must not establish a business relationship or carry out an occasional transaction with the customer;*
*(c) must terminate any existing business relationship with the customer;*
*(d) must consider whether he is required to make a disclosure by Part 7 of the Proceeds of Crime Act 2002 or Part 3 of the Terrorism Act 2000.*

*"Regulation 14*

*(1) A relevant person must apply on a risk-sensitive basis enhanced customer due diligence measures and enhanced ongoing monitoring—*

*(a) in accordance with paragraphs (2) to (4);*
*(b) any other situation which by its nature can present a higher risk of money laundering or terrorist financing."*

27.2 The net effect of these Regulations was that, given the size of the anticipated funds, the fact that they were arriving from abroad and originating from litigation in which the Firm were not involved, Mr Morris and the Firm were under a duty to apply enhanced customer due diligence measures in relation to the source of the funds. In the absence of information satisfying them as to the provenance of the funds, pursuant to Regulation 11, there should have been no outgoing payments from the funds that were received on 15 June 2015.

27.3 The only recorded assessment of risk at the time of the relevant transactions was located on the file opening forms. Five separate file opening forms pertaining to the clients, companies and individuals involved in these transactions were located by the FIO. These contain the following information:

- The file opening form for matter PRO5/1 (the first Company A matter in which the Firm acted), dated 1 October 2013. The level of risk identified was *"High",* with the explanation for this given as: *"[Company A] acts as agent in the UK for the ex-wife of [Person F]"*. This form appeared to have been shared with Mr Morris and Mr Dunn;
- The file opening form for matter PRO5/2, dated 1 October 2013. The level of risk identified for Company A in a matter relating to Hamilton House was *"High"*, with explanation given as: *"[Company A] is the family office in the UK for [Client C], the ex-wife of [Person F] (a disqualified director and convicted fraudster who acts as a consultant for [Company A]"*. This form was shared with Mr Morris, Mr Candey and Mr Dunn;

- The file opening form for matter PRO5/10 (the matter number for the Dissington Estate transaction), dated 6 August 2014. The risk is identified as *"medium"*, with no explanation provided for that level of assessment;

- The file opening form for matter PRO5/12, dated 6 January 2015. The risk is identified as *"low"*, with no explanation provided for that level of assessment; and

- The file opening form for matter IRV1/2, relating to Client G and Montagu Square, dated 27 January 2015. The risk is identified as *"low"*, with no explanation provided for that assessment.

27.4 The e-mail chain relating to the impending transfer of the Qatar settlement monies, the requests for information confirming the provenance and veracity of the funds and authorisation of outgoing payments is appended to this Judgment.

27.5 Given the extent to which the receipt of the settlement monies and the lack of source of funds information relating to it was clearly on the Firm's radar by 19 June 2015, Mr Collis submitted that it was important to understand the extent to which the funds had been used by that point.

27.6 The Transaction Table (appended to this Judgment) set out the totality of the transfer of funds that had been conducted by Mr Morris with these monies, up to and including the two outgoing transfers referred to in e-mail 35 of the Email Table. Transactions included in the Transaction Table extended beyond those referred to in discussion of allegation 1.3 as it set out the extent to which the settlement monies were being transferred without adequate source of funds information.

27.7 By the time the exchange commenced between Mr Morris and Mr Candey (on 17 June 2015) as to the source of funds information held in relation to the receipt of the £23,921,641.59, £7,715,216.08 had already been transferred out of the client account between the 15 and 16 June 2015.

27.8 The ongoing exchange from 17 June 2015 to 20 June 2015 (set out in e-mails 13 – 42 above) was also insufficient to prevent the outgoing transfer of £19,875 of these funds on 17 June 2015; this amount was first transferred from the PRO5/10 ledger to the IRV1/2 ledger, before being transferred onto Farrer & Co.

27.9 Mr Candey authorised the payment of the two transactions that appeared at numbers 8 and 9 in the table above in his e-mail at 15:32 on 19 June 2015, despite the fact that queries relating to the source of funds were still outstanding at that point. Whilst the funds did not appear to leave the client account until after receipt of e-mail 42 from DJ in the email table above, the authorisation was still given prior to the receipt of that information.

27.10 The nine outgoing transfers identified in the Transaction Table were processed through the three separate client ledgers across which the £23,921,641.59 was split.

27.11 On 22 November 2021, the FIO e-mailed Mr Candey with a series of questions in relation to the compliance issues with the MLRs. Mr Candey replied on 29 November 2021, and made the following points:

- Between 15 and 30 June 2015, he held the roles of COLP, COFA and MLRO;

- In relation to the e-mail discussion on 19 June 2015, he had been, *"…told by Richard Morris that Sean Upson of Stewarts acted as litigators for* [Company A]. *I have never met Sean but he is known to my partners. I have no knowledge of the nature of the dispute"* ;

- In relation to the 'breach of agreement' referred to in his 19 June 2015 e-mail at 15:35: *"I had understood that the entirety of the £24million was to be applied to the purchase of commercial property and had been sent to us pursuant to a proposed completion. Having first satisfied myself as to the source of funds I was concerned to ensure that we did not breach our obligations to our client by failing to act on their instructions and complete"*;

- Mr Morris would have had responsibility for monitoring the business relationship in relation to three ledgers which received the settlement monies;

- The source of funds was scrutinised by the Firm through Mr Candey considering the settlement agreement, knowing of some of the individuals and companies referred to therein, and forming the view that it was a genuine document;

- It was for Mr Morris to determine whether the transactions required enhanced customer due diligence measures and enhanced ongoing monitoring; he had not been told, in the context of these proposed transactions, anything about Person F and his relationship with Client C;

- Mr Candey's involvement was simply to scrutinise the settlement agreement after he had been notified of the size of the funds that were received on 15 June 2015; he had assumed that Mr Morris would comply with the Firm's policies;

- Had Mr Morris communicated any concerns or suspicions to him, he would have informed the criminal authorities and not released the monies;

- The risk on the file opening forms did not relate to a money-laundering risk, but instead related to the risk that the Firm would not be paid their fees;

- He provided a quote from the Firm's October 2009 Money Laundering Policy, and referred to the fact that at no stage did Mr Morris inform the MLRO of: (i) any concerns or perceived risks; (ii) that the client was high risk for AML; (iii) that further verification of enhanced due diligence may be necessary; and/or (iv) transactional due diligence may be required; and

- He could not recall if he was specifically aware of the SRA's December 2014 Money Laundering waring notice, but it accords with his understanding of AML.

27.12 On 8 December 2021, Mr Candey sent a further e-mail to the FIO, in which further points were made about his knowledge of the outgoing transactions, the Firm's stance in relation to risk assessments and repeated again extracts from the Firm's Money Laundering Policy.

27.13 On 26 January 2022, the FIO received an e-mail from Mr Habel, at Leigh Day, acting on behalf of Mr Morris. The e-mail contained a written response from Mr Morris, in which the following points were made:

- He believed that Nigel McEwen was MLRO between 15 June 2015 and 30 June 2015, with Ashkhan Candey holding the positions of COLP and COFA;

- It was his understanding that Stewarts Law LLP had been acting for Company A in litigation involving a Mr Ruhan. As they were a well-known and respected litigation law firm, that reinforced his impression that the client was *"on the level"*;

- In relation to enhanced customer due diligence and enhanced ongoing monitoring, he took the view that the main checks on the client, from an enhanced due diligence perspective, would have been conducted at the point at which the client first became a client of the Firm. As a result, he would simply have undertaken further monitoring and checks based on this knowledge of the transactions, as well as the knowledge and information he had about the client;

- He believed that he assessed the risk in the Dissington matter as *"medium"* as the original instructions only related to conducting property due diligence work in respect of the site. He believes he would have based his risk assessment on the nature of that legal work; and

- He believed that the risk assessment for the 4 Montague Square and Flat 12 Hamilton House contained an error; it was his view that the risk assessment should have been *"high"*, as there would have been no reason on these transactions to lower the risk assessment level from that which had been originally attributed to this client.

27.14 Both the Mr Morris and Mr Ashkhan Candey were interviewed by the FIO. Mr Morris's interview took place on 10 March 2022, where he was legally represented. Mr Morris made the following comments:

*Mr Morris's interview*

- He was aware of the Money Laundering Regulations in 2015 and he knew that, as a lawyer, one had to be watchful of money laundering;

- He understood that Client C was the wife of Person F; an individual who had been to prison for fraud and had been disqualified from being a director. He was aware that Person F had been involved in litigation with a Mr Ruhan;

- Dawna Stickler operated the family office, but the ultimate client was Client C;

- He was not aware of any confiscation or recovery proceedings against either Client C or Person F at the time of these transactions;

- In terms of obtaining a client's ID documents, conducting a client AML risk assessment and conducting ongoing monitoring of a transaction, including the source of wealth and source of funds due diligence, the responsibility would lie with the fee earner;

- That the file opening form would have been completed by Andrew Bretherton on 6 January 2014, and he would have used the form he received from Megan Gorman on 1 October 2013 as a template;

- When asked to what, in his view, the risk assessment related, he said, *"…but I suspect it's the file risk. I mean, it's – I mean as you say it's not entirely clear whether it relates to transaction or client"*;
- He went onto state the view that he believed Andrew Bretherton was assessing *"…the risk of the client as opposed to the risk of the transaction"*;

- When he (Mr Morris) completed these forms, he had in mind the risk of the transaction;

- It was his recollection that this was the only location upon which a risk assessment was recorded;

- It was not his understanding that this risk assessment related to the client's ability to pay fees; he did not recall that ever being something that was discussed at the Firm;

- He repeated the point that the assessment on the Dissington matter was "medium" due to the nature of the original instruction;

- He accepted that if the risk assessment had been "high" that might have triggered an enhanced level of due diligence and ongoing monitoring;

- He acknowledged that when the nature of the transaction changed there was an argument for returning to the file and reassessing the risk level;

- He confirmed that the risk profile for the PRO5/12 and IRV/1 matters would have changed once the money came in from Qatar;

- With hindsight, these were probably not transactions which should have been assessed as low risk given the nature of conveyancing transactions; this perhaps reflected his limited understanding at the time;

- In relation to information regarding the source of funds for the settlement monies, he stated: *"…it would have been much better that I got the settlement agreement and dealt with all of these checks once the monies had come in or before the monies had come in. So the question is, why didn't I? And I think the answer to that is, is I guess that at that point and because of the number of things going on and the surrounding circumstances, it wasn't at the forefront of my mind in terms of my*

*main concern, whether that's right or wrong, but my main concern was getting the legal documents correct because of the sums of money involved"*;

- The fact that the funds were received from Ocean, another law firm, gave him extra comfort on the basis that they would have done their checks, although he accepts that this was not a correct position;

- The biggest thing on his mind was that he did not want to, *"...screw this up and have a massive negligence claim and ruin my legal career because of the sums of money involved…"*;

- He accepted that things could have been done better and looked at more closely;

- He expressed the view that the client and the people working with them may have manipulated him as they knew he was working on his own; and

- He did not have a full understanding of the litigation underlying the settlement agreement, but he had looked at the settlement agreement at the time.

27.15 Mr Candey was interviewed by the FIO on 23 February 2022. Mr Treverton-Jones KC was present in the interview in order to represent the Firm. During that interview, Mr Candey made the following comments of relevance:

- He had received considerable training on the MLRs and would consider his knowledge and understanding of the same to be pretty good;

- He underwent a computer-based training course on the Regulations and implemented the Firm's policy in 2009;

- That Mr Morris could not physically transfer money from the Firm's client account, but if Ms Taylor and he submitted a request together, then it would have been released by Georgina Golding;

- He was not on notice that the Firm was going to receive £23 million. This was an out of the ordinary amount for the Firm to receive and he was not immediately made are of its receipt;

- He confirmed that during the e-mail exchange around 19 June 2015, he was unhappy that further steps had not been taken to ascertain whether this was a case of "sham litigation";

- He knew that Mr Morris was acting for an entity which had received this money, and that they wanted to purchase a large industrial estate in the North of England;

- He recalled there being a real time pressure, but at the same time, as MLRO, he wanted to satisfy himself that this was not *"sham litigation"*;

- Initially internet banking transactions did involve his input, but that became impossible. The banking mandate was changed so that it would be possible for the Mr Morris and "Georgina" to affect a payment without his knowledge;

- Mr Morris did not draw to his attention the payment requests that were received from Dawna Stickler, including the 18 June 20015 e-mail which referred to *"clearing bank"*;

- When asked why the value of the transactions being discussed in the 19 June 2015 e-mail exchange affected his position, he stated: *"I'm trying to remember what I was thinking. All I remember thinking that we had to you know, so I'm thinking we're having to pay £23,000,000.00 to acquire Dissington Estate, and then I'm told, 'Oh no, it's much smaller amounts'. I don't yeah, so, but at that time I think I've already, I've already satisfied myself that it's not a sham litigation"*;

- He was unaware, at that time, that payments had already been made in relation to these funds;

- He did not look at the ledger nor ask the Mr Morris if he used any of the funds;

- He was anxious about, *"…creating a multi, multi-million pound liability for the firm that we'd breached because we hadn't moved fast enough in doing our due diligence"*;

- He did not know to whom those two transactions would be paid, but he assumed that it was connected to the deal;

- Mr Candey indicated that he had no knowledge of the client, and that he believed that they were a property development company;

- He was unaware that the client was a family office for Client C, or that Client C was the former wife of Person F. He had no adverse information about Person F at the time;

- The responsibility to obtain identity documents from a client, conduct AML checks, conduct a risk assessment, conduct ongoing monitoring of the transaction, conduct source of funds and source of wealth due diligence would have all lain with the client partner, Mr Morris;

- He would expect to be notified if a fee earner had deemed a client or transaction as posing a higher than normal money laundering risk;

- He repeated the assertion that the risk assessment in the file opening forms did not relate to a money laundering risk assessment, but related to the risk of the Firm not being paid;

- He disagreed with the Mr Morris's description of the use of this risk assessment, and referred to the fact that the Mr Morris had not told him about Person F. When the Mr Morris did tell him: *"...I was incredibly disappointed and actually very angry, not at his dishonesty, but his sheer incompetence and naivety, and his failure to comply with the firm's very clear and unambiguous policies"*;

- Whilst he may have been copied into the circulation of the 9 January 2014 file opening form, which did give an assessment of Client C and Person F, he did not pick up on it or its contents;

- He was referred to his use of the phrase, *"woefully inadequate"* in the 19 June 2015 e-mail at 9:57am (in relation to the source of funds checks), and stated: *"I was concerned that it could be a sham litigation and I wanted to make absolutely sure it wasn't. And if there was a risk, if they couldn't satisfy us, then you know I don't, what do we do you know"*;

- Mr Candey was asked how the Firm could have received the funds on 15 June 2015, and then made outgoing payments in relation to those funds, but as of 19 June 2015 the source of funds due diligence was being described as, *"woefully inadequate."* Mr Candey stated that he believed the Bowman & Fels exception applied, which is where enquiries did not need to be made for the provenance of funds if received for the process of litigation;

- As the funds received were the proceeds of litigation, the usual checks were not required, but Mr Candey wanted to apply, *"...a Candey gold standard..."* and to make sure that it was not sham litigation;

- Receipt of the settlement agreement on 19 June 2015 convinced him that this was not sham litigation; and

- The FIO questioned Mr Candey on his understanding of the settlement agreement and the nature of the dispute behind it. Mr Candey stated that it was a, *"...construction and property dispute"* and that *"All I can say is, I read this, and I was satisfied on reading it, that it was a bona fide settlement and if you want to allege that it wasn't bona fide, then I think that..."*.

27.16 Following the interview, Mr Candey sent an e-mail to the FIO on 10 March 2022. The e-mail expanded on Mr Candey's perceived view of the impact of the *Bowman & Fels* authority and stated that he thought Mr Morris was, *"...more relaxed because of Bowman and Fels"*. Mr Candey concluded with the assertion:

> *"It does not follow that because I would apply a higher standard that Richard failed to act properly on his own behalf and on behalf of the firm"*.

Allegation 1.1

27.17 After receiving notice that the settlement monies were to be transferred to the Firm on 27 May 2015, at the latest, Mr Morris failed to obtain adequate information in relation to the source of these funds, as required by Regulation 8 of the 2007 MLRs. Whilst

Company A and Client C were not new clients for Mr Morris or the Firm, the nature of this particular transaction should have made Mr Morris aware that enhanced monitoring and due diligence measures were required, given:

- The monies were being transferred from Qatar;
- The monies were linked to litigation, in which neither Mr Morris nor the Firm were involved;
- The size of the amount in question;
- The obvious risks linked with receiving funds on behalf of Company A, given its ties to and the involvement of Person F, a convicted fraudster.

27.18 Despite this, by the time the funds were received on 15 June 2015, the only information that had been obtained by Mr Morris was the information given by DJ in his 3 June 2015 e-mail, namely:

- The full name of Ocean Advisory & Consulting W.L.L and its country of origin; and
- The Commercial Registration, Chambers of Commerce Certificate and Municipality License for the company.

27.19 This was the level of information that was described as *"woefully inadequate"* by Mr Ashkhan Candey in his 19 June 2015 e-mail, sent at 9:57am.

27.20 By the 19 June 2015, Mr Morris had not obtained (for example) any information relating to:

- The settlement agreement which resulted in Ocean Advisory's receipt of those funds; and
- Confirmation from the Qatari lawyers as to from whom they received the funds and that it was as a result of this settlement agreement.

27.21 In failing to comply with the requirements under the 2007 MLRs, Mr Morris had failed to achieve Outcome 7.5 of the Code, namely the requirement to comply with anti-money laundering legislation.

27.22 In failing to comply with the regulatory requirements regarding the source of funds, Mr Morris had failed to comply with his legal and regulatory obligations in breach of Principle 7 of the Principles.

27.23 The failure to obtain the necessary source of funds information in the circumstances of this case, and particularly given the amount of money involved, represented, it was submitted, a significant departure from the established regulatory regime. The public expected and trusted lawyers to act in accordance with the anti-money laundering regime, and a failure to do so, particularly in relation to nearly £24million, was conduct that would damage the trust the public places in Mr Morris and in the provision of legal services in breach of Principle 6.

27.24 After the receipt of the funds on 15 June 2015, despite the lack of adequate information regarding the source of those funds, and the requirement under Regulation 11 not to carry out a transaction in those circumstances, the outgoing payments set out at numbers

2 – 7 in the Transaction Table above occurred. This represented outgoing payments of £7,735,091.08, within only two days from the receipt of the funds on 15 June 2015.

27.25 Whilst a copy of the settlement agreement was obtained on 19 June 2015, and the confirmation from the lawyers requested by Mr Candey was received on 20 June 2015, the use of the funds prior to that occurred despite the inadequate information held in relation to the source of the funds.

27.26 The authorisation of outgoing payments totalling £7,735,091.08 in the absence of adequate source of funds information relating to the £23,921,641.59 received on 15 June 2019, demonstrated a breach of Regulation 11 of the MLRs; namely, the requirement not to conduct transactions where customer due diligence measures had not been performed.

27.27 The failure to comply with this regulatory regime represented a failure to achieve Outcome 7.5 of the Code.

27.28 As with Allegation 1.1, Mr Morris's failure to comply with the anti-money laundering regime represented breaches of both Principles 6 and 7 of the Principles.

The First Respondent's Submissions

27.29 Mr Morris admitted allegations 1.1 and 1.2.

The Tribunal's Findings

27.30 Notwithstanding the admissions made, it was the Tribunal's obligation to examine the evidence and to determine whether, on the appropriate standard, the Applicant had proved its case. In assessing whether there was any breach of the MLRs as alleged, the Tribunal first considered the requirements under Regulation 7, which required solicitors to determine the extent of customer due diligence measures on a risk-sensitive basis and be able to demonstrate that the measures taken were appropriate in view of the risks of money laundering and terrorist financing.

27.31 Given the requirements of Regulation 7, the Tribunal determined that it should first consider whether there was any requirement, in view of the risks of money laundering and terrorist financing, for Mr Morris (and indeed the Firm) to undertake EDD.

27.32 The MLRs set out the circumstances in which EDD was required. The parties had rightly agreed that the circumstances of this matter were not those where EDD was mandatory under the MLRs. Accordingly, and pursuant to Regulation 14, EDD should be applied on a risk-sensitive basis in any situation *"which by its nature can present a higher risk of money laundering or terrorist financing."*

27.33 Regulation 14, the Tribunal determined, made it plain that the consideration of the application of EDD measures was a question of fact to be considered in the context of any transaction. The Tribunal noted that there was no guidance in the MLRs as to what factors should be considered. Accordingly, the Applicant's Warning Notice should be read alongside the MLRs in order to guide solicitors and Firms as to what factors should be considered as warning signs of money laundering or terrorist financing.

27.34 It was the Applicant's case that the following matters ought to have been considered warning signs that should have alerted Mr Morris (and the Firm) to a risk of money laundering and terrorist financing such that EDD should have been applied:

- The size of the funds received;
- The fact that the funds were coming from Qatar;
- The fact that the funds emanated from litigation in which the Firm was not involved;
- The risk attributable to the client given the connection with Person F.

The risk attributable to the client

27.35 In considering this factor, the Tribunal examined the file opening forms for the client. It was noted that on the first file opening form, the risk was assessed as *"high"*. There was a dispute between the Respondents as to what the risk referred to. Mr Candey's evidence was that the risk was a generalised one, such as the likelihood that a client would not pay their invoice. Mr Morris considered that the risk related to an AML risk or the transaction itself. On this matter, the Tribunal preferred the evidence of Mr Morris. Mr Morris's evidence was consistent with the context of the form: the question preceding the designation of risk on the form related to 'money laundering'.

27.36 Further, in the 28 May 2020 letter from the Firm, Mr Candey explained that the designation of "high" on the File Opening Form created when Company A first became a client of the Firm, was based on Client C's ex-husband being a disqualified director and a convicted fraudster. He stated: *"This was intended to alert Richard Morris, as the fee-earner handling the file, to the high risk nature of the client, to enable him to deal with the matter appropriately"*. The Tribunal also noted that the second matter opened for the client was also designated as high risk on the basis of the connection with Person F. Accordingly, the Tribunal did not accept Mr Candey's evidence, both in subsequent correspondence and in his oral evidence that the designation related to something other than an AML risk. His evidence in this regard was inconsistent, whereas the evidence of Mr Morris had remained consistent in both his documentary and oral evidence.

27.37 It was clear from Mr Morris's evidence that he was aware of the association with Person F. It was also clear that Mr Morris had not obtained instructions directly from Person F. The Tribunal noted that by the time of the proposed purchase of the Dissington Estate, the Firm had acted for Company A on twelve matters, ten of which had moved beyond initial instructions. Whilst some of those matters had not completed, others had successfully completed and there had been no money laundering issues either in relation to the transactions themselves or due to any connection with Person F.

27.38 The Tribunal considered the factors detailed in the Warning Notice as regards the client. The Tribunal considered that the only factor that applied was that of the connection of the client to Person F. As detailed, the Tribunal did not consider that Person F's connection amounted to a risk of money laundering or terrorist financing given the number of transactions undertaken by the Firm for the client, the length of time over which the Firm had been representing the client without any money laundering or terrorist financing issues having arisen and the lack of any money laundering issues as a result of Person F's connection with the client. Accordingly, given the circumstances,

the Tribunal did not find that the connection of Person F to the client gave rise to a money laundering concern such as to trigger the requirement for EDD.

The size of the funds received

27.39 Whilst the funds received were significant, they were not outwith the experience of Mr Morris, nor were they unusual given the nature of the transaction. The Tribunal thus determined that the size of the funds did not, in and of itself, amount to a higher risk of money laundering or terrorist financing.

The fact that the funds came from abroad

27.40 The Tribunal found that the source of the funds was not an AML risk. Qatar was not on the FATFA list of high-risk countries. Whilst the country of origin of the funds caused Mr Morris concern, such that he spoke to Mr McEwan, Mr Morris was clear in his evidence that his concern was not that there was a risk of money laundering or terrorist financing. His concern related to his unfamiliarity with Qatar. The Tribunal found that none of the Warning Notice factors in relation to the source of funds applied. The Tribunal determined that there was no proper basis for a finding that any AML concerns arose due to the fact that the monies came from Qatar. Still less was there any basis for a finding that as the funds were from Qatar, there was a requirement for EDD to be undertaken.

The fact that the funds emanated from litigation in which the Firm was not involved

27.41 The Tribunal agreed with the submission of Mr Convey (see below) that this was not a recognised risk factor. There was no suggestion, and indeed no evidence, that this was sham litigation. A copy of the settlement agreement was received by the Firm and reviewed by Mr Candey. He was satisfied that the agreement was genuine. The Tribunal noted that it was no part of the Applicant's case that the settlement agreement was not genuine, or that it was the result of sham litigation. Whilst Mr Morris may not have previously dealt with a matter where the funds came from litigation, the receipt of funds following litigation was not unusual. The Tribunal found that the fact that the funds were the result of litigation was not, in itself, a warning sign that there was a risk of money laundering or terrorist financing such that, on a risk-sensitive basis, the requirement to perform EDD was triggered.

27.42 Accordingly, the Tribunal found that taking the factors relied upon by the Applicant both individually and together, there were no warning signs that triggered the requirement for Mr Morris (and indeed the Firm) to conduct EDD.

27.43 The Tribunal noted that it was the Applicant's case that the information obtained by Mr Morris (and the Firm) was inadequate on the basis that it had failed to conduct EDD; i.e. it was not the Applicant's case that the information obtained in and of itself was inadequate, rather it was the failure to conduct EDD that meant that the information obtained was inadequate. Given the Tribunal's finding that EDD was not required, and on the basis of the way the Applicant had put its case, the Tribunal found that Mr Morris (and the Firm) had adequate information as to the source of funds.

27.44 Accordingly, notwithstanding Mr Morris's admissions to allegations 1.1 and 1.2, the Tribunal found those allegations not proved and thus dismissed them.

**Recklessness in relation to Allegations 1.1 and 1.2**

27.45 Given the Tribunal's findings as regards allegations 1.1 and 1.2, recklessness was also found not proved. In the circumstances, the Tribunal determined that it was not necessary to articulate in this Judgment the parties' submissions as regards recklessness.

28. **Allegation 1.3**

The Applicant's Submissions

28.1 On 15 June 2015, the Firm received £23,921,641.59 into its client account. Between 16 and 30 June 2015, £21,171,690.84 of these funds were transferred out of the Firm's client account onto third parties through eleven separate transactions. Mr Morris identified five of those eleven separate transactions as relating to matters in which the Firm was not instructed.

28.2 Mr Morris appeared to have authorised four of the five payment forms, and requested a member of staff to process the fifth payment.

28.3 Mr Morris was interviewed by the FIO on 10 March 2022. Mr Morris was legally represented in interview. He accepted that there was no underlying legal transaction in relation to the five payments made. Mr Morris explained that he had not fully understood the effect of Rule 14.5 in relation to monies paid out of the client account, and that the Warning Notice was not at the forefront of his mind when he authorised the payments.

28.4 Mr Morris agreed that he should have returned the funds to the client for the client to make the payments themselves and referred to the wording in the Warning Notice by stating, *"…is there any reason why the client can't make the payment themselves?".*

28.5 When asked about the 18 June 2015 e-mail from DS which referred to using the Firm as a *"clearing bank"* Mr Morris stated that he, *"…didn't connect the dots"*, and that it simply did not trigger with him that he might have been breaching the Rules.

28.6 Mr Collis submitted that between 16 and 23 June 2015, Mr Morris facilitated the transfer of £7,541,716.18 worth of payments, when neither he nor the Firm were instructed in any underlying transaction. The extent to which these transfers might have been placing Mr Morris in breach of Rule 14.5 should have been obvious from the 18 June 2015 e-mail from DS, in which she made express reference to the Firm being treated as a *"clearing bank."*

28.7 In facilitating these transfers, Mr Morris breached Rule 14.5 of the Accounts Rules. In failing to comply with the regulatory regime underpinning transactions from a client account, Mr Morris failed to achieve Outcome 7.5 of the Code and breached Principle 7 of the Principles.

28.8 The public were entitled to trust that solicitors would only process outgoing transfers from a client account in accordance with the regulatory regime. The failure on the part of Mr Morris to do that, to the extent that the sums involved were £7,541,716.18, was conduct that damaged this trust in breach of Principle 6.

The First Respondent's Submissions

28.9 Mr Morris admitted allegation 1.3.

The Tribunal's Findings

28.10 The Tribunal found allegation 1.3 proved on the facts and evidence. The Tribunal determined that Mr Morris's admissions were properly made.

30. **Allegation 3.1 - Between approximately 27 May 2015 and 19 June 2015, failed to ensure that adequate source of funds information was obtained, as required by the MLRs in relation to the expected settlement monies; and in doing so breached any or all of Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.**

**Allegation 3.2 - Between approximately 15 June 2015 and 19 June 2015, failed to ensure that no transfers took place in relation to the settlement monies, despite the lack of adequate source of funds information as required by the MLRs, and in doing so breached any or all of Regulation 11 of the MLRs, Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.**

**Allegation 3.3 - On or around 19 June 2015, authorised the transfer of part of the settlement monies, despite the ongoing lack of adequate source of funds information as required by the MLRs, and in doing so breached any or all of Regulation 11 of the MLRs, Principles 6 and 8 of the Principles and failed to achieve Outcome 7.5 of the Code.**

The Applicant's Submissions

30.1 The source of funds information held in relation to the £23,921,641.59 was inadequate given (a) the circumstances in which it was received; and (b) the risks associated with the client and their associates, namely Person F.

30.2 Whilst Mr Morris was the fee earner and "partner" dealing with this matter, ultimate responsibility for obtaining adequate source of funds information lay with the Firm, as the recipient of the £23,921,641.59.

30.3 It was not clear at what point the Firm (through its senior managers) became aware that it had received, or that it was going to receive, the £23,921,641.59. Mr Candey, in his 28 May 2020 letter to the SRA, asserted that he became aware of these funds on 19 June 2015. The e-mail exchange surrounding these funds, however, suggests that he was aware by 17 June 2015 at the latest.

30.4 Furthermore, the e-mail sent by Mr Morris on 17 June 2015 at 17:22 suggested that Mr Candey had prior knowledge of these funds, and that both Nigel and Dawn McEwen were aware of the receipt of these funds.

30.5 The funds were received, of course, on 15 June 2015 and by the 19 June 2015 the information held as to the source of these funds was described as *"woefully inadequate"* by Mr Candey.

30.6 Mr Candey sought, during his interview with the FIO and in correspondence with the SRA, to assert that the exception in Bowman v Fels [2005] EWCA Civ 226 would apply to these funds, obviating the need to obtain source of funds information. The difficulty with that assertion was that:

- Given that neither Mr Morris nor the Firm were involved in the litigation that led to the settlement agreement, and in the absence of the paper trail from the Qatari lawyers (requested by Mr Candey in his 9:57am e-mail on 19 June 2015), it would have been difficult to assume that these funds did in fact arise from litigation; and

- In the extract from Bowman v Fels provided by Mr Candey in his 10 March 2022 e-mail to the SRA, the Court of Appeal made the point:

> *"The position could be different if one were concerned with a settlement which did not reflect the legal and practical merits of the parties' respective positions in the proceedings, and was known or suspected to be no more than a pretext for agreeing on the acquisition, retention, use or control of criminal property."*

30.7 Given the lack of involvement from both Respondents in either the litigation underpinning the settlement agreement, and in drawing up the settlement agreement, it was difficult to see how it could be said that they possessed the knowledge that this was not *"sham litigation."*. The more accurate position was perhaps expressed by Mr Candey in the 19 June 2015 e-mail in which he lamented the extent of the source of funds information that had been obtained by Mr Morris.

30.8 In failing to ensure that Mr Morris obtained the necessary information, either prior to the receipt of the funds, or at least for the first four days following its receipt (Mr Morris, of course, started to obtain further information on 19 June 2015), the Firm failed to ensure that adequate source of funds information was obtained, as required by the MLRs. In so doing, the Firm failed to achieve Outcome 7.5, in that it had not complied with the applicable legislation.

30.9 In failing to ensure that the required source of funds information was obtained, particularly in relation to such a large sum of money, the Firm failed to act in accordance with proper governance and sound financial and risk management principles in breach of Principle 8.

30.10 As asserted in relation to Mr Morris, the public were entitled to trust that solicitors and law firms would act in accordance with the anti-money laundering regime. In failing to do so, particularly in the circumstances of this case, with money arriving from abroad and the identified risks in relation to Client C and Person F, that public trust would be damaged in breach of Principle 6.

30.11 As regards allegation 3.2 Mr Collis submitted that following receipt of the funds on 15 June 2015, and before the further information in relation to the source of funds was obtained by Mr Morris on 19 and 20 June 2015, £7,735,091.08 of the initial £23,921,641.59 was transferred out of the client account.

30.12 Again, whilst Mr Morris might have been directly responsible for the Firm making those payments, the ultimate responsibility to ensure compliance with Regulation 11 lay with the Firm.

30.13 At the point at which the paucity of the source of funds information became apparent to the Firm's Managing Partner (19 June 2015), no steps appeared to have been taken to ascertain (i) whether any of those funds had already been used; and/or (ii) prevent any further use until the required information was obtained.

30.14 In failing to prevent those transactions from taking place, the Second Respondent has failed to comply with Regulation 11 of the MLRs and failed to achieve Outcome 7.5 of the Code.

30.15 As with Allegation 3.1, this failure represented a failure to act in accordance with proper governance and sound financial and risk management principles. On that basis, a breach of Principle 8 was alleged.

30.16 Likewise, the circumstances of this case, the sums of money involved, and the obvious risks posed by the involvement of Client C and Person F would lead to damage to the public's trust in a law firm to ensure compliance with an anti-money laundering regime in breach of Principle 6.

30.17 In respect of allegation 3.3, Mr Collis submitted that after requesting further information as to the source of funds on 19 June 2015, those requests set out in the e-mails from Mr Candey at 14:24 and 14:26 were still outstanding at the point at which he authorised the transfer of £500,000 and 360,000 Euro in his e-mail at 15:32.

30.18 Whilst the outstanding information was then received from Donald Jordan of Ocean Advisory at 00:10 on 20 June 2015, and the payments were not made until 22 June 2015, that does not alter the fact that requested source of funds information was still outstanding at the point at which the Firm's Managing Partner authorised use of part of those funds.

30.19 The authorisation appeared to have been predicated on the basis that sums involved were far lower than Mr Candey was expecting. The amount concerned could not be determinative of whether it was appropriate, at that stage, for the Firm to conduct transactions arising from the receipt of the £23,921,641.59. They either had sufficient source of funds information or they did not, and if they did not Regulation 11 prohibited conducting transactions with those funds. The wording of the e-mails from Mr Candey and Andrew Dunn on 19 June 2015, showed that the Firm did not believe that they held sufficient information at the time of the 15:32 e-mail from Mr Candey.

30.20 In authorising the release of those funds, notwithstanding that the actual transfer did not take place until 22 June 2015, the Firm breached Regulation 11 of the MLRs and failed to achieve Outcome 7.5 of the Code.

30.21 As with the previous Allegations, this failure to comply with the anti-money laundering regime represented a failure to act in accordance with proper governance and sound financial and risk management principles in breach of Principle 8.

30.22 The public were entitled to expect and trust that a law firm will act in compliance with the anti-money laundering regime. Instead, the Firm's Managing Partner authorised the release of funds, despite enquiries as to the source of those funds still being outstanding, simply because the value was much lower than he expected. This behaviour was such as to damage the public's trust, in breach of Principle 6.

The Second Respondent's Submissions

30.23 Mr Convey submitted that the Applicant's case was wrongly predicated upon its assertion that the Firm was required to undertake EDD. In the circumstances of the transactions and the status of the clients, EDD was to be assessed on a risk-based approach. Regulation 7 of the MLRs required the Firm to act on a risk-sensitive basis. The circumstances in which the Firm was required to apply EDD was a question of fact to be answered in the context of the case upon consideration of the relevant risk factors.

30.24 The Applicant, it was submitted, sought to show that EDD should have been applied and that the risk-based checks that the Firm applied failed to meet that enhanced level. However, the Applicant's case (i) failed to properly assess the level of risk that existed at the time and (ii) took a blanket and not risk-based approach to the measures that it regarded as required to satisfy the MLRs due diligence requirements.

30.25 The December 2014 Warning Notice was instructive when considering what factors could amount to warning signs of the risk of money laundering and/or terrorist financing. It was clear in this case that very few of those factors applied:

> *"If the client:*
>
> - *Is secretive or evasive about who they are, the reason for the transaction, or the source of funds.*
> - *Uses an intermediary, or does not appear to be directing the transaction, or appears to be disguising the real client.*
> - *Avoids personal contact without good reason.*
> - *Refuses to provide information or documentation or the documentation provided is suspicious.*
> - *Has criminal associations.*
> - *Has an unusual level of knowledge about money laundering processes.*
> - *Does not appear to have a business association with the other parties but appears to be connected to them."*

30.26 Mr Convey submitted that of those warning signs, only one was relevant in this matter, namely the conviction in relation to Person F.

> *"If the source of funds is unusual, such as:*
>
> - *Large cash payments.*
> - *Unexplained payments from a third party.*

- *Large private funding that does not fit the business or personal profile of the payer.*
- *Loans from non-institutional lenders.*
- *Use of corporate assets to fund private expenditure of individuals. Use of multiple accounts or foreign accounts."*

30.27 None of the above factors applied to this matter.

*"If the transaction has unusual features, such as:*

- *Size, nature, frequency or manner of execution.*
- *Early repayment of mortgages/loans.*
- *Short repayment periods for borrowing.*
- *An excessively high value is placed on assets/securities. It is potentially loss making.*
- *Involving unnecessarily complicated structures or steps in transaction.*
- *Repetitive instructions involving common features/parties or back-to-back transactions with assets rapidly changing value.*
- *The transaction is unusual for the client, type of business or age of the business.*
- *Unexplained urgency, requests for short cuts or changes to the transaction particularly at last minute.*
- *Use of a Power of Attorney in unusual circumstances.*
- *No obvious commercial purpose to the transaction.*
- *Instructions to retain documents or to hold money in your client account.*
- *Abandoning transaction and/or requests to make payments to third parties or back to source.*
- *Monies passing directly between the parties.*
- *Litigation which is settled too easily or quickly and with little involvement by you."*

30.28 Mr Convey submitted that of those factors, the only one that was relevant was in relation to monies being held and passed through the Firm's client account. It was of note that the Applicant had not made any allegation against the Firm of breaching Rule 14.5, and thus there was no criticism of the Firm in that regard.

*"If the instructions are unusual for your business such as:*

- *Outside your or your firm's area of expertise or normal business, or if client is not local to you and there is no explanation as to why a firm in your locality has been chosen.*
- *Willingness of client to pay high fees.*
- *Unexplained changes to legal advisers.*
- *Your client appears unconcerned or lacks knowledge about the transaction.*

*If there are geographical concerns such as:*

- *Unexplained connections with and movement of monies between other jurisdictions.*

- *Connections with jurisdictions which are subject to sanctions or are suspect because drug production, terrorism or corruption is prevalent, or there is a lack of money laundering regulation"*

30.29 None of those factors, it was submitted, applied to the Dissington transaction.

30.30 Mr Convey submitted that given the known risks in the transaction as measured against the SRA's published guide to risk factors, the Applicant's assertion that this was a client and a set of transactions that required EDD to be applied in order to guard against money laundering singularly failed.

30.31 In its response to the Firm's request for further and better particulars, the Applicant further particularised why it was alleged that EDD was required:

- The size of the anticipated funds – Mr Convey submitted that property transactions often involved large sums; the sums involved in the Dissington transaction were not such as to raise money laundering concerns given that they were settlement monies from substantial commercial property litigation and were to be used in the purchase of commercial and residential property.

- The fact that these funds were arriving from abroad – Mr Convey submitted this was not a recognised risk-factor when there were no concerns as to the AML regulations in the source country. The funds in this case emanated from Qatar, a recognised financial and litigation centre and a jurisdiction that was not on the FATF high risk list.

- The fact that the funds originated from litigation in which the Respondents were not involved – This was not a recognised riskfactor. Furthermore, there were no grounds to suggest that where litigation was confirmed to be genuine, there should be any remaining residual concern as to the bona fides of the funds received on the basis that the solicitor did not act in the litigation. What was required (and what occurred in this case) was an understanding of the litigation and any settlement.

- The level of risk attributed to other work for the client – Mr Convey submitted that whilst on one file opening note the level of risk had been recorded as high, this was 18 months previously. Further, it was Mr Candey's evidence that the risk recorded on the file opening form was not an AML risk.

- The known links between the client (Company A) and Person F; *"a disqualified director and convicted fraudster"* – Mr Convey submitted that whilst this was a correct measure of risk, it was a single factor in relation to someone who was neither the client nor the source of funds. A solitary 'warning flag' of this kind could not, on its own, provide sufficient basis for a requirement to apply EDD; that would defeat the purpose of the risk-based approach.

- Mr Morris's acknowledgement in interview that if the AML risk or the risk of a client in a transaction was high, that would trigger the requirement for EDD and ongoing monitoring – Mr Convey submitted that it was a common error that the assessment of risk was objective. However, one person's assessment of risk could not determine the outcome of a proper assessment. The acceptance by Mr Morris of

what should happen if the risk was assessed to be high was not the same as a determination of what the risk actually was.

30.32 Mr Convey submitted that given the above, the Applicant's case as to the requirement for EDD did not bear scrutiny.

Allegation 3.1

30.33 It was the Applicant's case that the source of funds information held in relation to the monies received from was inadequate given (a) the circumstances in which it was received and (b) the risks associated with the client and their associates, namely Person F. Mr Convey submitted that in both respects, the Applicant's case was flawed and wrong.

30.34 Any failings in the receipt of the monies were not attributable to the Firm. The Firm's policies and procedures (which were not criticised by the Applicant) addressed any risk associated with the arrival of such funds and the steps to be taken to mitigate that risk. However, they required the relevant fee-earner to follow them. Mr Morris, it was submitted, had been sent and must be taken, if he were acting competently and within the law, to have been aware of the Firm's AML policy document. If he were not aware of it or failed to heed its content then the Firm could not be determined to be culpable for any regulatory failure.

30.35 Mr Morris did not highlight to Mr Candey, or any other manager at the Firm, that he had any AML concerns in relation to the receipt of the monies. Whilst he might have spoken to Mr McEwan, he did not suggest, in that conversation, that he had any AML concerns regarding the receipt of the monies. Indeed, Mr Convey submitted, it was clear from Mr Morris's evidence, that he was not concerned that the monies were the proceeds of crime or were related to terrorist financing.

30.36 Further, Mr Morris did not inform Mr Candey that the settlement monies were going to be deposited into the Firm's client account. Mr Candey discovered this when he was informed by a member of the accounts team. Nor did Mr Morris inform Mr Candey, as the firm's MLRO, of the involvement of Person F including, crucially, that Person F had been involved in actively providing instructions, notwithstanding that he had been disqualified as a director and was not the client.

Allegation 3.2

30.37 Mr Convey submitted that beyond the Applicant's assertion that the Firm bore ultimate responsibility to ensure compliance with the MLRs, it had not set out the factors on which it stated that the Firm was responsible for the payments out.

30.38 The Firm, it was submitted, was not informed that the funds would be arriving by Mr Morris. Further, it was not disputed that the payments out, authorised by Mr Morris between 15 and 17 June 2015 were not disclosed to the Firm's MLRO or directors. Mr Convey submitted that in the circumstances, it was unsurprising that the Applicant had been unable to particularise its claim as to how the Firm was in breach of the Regulations. It was unclear how the Applicant could sustain this allegation against the Firm when, as a matter of fact, Mr Morris was responsible for authorising the payments

without the Firms knowledge. This, it was submitted, was manifestly the case where, on the Applicant's case, the payments were made in breach of the Firm's policies and procedures.

30.39 The closest the Applicant came to particularising a case against the Firm was its reference to events that took place after 19 June 2015. Such a position, it was submitted, could not amount to a basis for responsibility by the Firm for actions carried out by Mr Morris without the Firm's knowledge and in breach of the Firm's procedures. It was noteworthy that the Applicant accepted that the payments out were made without the Firm's knowledge.

30.40 The Applicant's assertion that the Firm was responsible for the payments out made without its knowledge because, after they were made the Firm did not seek to enquire what payments had been made or *"prevent any further use until the required information was obtained"*, was a novel approach and clearly one that could not be sustained, either in principle or in the light of Mr Morris's conduct.

Allegation 3.3

30.41 It was the Applicant's case that having sought further information in order to satisfy itself as to the source of the funds received, the Firm failed to await the outcome of those enquiries and thus authorised the payment out of monies notwithstanding that it had inadequate source of funds information,

30.42 The Applicant, it was submitted, had failed to acknowledge that the information sought in the emails sent by Mr Dunne and Mr Candey, had already been provided to Mr Morris and was thus in the Firm's possession. This included information as to who the settlement monies had been received from, and the amount due to be paid. The emails also made clear that the funds being sent were pursuant to the settlement agreement.

30.43 Mr Morris, Mr Dunn and Mr Candey were all in possession of the settlement agreement. Mr Candey reviewed the settlement agreement and was professionally aware of some of the legal representatives. Mr Morris had been acting for the client since October 2013, understood the nature of its business and had met in person its staff and its ultimate beneficial owner. Mr Morris had been informed in advance of the arrival of the funds and the need for the payments out. The final elements of due diligence carried out on 19 June the pre-existing relationship with the client and compliant customer and transactional due diligence carried out up to that point meant that the Firm had adequate information.

30.44 The Applicant's assertion that the requested source of funds information was still outstanding at the point at which the payments were authorised was incorrect. Mr Convey submitted that there was a distinction between being satisfied on a risk-based approach, that a payment could be made and having answered every question that may be raised by a solicitor examining the situation for the first time. The process of review was not static but one that is informed by the information received. The Applicant's assertion that the reason for the authorisation of the payment was due to the sum being required to be paid out being substantially less than the full £23.9m received, was also incorrect. In any event, that assertion did not assist the Applicant. As it has been at pains in its case to make out, when assessing AML risk, the size of the payment

involved was a legitimate consideration. So, even though the Applicant was wrong to say the payment was approved 'simply' because of the markedly lower value than Mr Candey was first given to believe, it was incumbent upon him to consider that factor in assessing the AML risk and whether the payment out should be authorised. Not only did Mr Candey's decision reflect the fact that by that time he had seen sufficient information to satisfy himself that the funds were the proceeds of the settlement agreement, that they had been authorised by the settlement agreement to be paid to Ocean and that the settlement was not as a result of a sham arrangement, his approach to the assessment of risk was both technically correct and lawful. Accordingly, the Firm, through Mr Candey, had satisfied itself as to the source of funds.

The Tribunal's Findings

30.45 Allegations 3.1, 3.2 and 3.3 were contingent on the Tribunal finding that there had been a breach of the MLRs and that EDD was required. Having found that there was no breach of the MLRs, (for the reasons detailed above), the Tribunal found the allegations against the Firm not proved and thus dismissed those allegations.

**Previous Disciplinary Matters**

31. There were no previous matters before the Tribunal for either Respondent.

**Mitigation**

32. Mr Morris apologised for and deeply regretted his error in paying out monies in breach of Rule 14.5. His misconduct was not deliberate but was the result of his lack of understanding of the application of Rule 14.5.

33. In his self-report to the Applicant, Mr Morris explained that he understood his duties as a solicitor to conduct himself to the highest ethical and professional standards, including by compliance with his regulatory obligations. Whilst at the time Mr Morris was aware and understood that a client account should not be used to provide banking services, he believed that that related to monies paid into the client account. What he did not then understand was the obligation to not pay monies out of the client account that did not relate to an underlying legal transaction.

34. Mr Morris submitted that the application of Rule 14.5 was generally not well understood at the time. Given the submissions made by the Firm, it was clear that this was also the Firm's position. He noted that there was no guidance in the Firm's AML documentation as regards the application of Rule 14.5. Mr Morris considered that the Applicant could and should have advised the profession more clearly at the time.

35. Mr Morris referred the Tribunal to the statement of Iain Larkins, Managing Director of Radius Law, who stated that Mr Morris had helped to steer the firm's compliance processes, providing the management team with the benefit of his experience, including the experience of the investigation into the Dissington Estate matter.

36. Mr Morris submitted that he had admitted this matter at the outset, indeed he had indicated in his self-report his belief that he had acted contrary to Rule 14.5. Mr Morris considered that he had shown insight and genuine remorse for his misconduct. In order

to assist the Applicant with its investigation, he had provided as much information as possible.

37. With regard to the appropriate sanction, whilst it was accepted that the misconduct might be considered too serious for a reprimand, it was not so serious that he should be suspended from practice. Mr Morris submitted that a financial penalty was appropriate and proportionate in all the circumstances. Mr Morris referred the Tribunal to a number of its previous decisions and the sanctions imposed in those matters.

38. Mr Morris submitted that the Tribunal, when considering the appropriate sanction, should take into account the unreasonable delay in the Applicant's investigation and bringing the proceedings. The delay had caused mental and physical stress for Mr Morris and his family. The stress of the proceedings and the burden they caused had been significant. It had affected his ability to be instructed in certain matters. The Tribunal was referred to other matters where previous Tribunal panels had reduced the sanction in order to reflect delay.

**Sanction**

39. The Tribunal had regard to the Guidance Note on Sanctions (10th Edition – June 2022). The Tribunal's overriding objective, when considering sanction, was the need to maintain public confidence in the integrity of the profession. In determining sanction, it was the Tribunal's role to assess the seriousness of the proven misconduct and to impose a sanction that was fair and proportionate in all the circumstances.

40. The Tribunal accepted that Mr Morris's misconduct was inadvertent due to his lack of understanding of the application of Rule 14.5. The Tribunal considered that when the payments were made, Mr Morris gave no consideration as to whether or not they were permissible. His misconduct was not planned. Mr Morris, it was determined, was an experienced solicitor who had direct control of the circumstances of his misconduct. He had caused harm to the reputation of the profession. Members of the public would expect a solicitor to understand his obligations when dealing with client monies. The Tribunal noted that there was no financial loss to the client as a result of his misconduct.

41. The Tribunal considered that Mr Morris ought to have known that his conduct was in material breach of his obligations to protect the public and the reputation of the profession. In mitigation, the Tribunal found that this was a single episode in an otherwise unblemished career. Mr Morris had demonstrated remorse and insight; he had made admissions from the outset of the investigation and had maintained those admissions throughout the proceedings.

42. The Tribunal agreed with Mr Morris's submission that the misconduct, whilst not so serious that there should be any interference with his right to practice, was too serious for sanctions such as No Order or a Reprimand. The Tribunal determined that a financial penalty was an appropriate and proper reflection of the seriousness of his misconduct. The Tribunal assessed the misconduct as moderately serious such that it fell within its Indicative Fine Band Level 2. The Tribunal determined that a fine in the sum of £6,000 was appropriate and proportionate in all the circumstances.

**Costs**

The Applicant's costs submissions

43. Mr Collis submitted that the Applicant's costs in bringing the proceedings were £63,830.38. It had considered the appropriate apportionment between the Respondents and determined that a 50/50 split. Mr Collis submitted that whilst Mr Morris might have been considered the more culpable, the conduct of the Firm in defending the proceedings had led to a greater percentage of the time expended by the Applicant in terms of the preparation of the case.

44. Mr Collis submitted that given the Tribunal's findings, and in accordance with the authorities, the Applicant was making no application for costs from the Firm.

45. Accordingly, the application for costs related to Mr Morris only in the sum of £31,915.04.

The First Respondent's costs submissions

46. The Tribunal did not hear any oral submissions from Mr Morris in error. Following the hearing and the announcement of its decision, Mr Morris contacted the Tribunal explaining that he had not been given the opportunity to address the Tribunal with regards to costs. He was informed that he could (i) have the matter re-listed under the slip rule to make those representations, (ii) await the Judgment and thereafter appeal (which was his right in any event) or (iii) provide the Tribunal with his written representations. Mr Morris chose to provide written representations.

47. In summary, Mr Morris submitted that he did not consider that he should be responsible for 50% of the costs. Further, given the Applicant was not seeking any costs from the Firm as it had successfully defended the proceedings, it should not seek costs for him in relation to the allegations that the Tribunal had found not proved. Additionally, the Tribunal was reminded that Mr Morris had admitted breaching the Accounts Rules from the outset, both in his self-report and also in his Answer.

48. Mr Morris submitted that given the length of time it had taken the Applicant to bring these proceedings, and the effect it had had on his health, the health of his family and his ability to undertake work, and given the very early admissions made, the Applicant's costs were unreasonable.

49. As regards the quantum claimed, Mr Morris submitted that he should not be held liable for any of the costs incurred as a result of work that related to the Firm. Further, the time spent on preparing aspects of the case was excessive. Given his admissions, Mr Morris submitted that the costs in respect of the preparation for the substantive hearing were incurred mainly as a result of the Firm's denials.

The Second Respondent's costs submissions

50. Mr Convey submitted that this was a case in which the Firm should receive its costs in successfully defending the application. The Applicant, it was submitted, in bringing the proceedings had nor first reached a proper understanding of the MLRs or how they

applied in the facts of this case. There had been no criticism by the Applicant of the Firm's AML policies and procedures.

51. The Applicant had failed to understand the risk-based approach to EDD. In investigating this matter, the Applicant had failed to assess the risks and consider whether the actions of the Firm complied with the existing risks. Instead, the Applicant had conducted a checklist approach and had applied the incorrect checklist.

52. Mr Convey submitted that the Firm had considered making a submission of no case to answer at the close of the Applicant's case, but had determined that the correct decision was to allow the Tribunal to hear all of the evidence.

53. Mr Convey submitted that the Applicant's failure to properly assess and apply the MLRs to the facts of this case was a good reason for the Tribunal to move away from the starting position of no order as to costs and to award the Firm its costs in its successful defence of the proceedings.

54. In reply, Mr Collis submitted that there were no good reasons in this case to order the Applicant to pay the Firm's costs. Having heard the case in full, it was submitted that it was right and proper for the Applicant to have brought the proceedings given the concerns about the Firm's compliance with the MLRs and for the Tribunal to consider whether the Firm had failed to comply with its regulatory obligations.

55. Mr Collis reminded the Tribunal of the chronology of events and in particular the email from Mr Candey, the Firm's managing director, dated 19 June in which he described the checks made as *"woefully inadequate"*. This email had been sent when the Firm had already paid out just short of £8 million of the settlement monies received. Thereafter, Mr Candey authorised the release of further monies despite not having received a response to the enquiries made.

56. Mr Collis submitted that an examination of the evidential picture demonstrated that the Applicant was right to be concerned about the Firm's adherence to the requirements under the MLRs. That this was the case was fortified by some of the correspondence received from the Firm. In its 29 November 2021 response to the Applicant, the Firm complained that Mr Morris had failed to report to the Firm's MLRO that the client was a high risk for money laundering. In its response to the notice recommending referral, the Firm it was expressly asserted that Mr Morris had *"breached Part D of the policy in that he failed to submit a SAR to Mr Candey, the MLRO, in spite of there being reasonable grounds to suspect that the transactions may have involved money laundering."*

57. Whilst it was appreciated that such assertions were made by the Firm during the course of the Applicant's investigation, were inconsistent with the submissions made on the Firm's behalf during the proceedings. Mr Collis submitted that, given the assertions made by the Firm, the Applicant had genuine and serious cause for concern in relation to whether the Firm had complied with its AML obligations. Accordingly, it was the Applicant's primary position that it was appropriate for the Applicant to bring the case against the Firm and for the Tribunal to consider and determine whether the Firm had complied with its obligations. The reference by Mr Convey of the Tribunal needing to

hear the evidence of the Firm's witnesses supported the Applicant's assertion that it was appropriate for the issues to be fully ventilated before the Tribunal.

58. Mr Collis noted that a strike-out application had originally been filed and served by the Firm, but that this was later abandoned. In its Reply to the Answer, the Applicant referred to the Tribunal's power to consider an application to dismiss the proceedings. No such application was made by the Firm, and the Firm decided not to make a half-time submission. These were factors that evidenced that there was a real and proper basis for the prosecution of the Firm.

59. As regards quantum, Mr Collis invited the Tribunal to consider the amount claimed with care in circumstances where the costs claimed of £290,675 was five times greater than the costs incurred by the Applicant for bringing the case in relation to both Respondents. The Tribunal was referred to Rule 43(4) of the Rules as regards the matters that the Tribunal should consider when making any order for costs. The Firm made a great number of applications, including but not limited to an application for extension of time for the filing of its Answer, the abandoned application for a strike out and an application for disclosure which led to a case management hearing in which the Tribunal dismissed the application. Further, the Tribunal was required to consider whether the amount of time spent was reasonable and proportionate including whether it was necessary and proportionate for a number of individuals to be in attendance at the Case Management Hearings in this matter.

<u>The costs decision in relation to Mr Morris</u>

60. The Tribunal firstly considered the appropriate apportionment of costs. The Tribunal determined that notwithstanding that Mr Morris might have been considered the more culpable, the majority of the costs in the matter were as a result of the Firm's response and applications in the proceedings. The Tribunal determined that the appropriate costs apportionment in this matter was 25% to Mr Morris and 75% to the Firm. Accordingly, Mr Morris was liable for costs in the sum of £15,957.52. The Tribunal agreed that there had been delay on the part of the Applicant in bringing the proceedings and determined that the costs should be reduced to take account of that delay. The Tribunal also considered that there should be a reduction in the costs for those allegations that it had found not proved, notwithstanding that Mr Morris had admitted those allegations. Having taken those matters into account, the Tribunal determined that costs in the sum of £10,000 were reasonable and proportionate.

61. Having considered the written submissions received from Mr Morris, the Tribunal considered whether there should be any change in its costs order. Notwithstanding that it had not heard from Mr Morris, the Tribunal had taken into account and reduced the costs claimed by the Applicant as a result of the delay in bringing the proceedings and its dismissal of allegations 1.1 and 1.2. Further, the Tribunal had found that the costs apportionment should be 25% to Mr Morris and 75% to the Firm. The Tribunal determined that the decision made as regards costs remained appropriate and proportionate. Accordingly, the Tribunal did not amend the order for costs made or the apportionment of the costs as between the Respondents, thus its original order remained appropriate.

The costs decision in relation to the Firm

62. The parties submitted, and the Tribunal agreed, that the starting point as regards costs for the Firm was one of no order as to costs. There needed to be a good reason to depart from that starting position. The Applicant submitted that there was no good reason to do so. The Firm submitted that the Applicant's misapplication of the MLRs amounted to a good reason.

63. Rule 43 provided:

> *"(1) At any stage of the proceedings, the Tribunal may make such order as to costs as it thinks fit, which may include an order for wasted costs.*
>
> .....
>
> *(4) The Tribunal will first decide whether to make an order for costs and will identify the paying party. When deciding whether to make an order for costs, against which party, and for what amount, the Tribunal will consider all relevant matters including the following—*
>
> *(a) the conduct of the parties and whether any or all of the allegations were pursued or defended reasonably;*
>
> *(b) whether the Tribunal's directions and time limits imposed were complied with;*
>
> *(c) whether the amount of time spent on the matter was proportionate and reasonable;*
>
> *(d) whether any hourly rate and the amount of disbursements claimed is proportionate and reasonable;*
>
> *(e) the paying party's means."*

64. The Tribunal noted that whilst the Firm had always denied breaching the MLRs, its reasons for denying the allegations remained fluid.
Initially, during the investigation, the Firm had considered that there were reasonable grounds for suspecting that Mr Morris had breached the MLRs, and that the checks he had undertaken were *"woefully inadequate"*.

65. Mr Candey later sought to rely on the Bowman and Fels exception, which during the course of the proceedings was abandoned by Mr Convey, who accepted that such a defence was a *"red herring*" in the proceedings. It was not until Mr Convey provided his skeleton argument that the Firm's settled position, namely that the Applicant's case was wrong in law as there was no obligation for EDD measures to be applied, became clear. The Firm's responses, had been altered throughout correspondence until they became settled at the hearing.

66. The Firm had also chosen to make an application for disclosure which necessitated the Tribunal hearing oral submissions. In an application dated 28 March 2024, the Firm had applied for disclosure of the following:

- Information relating to the original drafting of Rule 14.5, at the time of drafting, and discussion thereof, specifically in respect of the phrase 'underlying transaction';
- Information relating to the moment at which the SRA discovered the inadequacies of Rule14.5 and the immediate discussions surrounding the discovery and the decision to publicise a Warning Notice; and
- Information relating to the reasons for the delay in remedying the perceived inadequacies of Rule 14.5, which delay extended 5 years from the publication of the Warning Notice on 18 December 2014 to the coming into force of Rule 3.3 on 25 November 2019

67. The application was made on the basis that it was relevant more widely to the issues in the case against the Firm in relation to the charges against it for its alleged liability for the acts and omissions of Mr Morris. The division of the Tribunal, in refusing the application for disclosure, had found that the disclosure requested was not relevant for the proper consideration of any issue in the case, and that the Firm had failed to identify any issue in the case to which the requested documents were relevant. This division of the Tribunal agreed with those findings. The Firm had not been charged with any breach of Rule 14.5, and Mr Morris (the only Respondent facing such an allegation) had, from the outset, admitted the breach. The Tribunal found that such an application was wholly unnecessary and wholly without merit in all the circumstances.

68. The Firm had made, and then abandoned, an application to strike out the proceedings. It had also elected not to make a half-time submission, notwithstanding that its settled defence of the allegations was one of an error of law. Whilst the Firm was entitled not to make such a submission, its choice not to do so was something that the Tribunal took into account when considering the costs application.

69. The Tribunal also found that the costs claimed and time spent on the defence of the allegations was excessive.

70. The Tribunal determined that whilst it was reasonable for the Firm to defend the allegations it faced (indeed the Tribunal had dismissed the allegations), its conduct in doing so had been unreasonable such that there was, in the Tribunal's view, no reason to depart from the starting point of no order as to costs.

**Statement of Full Order**

71. The Tribunal Ordered that the Respondent, RICHARD JAMES MORRIS solicitor, do pay a fine of £6,000.00, such penalty to be forfeit to His Majesty the King, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £10,000.00.

72. The Tribunal found the allegations against CANDEY LIMITED, 8 Stone Buildings, Lincoln's Inn, London, WC2A 3TA NOT PROVED.
The Tribunal further Ordered that there be no Order as to costs.

Dated this 13th day of January 2025
On behalf of the Tribunal

JUDGMENT FILED WITH THE LAW SOCIETY
13 JAN 2025

*P Lewis*

P Lewis
Chair

# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12515-2023

**BETWEEN:**

SOLICITORS REGULATION AUTHORITY LTD Applicant

and

RICHARD JAMES MORRIS First Respondent

CANDEY LIMITED (a firm) Second Respondent

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Before:

Mr P Lewis (in the chair)
Ms H Hasan
Mrs L McMahon-Hathway

Date of Hearing: 13 – 17 May, and 27 September 2024

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# APPENDIX 1

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**The Email Table**

| **Email No.** | **Date and time** | **Sender** | **Recipients** | **Content** |
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| 1 | 6.5.15 11:50 | Person F | Mr Morris | *"Please find attached the draft SPA and the draft facility letter"*<br><br>Appears to relate to Person F's involvement in the Dissington Estate transaction |
| 2 | 27.5.15 15:01 | Client G | DJ (worked at Ocean Advisory) and Mr Morris | *"Please can you ensure that the funds are sent to Richard Morris, Candey LLP Solicitors, at the attached account details"* |
| 3 | 27.5.15 15:20 | First Respondent | DJ | *"I understand that you will be sending monies to my firm's account from your firm's account in Qatar, from funds received in a litigation settlement concerning court proceedings in Qatar, upon which you have been acting. These monies are to be utilised by our client for the refinance matter referred to above.*<br><br>*In order to comply with English Law Society requirements, it is necessary that we have details for the foreign entity sending monies to us.*<br><br>*I would therefore be grateful if you could let me know your company's full name and address details together with any registration number or similar governing your legal practice in Qatar.*<br><br>*Could you also please let me know the precise sum that is being sent over and the details/name of the bank who will be sending the monies to our account at Lloyds Bank Plc."* |

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| 4 | 2.6.15 9:28pm | Mr Morris | DJ | *"I met with our mutual clients today in London – I understand the funds received from the settlement will be sent shortly."*<br><br>Requests a response to the 27.5.15 e-mail. |
| 5 | 3.6.15 1:14am | Donald Jordan | Mr Morris | *"I am attaching the Commercial Registration (equivalent to articles of incorporation), Chambers of Commerce Certificate and Municipality License. There are in Arabic so I am not sure how helpful they will be for you. I do not have the exact amount of the transfer but will come back to you and confirm when the wire is ready to go. Let me know if you need additional information and if we can help further.*<br><br>*The name of the entity sending the money will be Ocean Advisory & Consulting W.L.L. And it is a limited company organised under the laws of the State of Qatar"* |
| 6 | 3.6.15 9:26am | Mr Morris | Dawn and Nigel McEwen and Georgina Golding | Forwards on the 1:14am e-mail from Donald Jordan. |
| 7 | 8.6.15 08:18 | Person F | Mr Morris, Allan Rankin, Dawna Stickler and Client G | E-mail refers to the need to change the current purchase contract for Dissington Estate in light of the reduction in the upfront cash. |
| 8 | 15.6.15 9:31am | Mr Morris | DJ, Client G and Person F | *"Could you please let me know if the funds are on their way and how much is being sent over?"* |
| 9 | 15.6.15 10:06am | DJ | Mr Morris, Client G and Person F | *"Just sent. The bank held the wire for 15 minutes while I provided a beneficiary address. I gave them the 8 Stone Buildings Address. Total amount is GBP 24,049,951"* |
| 10 | 15.6.15 | DS | Mr Morris | Refers to the fact that funds have been sent to the Firm's |

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| | 12:31 | | | client account and asks that these funds are used to complete the acquisitions of (i) Flat 12 Hamilton House; and (ii) 48 Montague Gardens |
| 11 | 15.6.15 1:58pm | Mr Morris | DJ | *"Monies just received of £23,921,641.59 being a difference of £128,309.41 from the figure set out below?"* |
| 12 | 15.6.15 12:45[1] | DJ | Mr Morris, Client G and Person F | *"I sent the number based on my calculation. I will recheck the numbers but the number you received matches the wire record"* |
| 13 | 17.6.15 14:55 | Ashkhan Candey | Mr Morris and the McEwens | In an e-mail entitled, *"23 million received"*, Mr Candey writes:<br><br>*"In client account. Can you please confirm what ML procedures you have undertaken and where the money is coming from"* |
| 14 | 17.6.15 17:22 | Mr Morris | Ashkhan Candey and the McEwens | *"Dawn and Nigel are aware. Monies for* [Company A] *from their lawyer in Qatar as a result of a settlement of proceedings in Qatar. We obtained company details and registration info for the law firm in Qatar. We discussed this the other day when you were in my room when I told you we had received documents in Arabic and whether you could read Arabic at all"* |
| 15 | 17.6.15 17:32 | Ashkhan Candey | Mr Morris and the McEwens | *"I can't read Arabic but please provide me with details of the law firm and send me the papers you have received. Qatari lawyers will speak English."* |
| 16 | 17.6.15 19:16 | Mr Morris | Ashkhan Candey | Forwards on the 3.6.15 1:14am e-mail from Donald Jordan. |
| 17 | 17.6.15. 20:05 | Ashkhan Candey | Mr Morris and the McEwens | *"Is that all we have? What is the name of the law firm?"* |
| 18 | 17.6.15 20:25 | Mr Morris | Ashkhan Candey and the McEwens | *"It says on the emails below – Ocean Advisory & Consulting W.L.L"* |
| 19 | 19.6.15 09:57am | Ashkhan Candey | Mr Morris and the McEwens | *What checks have you undertaken to ascertain the ultimate source of the monies? This is a lot of money and you need to* |

[1] This time places the e-mail out of sequence, but it is the time that appears on the version in the SRA's possession. This may be a result of the different time zones.

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| | | | | *please understand from where these monies came from. At the moment the checks appear to be woefully inadequate.*<br><br>*We need a letter from the Qatari lawyers setting out a clear paper trail as otherwise these monies need to be returned."* |
| 20 | 19.6.15 12:49pm | Mr Morris | DJ | *"I have received a request from my compliance team seeking confirmation of the paper trail for the settlement monies that were sent over a few days ago.*<br><br>*I would be extremely grateful if you could send a reply email to me detailing the position enclosing copies of any appropriate documents.*<br><br>*Sorry to be a nuisance but I have been requested to contact you in respect of this clarification by the firm's compliance partners."* |
| 21 | 19.6.15 11:59[2] | DJ | Mr Morris | *"Would a copy of the settlement agreement be sufficient. The agreement mentions the money being paid to Ocean specifically which I assume addresses the compliance issue."* |
| 22 | 19.6.15 12:03 | Mr Morris | Donald Jordan | *"Thanks Donald - much appreciated"* |
| 23 | 19.6.15 7:32am | Mr Morris | DJ and DS | *"I understand that you will be able to send over a copy of the settlement agreement and I have agreed with Dawna that the document will be reviewed in the strictest confidence and that once we have reviewed for our compliance procedures we will destroy any hard copies held and further that we will not disclose to any other party unless we have the express written consent from Pro Vinci Limited."* |
| 24 | 19.6.15 12:37 | DJ | Mr Morris | E-mail purports to attach a copy of the settlement agreement[3] |

[2] This is another instance of the time on the e-mail not fitting into the apparent sequence in which these e-mails were sent.

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| 25 | 19.6.15 12:44 | Mr Morris | DJ | *"Thanks Donald"* |
| 26 | 19.6.15 12:53 | Mr Morris | Unclear | *"FYI as just discussed"*<br><br>This appeared to represent Mr Morris forwarding on the 12:37 e-mail which attached the settlement agreement, but it was unclear to whom he forwarded it. Andrew Dunn (another partner at the Firm) appears to have been included as he replies (see e-mail at 14:53 below) |
| 27 | 19.6.15 13:58 | Andrew Dunn | Ashkhan Candey | *"Richard Morris wants to know if the attached satisfies our ML concerns. He needs to send funds before today's cut-off. I am reviewing but note your suggestion of a letter from the Qatari lawyers confirming provenance."* |
| 28 | 19.6.15 14:23 | Andrew Dunn | Mr Morris and Ashkhan Candey | *"I have copied ADC. I think it would be helpful to get a quick email from the Qatari lawyers to confirm (i) from whom they received the cash (account name) – and, if a firm or bank, on whose behalf it was sent to them – and (ii) that it was pursuant to this settlement ag."* |
| 29 | 19.6.15 14:24 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"I know of Ruhan, McNally and SMA Investments.*<br><br>*Does this settlement mention the amount? Who were the lawyers acting for us on this? Presumably the client had English or Jersey lawyers? Is this the dispute that Stewarts Law acted on?*<br><br>*Nb if it is a large payment it will be automatically stopped by Lloyds so best to get in contact with them"* |
| 30 | 19.6.15 14:26 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"Much better to get an email from their English litigators confirming veracity"* |
| 31 | 19.6.15 9:30am[4] | Mr Morris | Donald Jordan and | *"Hi Donald*<br><br>*Just two further points if I may:* |

[4] The Applicant submitted that time on this e-mail was confusing. It appeared in a chain as a direct follow-on from the e-mail to DJ at 12:44 and its content read as though it was sent after the settlement agreement had been seen by Andrew Dunn and Ashkhan Candey

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| | | | Andrew Dunn | 1. *Could you confirm from whom you received the Settlement Amount (account name) – and, if a firm or bank, on whose behalf it was sent to them, and*<br>2. *That the sum received was pursuant to the terms of the attached settlement agreement"* |
| 32 | 19.6.15 15:05 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"So what's the score?"* |
| 33 | 19.6.15 15:09 | Mr Morris | Ashkhan Candey and Andrew Dunn | *"Sent email as per Andrew's advice and waiting to hear back from Qatari lawyer. Trying to find out about Stuart's Law involvement"* |
| 34 | 19.6.15 15:28 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"How much do you need to pay out today? There's only a few minutes left?"* |
| 35 | 19.6.15 15:29 | Mr Morris | Ashkhan Candey and Andrew Dunn | *"500k sterling and 360,000 Euros. Not going to happen now"* |
| 36 | 19.6.15 15:32 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"That's fine. I thought you were sending out 23 million.*<br>*Go ahead and pay"* |
| 37 | 19.6.15 15:33 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"Cut off is 3.45"* |
| 38 | 19.6.15 15:35 | Ashkhan Candey | Mr Morris and Andrew Dunn | *"Can someone please communicate with me as it looks like you are going to be in breach of an agreement?"* |
| 39 | 19.6.15 16:27[5] | Mr Morris | Dawna Stickler | *"My compliance partner has mentioned whether you had any English lawyers assisting with this (Stuarts Law?) and if so, perhaps I can ask them to send me a quick email on the veracity of the funds?* |

[5] Again, the timing of this e-mail appeared confusing. It appeared in a chain at the start, yet was an hour later than the two e-mails which appeared to follow it.

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| 40 | 19.6.15 15:38 | DS | Mr Morris | *"No sorry, Stewarts were not handling this one. They are dealing with the main litigation. It was Donald Jordan acting in this locally. How else can I help?* |
| 41 | 19.6.15 15:39 | Mr Morris | DS | *"I've just had the all clear ! so I'll get the monies in the system now. Might not arrive until Monday but hope that is ok?* |
| 42 | 20.6.15 00:10 | DJ | Mr Morris and Andrew Dunn | *"Hi Richard, it was a manager's check[7] from Ahli Bank and you will notice the amount on the attached matches the settlement agreement. The sum was pursuant to the terms of the settlement agreement."* |

**The Transaction Table**

| **No.** | **Date** | **Incoming/Outgoing** | **Value** | **Recipient** |
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| 1 | 15.6.15 | Incoming | £23,921,641.59 | Second Respondent |
| 2 | 15.6.15 | Outgoing | £300,250 | Farrer & Co |
| 3 | 15.6.15 | Outgoing | £1,803,106.88 | Hart Brown |
| 4 | 15.6.15 | Outgoing | £485,724.80 | Kingsley David Solicitors |
| 5 | 16.6.15 | Outgoing | £519,988.40 | Ogiers Solicitors |
| 6 | 16.6.15 | Outgoing | £4,606,146 | Adelphi Legal Solutions |
| 7 | 17.6.15 | Outgoing | £19,875 | Farrer & Co |
| 8 | 22.6.15 | Outgoing | £500,000 | Allan Rankin |
| 9 | 22.6.15 | Outgoing | £263,581.78 | Dolphin Asesores |