SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12560-2024

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD Applicant

and

RORY PETER HEDDLE FORDYCE Respondent

Before:

Mr P Lewis (in the chair)
Mr A Horrocks
Mr A Lyon

Date of Hearing: 9 – 11 June 2025

Appearances

Michael Collis, counsel in the employ of Capsticks LLP, Wimbledon House, 68 Wimbledon Hill Road, London SW19 7PA for the Applicant.

Michael Uberoi, counsel of Outer Temple Chambers, 222 Strand, Temple, London WC2R 1BA for the Respondent.

JUDGMENT

Allegations

1. The allegations made against the Respondent, Rory Peter Heddle Fordyce, made by the Solicitors Regulation Authority ("SRA") were that whilst a manager of Taylor Fordyce Limited ("the Firm"), he:

1.1 Between approximately 2013 and April 2015, failed to take adequate measures to establish the source of wealth and source of funds of Anar Mahmudov, as required by Regulation 14 of the Money Laundering Regulations 2007, in relation to the following transactions:

1.1.1 £1,100,000 received into the Firm's client account on 21 January 2014; and

1.1.2 £1,946,602.88 received into the Firm's client account on 17 April 2015,

and in doing so breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011 ("the 2011 Principles") and failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011 ("the 2011 Code").

1.2 Between approximately 21 January 2014 and 4 April 2014, used the Firm's client account as a banking facility in relation to the £1,100,000 received on 21 January 2014, and in doing so breached any or all of Rule 14.5 of the SRA Accounts Rules 2011 ("the 2011 Accounts Rules") and Principles 6, 7 and 8 of the 2011 Principles.

1.3 Between approximately 30 May 2014 and 20 January 2022, used the Firm's client account as a banking facility for his own personal payments, and in doing so breached any or all of the following:

<u>Pre-25 November 2019</u>
Rule 14.5 of the 2011 Accounts Rules and Principles 6, 7 and 8 of the 2011 Principles

<u>25 November 2019 and beyond</u>
Rule 3.3 of the SRA Accounts Rules ("the 2019 Accounts Rules") and Principle 2 of the SRA Principles ("the 2019 Principles").

1.4. On or around 11 September 2018, borrowed money from Anar Mahmudov for his and/or the Firm's benefit, and in doing so breached any or all of Principles 2, 3 and 6 of the 2011 Principles and failed to achieve Outcomes 3.2 and 3.4 of the 2011 Code.

1.5. Between approximately 24 August 2021 and 7 September 2021, provided a loan of £138,200 to a client of the Firm, and in doing so breached any or all of Principles 2, 3 and 5 of the 2019 Principles and failed to achieve Paragraph 6.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 ("the 2019 Code").

Executive Summary

2. The Tribunal found allegation 1.1 proved in its entirety. The Tribunal considered that Mr Fordyce's failure to conduct adequate checks as to the source of wealth and funds of Mr Mahmudov in circumstances where he had conflicting information was sufficiently serious, culpable and reprehensible as to engage Principles 6 and 8. The

Tribunal found the admissions made to breaches of Principle 7 and failure to achieve Outcome 7.5 were properly made.

- Allegation 1.1 - PROVED

3. The Tribunal found allegation 1.2 proved in its entirety. Mr Fordyce had allowed the Firm's client account to be used as a banking facility as monies were transferred in the absence of any underlying legal transaction.

- Allegation 1.2 - PROVED

4. The Tribunal found allegation 1.3 proved in its entirety. The Tribunal found Mr Fordyce's admissions to have been properly made.

- Allegation 1.3 - PROVED

5. The Tribunal found allegation 1.4 not proved. The Tribunal determined that the particular circumstances of the loan did not give rise to an actual own interest conflict or a significant risk thereof. Further, the Tribunal did not find that in the particular circumstances, the alleged Principles were engaged.

- Allegation 1.4 – NOT PROVED

6. The Tribunal found allegation 1.5 not proved on the basis that at the time Mr Fordyce loaned monies to Client B, Client B was not a client of the Firm. Accordingly, the allegation was dismissed.

- Allegation 1.5 – NOT PROVED

Sanction

7. The Tribunal imposed a fine in the sum of £32,500 and further ordered that Mr Fordyce pay costs in the sum of £50,000. In order to protect the public and the reputation of the profession from future harm the Tribunal imposed restrictions on his practice as follows:

For a period of five years, Mr Fordyce may not:

- Practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body;

- Be a Head of Legal Practice/Compliance Officer for Legal Practice or a Head of Finance and Administration/Compliance Officer for Finance and Administration or a Money Laundering Reporting Officer or a Money Laundering Compliance Officer;

- Be a signatory on any client account.

The Tribunal's reasoning can be accessed [here]

Preliminary Matters

Applicant's application for anonymity of underlying clients

8. Pursuant to Rule 35(9) of the Solicitors (Disciplinary Proceedings) Rules 2019 ("the SDPR"), Mr Collis applied for four underlying clients to be anonymised in order to protect their legal professional privilege and to prevent the release of confidential information into the public domain. There was no application to anonymise Mr Mahmudov, who was specifically named in allegations 1.1 and 1.4 on the basis that the solicitor relationship between Mr Fordyce and Mr Mahmudov was already in the public domain. Should the Applicant or Respondent need to refer to any privileged or confidential information in relation to Mr Mahmudov, there would be an application for those matters to be heard in private in order to protect his privilege and confidentiality.

9. Mr Uberoi confirmed that he was neutral as regards the application.

10. The Tribunal determined that legal professional privilege was an absolute right. Dealing with matters in the way suggested by the Applicant would protect that privilege for the four clients and Mr Mahmudov. Accordingly, the Tribunal granted the application.

Respondent's application to adduce additional evidence

11. Mr Uberoi applied to adduce the second witness statement of Mr Fordyce dated 8 June 2025. Mr Collis confirmed that the application was not opposed. The Tribunal determined that it was in the interests of justice and fairness to admit that evidence. Accordingly, the application was granted.

Background

12. Mr Fordyce was admitted to the Roll in January 1979. In addition to being a manager and director at the Firm, Mr Fordyce was also the Firm's Compliance Officer for Legal Practice ("COLP") (from 14 November 2012), Anti Money Laundering Compliance Officer ("MLCO") and Anti Money Laundering Reporting Officer ("MLRO") (MLCO and MLRO from 21 January 2018). He held a current unconditional Practising Certificate.

Witnesses

- Mr Fordyce – Respondent

13. The written and oral evidence of the witnesses is quoted or summarised in the Findings of Fact and Law below. The evidence referred to will be that which was relevant to the findings of the Tribunal, and to facts or issues in dispute between the parties. For the avoidance of doubt, the Tribunal read all of the documents in the case and made notes of the oral evidence. The absence of any reference to particular evidence should not be taken as an indication that the Tribunal did not read, hear or consider that evidence.

Findings of Fact and Law

14. The Applicant was required to prove the allegations on the balance of probabilities. The Tribunal had due regard to its statutory duty, under section 6 of the Human Rights Act 1998, to act in a manner which was compatible with Mr Fordyce's rights to a fair trial and to respect for his private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Integrity

The test for integrity was that set out in Wingate and Evans v SRA and SRA v Malins [2018] EWCA Civ 366, as per Jackson LJ:

> "Integrity is a useful shorthand to express the higher standards which society expects from professional persons and which the professions expect from their own members … [Professionals] are required to live up to their own professional standards … Integrity connotes adherence to the ethical standards of one's own profession."

15. **Allegation 1.1 - Between approximately 2013 and April 2015, failed to take adequate measures to establish the source of wealth and source of funds of Anar Mahmudov, as required by Regulation 14 of the Money Laundering Regulations 2007, in relation to the following transactions: (1.1.1) £1,100,000 received into the Firm's client account on 21 January 2014; and (1.1.2) £1,946,602.88 received into the Firm's client account on 17 April 2015, and in doing so breached any or all of Principles 6, 7 and 8 of the 2011 Principles 2011and failed to achieve Outcome 7.5 of the 2011 Code**.

The Applicant's Case

15.1 Regulation 14 of the MLRs stated:

> *"(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." …*
>
> *"(4) A relevant person who proposes to have a business relationship or carry out an occasional transaction with a politically exposed person must—*
>
> *(a) have approval from senior management for establishing the business relationship with that person;*
>
> *(b) take adequate measures to establish the source of wealth and source of funds which are involved in the proposed business relationship or occasional transaction; and*

(c) where the business relationship is entered into, conduct enhanced ongoing monitoring of the relationship.

(5) In paragraph (4), "a politically exposed person" means a person who is—

(a) an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function by—

(i) a state other than the United Kingdom;
(ii) a Community institution; or
(iii) an international body, including a person who falls in any of the categories listed in paragraph 4(1)(a) of Schedule 2;

(b) an immediate family member of a person referred to in subparagraph (a), including a person who falls in any of the categories listed in paragraph 4(1)(c) of Schedule 2; or

(c) a known close associate of a person referred to in sub-paragraph (a), including a person who falls in either of the categories listed in paragraph 4(1)(d) of Schedule 2".

15.2 Mr Collis submitted that it was common ground that Mr Mahmudov was a Politically Exposed Person ("PEP") for the purposes of the Money Laundering Regulations 2007 ("the MLR's) at the material times, as he was the son of Eldar Mahmudov, Azerbaijan's national security minister until October 2015. Mr Mahmudov was also married to the daughter of Mr J Hajiyev (the former chairman of the International Bank of Azerbaijan, prior to his conviction for fraud) and Ms Z Hajiyeva. Ms Hajiyeva became the recipient of this country's first Unexplained Wealth Order on 27 February 2018 (NCA v Hajiyeva [2018] EWHC 2534 (Admin)).

Allegation 1.1.1

15.3 The Firm acted for Mr Mahmudov in matter MAH00015. On 21 January 2014, the Firm received £1,100,000 into the client bank account from Mr Mahmudov. This amount was recorded on the matter ledger with the narrative "Funds for New Company." The title of that ledger was, "Investment – Brian Westcott."

15.4 Mr Fordyce had introduced Mr Mahmudov to Lawfords, an accountancy firm, in order for them to advise Mr Mahmudov in relation to his tax affairs and the setting up of trust and other companies. Matters MAH0015, MAH0014 and SAL0031 all related to Mr Mahmudov, the Britannia Trust and Salvare Worldwide Ltd, respectively.

15.5 Mr Fordyce, when asked to explain the legal work being conducted on each of those matters, stated:

> *"MAH0014 – no legal work as such, just correspondence with accountants Lawfords who were instructed by AM to set up the Britannia Trust.*
>
> *MAH0015 – same as MAH00014 but specific to creating Salvare Worldwide Ltd."*

> *SAL0031 – this file covered the introduction of Brett Westcott to Salvare to set up a company entity Salvare Worldwide Ltd (SWL). The company purchased … an industrial unit … from which to operate its business …"*

15.6 As regards the funds received on 21 January 2014, Mr Fordyce explained that: *"The £1,100,000 was paid into client account (matter MAH00015) on 21.1.14 by AM (being his loan to Britannia Investments Ltd) because we needed part of these funds for the Salvare Worldwide Ltd purchase of the industrial unit"*.

15.7 The source of those funds were said by Mr Fordyce in his reply to the Applicant's FIO to have been:

> *"The funds were from loan repayments to AM of M 555,685 from Brent on 16.1.14 and M1,060,000 from BBVA on 28.1.14 and M4,185,000 from Crystal Motors on 5.12.13"*

15.8 The document provided by Mr Fordyce in support referred to M4,185,000 being issued as a *"debt to founder"* by Crystal Motors Limited Company. It made no reference to the other amounts referred to in the reply to the FIO, nor indeed to Mr Mahmudov himself. Mr Collis also noted that:

- The document gave no indication as to the founder to whom these sums were to be paid; and
- Referred to a licence dated 24 August 2017 and appeared to be dated August 2021. There was nothing within the document to suggest that it existed at or around the time Mr Fordyce accepted receipt of the monies in January 2014.

15.9 Mr Fordyce also relied on a 3 January 2014 document from Mr Mahumdov. Mr Collis submitted that the difficulties with that reliance were obvious:

- Its author was Mr Mahmudov himself, so it simply amounted to the PEP self-certifying their source of funds;
- It referred to his receipt of M6,500,000 on 25 November from Crystal Motors, which would appear to contradict the account as to the source of funds provided by Mr Fordyce to the FIO; and
- It referred to a payment of £1million to the Firm, not the £1.1million that was in fact received on 21 January 2014.

15.10 Mr Fordyce, it was submitted, made the following relevant comments in relation to the receipt of these funds during his interview with the FIO on 9 June 2022:

- When asked what he had to support Mr Mahmudov's account of his wealth back in 2014 and 2015, Mr Fordyce stated that he had, *"…just a lot of information and accounts for Caspian Crystal*";

- Mr Mahmudov had told him that the source of the £1.1million transferred to the Firm's client account on 21 January 2014 was *"dividends"*;

- The information he had provided to the FIO in relation to the source of the £1.1million had been given to him by Lawfords. He never himself asked Mr Mahmudov about the source of these funds, but instead asked Lawfords. The document he had provided to the FIO regarding the source of the funds had been given to him by Lawfords;

- It was put to Mr Fordyce that he had not made enquiries directly with the client about the £1.1million, but made them with another professional (did not place any formal reliance on them), and that the document he received did not satisfy the obligation for a source of funds check. When asked if he thought the information he held was sufficient, and Mr Fordyce replied: *"No, it's all piece meal and it was all sort of work in progress. But no, I agree with your point, it doesn't;"* and

- Mr Fordyce had not received any training on the 2007 or 2017 Money Laundering Regulations.

Allegation 1.1.2

15.11 On 17 April 2015, the Firm's client account received a payment of £1,946,602.88. The bank statement records this payment as having been received from, "Mahumdova."

15.12 Receipt of this £1,946,602.88 was recorded on the ledger for Continental Properties Limited in their purchase of a property. Mr Fordyce explained in his reply to the FIO:

> *"Continental Properties Ltd which is owned by Continental Trust Group Ltd which in turn is owned by the Continental Trust created by AM as settlor. AM is not a director, shareholder or beneficial owner of Continental Properties Ltd or any of the holding companies. AM and his wife are excluded as beneficiaries of the trust."*

15.13 In the same document, Mr Fordyce informed the FIO that the source of the £1,946,602.88 was:

> *"The funds were sent by AM who usually financed his expenditure by taking loan repayments from his Azeri trading companies. These funds would have been from loan repayments to AM from one or more of his Azerbaijan companies. AM had loan repayments from Diglas 1 of M1,057,000 on 15.12.14 and of M1,041,000 on 6.3.15. He also had a repayment from BBVA of M960,000 on 17.2.15".*

15.14 Despite the assertion that the funds had been sent by Mr Mahmudov, there was documentary evidence that the funds had been sent to the Firm by Nargiz Mahmudova, Mr Mahmudov's sister.

15.15 Furthermore, a 17 June 2015 document from Mr Mahmudov, indicated, contrary to the assertions made to the FIO that the funds were derived from loan repayments from

Diglas 1 and BBVA, that the funds were dividends and remuneration from Crystal Holdings LLC.

15.16 When challenged on the account that the payment was from loan repayments received by Mr Mahmudov, Mr Fordyce stated:

> *"It was my understanding that whilst AM may have drawn some dividends from his Azeri companies he mainly took loan repayments. The funds may have initially been intended as a gift by AM to Nargiz Mahmudova (see 17.6.15 letter from AM…) …but I understand the arrangement was structured as a loan by AM to Continental Properties Ltd."*

15.17 On 26 March 2022, Mr Fordyce sent the FIO a series of documents he described as *"loan repayment schedules"*. Those documents depicted 3 payments to Mr Mahmudov of M1,057,000, M960,000 and M1,041,000 dated 15 December 2014, 17 February 2015 and 6 March 2015, respectively.

15.18 Mr Collis submitted that whilst the seals or stamps on original, untranslated, documents suggested that these funds were derived from either Diglas 1 or BBVA, this again contradicted the account provided by Mr Mahmudov in his 17 June 2015 document.

In interview with the FIO, Mr Fordyce explained:

- The information he had provided in relation to the source of funds for the £1,946,602.88 received on 17 April 2015 had come from Lawfords, and he was not able to provide any clarity on the details;

- He had never asked Mr Mahmudov where the monies had come from as there was an understanding that Lawfords would provide him with what they had. This assertion was contradicted by an assertion that Mr Mahmudov had told him at the time that these monies were from his remuneration dividends from Crystal Holdings;

- When asked if he had any documentation or got to the bottom of where the £1.9million derived from, Mr Fordyce replied: *"No, but we did establish that the dealerships and companies did exist"*;

- Mr Mahmudov had sent photos and details of his enterprises, but there was no evidence as to where these funds had come from;

- When asked if he thought the source of funds due diligence was sufficient on this particular transaction, Mr Fordyce replied: *"It wasn't complete;"* and

- He described the due diligence he was undertaking with Mr Mahmudov as an ongoing thing, and with each new matter it set off another train of fresh due diligence for where those funds were coming from. He was asked by the FIO if, in hindsight, the steps he took were not enough and he replied, *"It wasn't complete."*

15.19 Mr Collis submitted that the decision from Lang J in SRA –v- Dentons UK and Middle East LLP [2025] EWHC 535 (Admin) confirmed that a breach of the MLRs equated to

a breach of both Outcome 7.5 of the Code and Principle 7. No separate assessment of the seriousness of the acts or omissions was required. Mr Fordyce's acceptance that his conduct failed to satisfy the requirements of the MLRs should therefore be determinative of whether that conduct also amounted to breach of Outcome 7.5 and Principle 7.

15.20 It was the Applicant's contention that the failure to take adequate measures to establish Mr Mahmudov's source of wealth and source of funds, in circumstances where two separate seven-figure sums of money were received from a PEP, amounted to breaches of both Principles 6 and 8, in that:

- The public's trust in solicitors and the provision of legal services would be damaged by solicitors failing to adhere to the obligations to take adequate measures to establish the source of wealth and source of funds for a PEP in circumstances such as these (Principle 6); and

- Such failings also represented a failure to act in accordance with proper governance and sound financial and risk management principles (Principle 8).

The Respondent's Case

15.21 Mr Fordyce admitted that he failed to take adequate steps to establish the source of wealth and source of funds of Mr Mahmudov and that in doing so his conduct was in breach of Principle 7 and that he failed to achieve Outcome 7.5. Mr Fordyce denied that his conduct breached Principles 6 and 8 as alleged.

15.22 In his Answer, Mr Fordyce accepted that, on reflection, it could be said that the steps he took and the checks undertaken were not sufficient to comply with the MLR's. Mr Fordyce emphasised that his failings were unintentional and that he had used this as a learning point by undertaking intensive anti-money laundering training.

15.23 Mr Uberoi submitted that Mr Fordyce had taken a number of steps including (but not limited to) obtaining identity documents, completion of AML forms identifying Mr Mahmudov as a PEP and obtaining banks statements. In his oral evidence, Mr Fordyce explained that he had run checks on Azerbaijan that established that Azerbaijan was not a country of concern.

15.24 Lawfords were also involved by November 2013 at that latest. It was not submitted that it was Lawfords's role to ensure compliance with the MLR's on behalf of the Firm, indeed, it was accepted that the Firm was under its own duties of compliance. However, Mr Fordyce was aware that Lawfords had also undertaken their own due diligence checks.

15.25 Mr Fordyce explained that the information he had obtained regarding Mr Mahmudov's source of wealth accorded with Azeri culture. Whilst this information was not confirmed in documentary form until he received the statement from Mr Mahmudov's aunt, that information was known to him at the time, and he was satisfied with the explanations he had received. The explanation provided by Mr Fordyce was entirely consistent, it was submitted, with the explanation he had provided to the FIO during his interview.

15.26 Mr Fordyce, it was submitted, had been candid in his evidence, stating that, in hindsight, he would have obtained further information for the source of the monies received and that, in hindsight, he ought to have paused until he received that information. It was on this basis that Mr Fordyce had made admissions to breaches of Principle 7 and Outcome 7.5.

15.27 As regards Principles 6 and 8, different considerations applied. On an analysis of the evidence and submissions, there was no serious, culpable or reprehensible conduct. This was merely a falling short of what was required. Mr Fordyce had always tried his best to ensure compliance with his regulatory obligations. In conceding that he should have done more, Mr Fordyce, it was submitted, was on the right track.

15.28 Mr Uberoi submitted that this was not a case where nothing was done. On the contrary, a great deal of the correct things had been done. Mr Fordyce had given appropriate thought to his obligations and had obtained a number of documents. Public trust, it was submitted, would not be affected by Mr Fordyce's failings in the circumstances in breach of Principle 6; not every mistake or misjudgement were sufficient to shake public trust in the profession. Nor did those failings amount to a failure by Mr Fordyce effectively to perform his role in breach of Principle 8

The Tribunal's Findings

15.29 The Tribunal found that Mr Fordyce had breached Principle 7 and failed to achieve Outcome 7.5 on the facts and evidence. The Tribunal found those admissions to have been properly made. The Tribunal considered whether Mr Fordyce's conduct was also in breach of Principles 6 and 8 as alleged. The Tribunal was mindful of the comment of Lang J in Dentons at paragraph 72:

> *"There is a clear contrast between Principle 7 and Outcome 7.5 on the one hand, and Principles 6 and 8 on the other. The SRA rightly conceded ... that considerations of seriousness were relevant to Principle 6 (public trust) and Principle 8 (effective performance of role). It was inherent in the language and content of Principles 6 and 8 that the Tribunal were able to consider the additional requirements of seriousness, culpability and reprehensible conduct."*

15.30 Mr Uberoi had submitted that whilst Mr Fordyce's conduct *"fell short"* of what was required by the MLR's to establish Mr Mahmudov's source of wealth and funds, his conduct was not sufficiently serious, culpable and reprehensible as to amount to a breach of Principles 6 or 8.

15.31 The Tribunal did not accept that a *'great deal of the correct things had been done.'* Whilst, the Tribunal found, Mr Fordyce had undertaken some checks in order to assess any risk, those checks were (as had been admitted) inadequate.

15.32 Mr Fordyce undertook an initial risk assessment in January 2013. However, it had taken until October 2013 for the Firm's money laundering questionnaire to be completed. Mr Fordyce had relied on the information passed to him from Lawfords. Whilst both Lawfords and the Firm were acting for Mr Mahmudov (and it had been Mr Fordyce who introduced Mr Mahmudov to Lawfords), Mr Fordyce was not entitled to rely

simply on the due diligence measures undertaken by Lawfords. Nor was he entitled to rely on the information they possessed in relation to source of wealth and source of funds without undertaking his own enquiries in that regard.

15.33 Mr Fordyce had relied on a self-certified document from Mr Mahmudov. When asked about this during cross-examination, Mr Fordyce stated: *"I believed it, I accepted it."* However, the information contained in that document appeared to contradict the information he had already received as to source of funds. In cross-examination when asked if he had any concerns regarding the contradictory information, he stated that he did not. Further, when asked if he was alive to inconsistencies regarding the amount to be received and the date it was to be received on, Mr Fordyce stated that he was not.

15.34 With regards to the circa £1.9 million, the information received by Mr Fordyce was that those funds were from loan repayments whereas the monies had been received from Mr Mahmudov's sister. Mr Fordyce stated that he had asked Mr Mahmudov about this. Although Mr Fordyce described Mr Mahmudov's answers as direct, he said that Mr Mahmudov's English was poor (it not being his first language) and that he was not across the finer details of what the source of funds were. When asked if anything had been said about the need to establish how Ms Mahmudova came to be in possession of the funds, Mr Fordyce stated: *"I'm sure it was. I was in daily contact with him and Lawfords. I believe I was asking the right questions."* When asked whether it was a concern that questions had been asked and not answered, Mr Fordyce stated: *"... the greater concern was the transaction working ...."*

15.35 The Tribunal found that Mr Fordyce, in the knowledge that more information was required, had prioritised the transaction over his regulatory obligations. The steps taken by Mr Fordyce, it was found, were rudimentary, piecemeal and naïve. His failures were, it was determined, sufficiently serious, culpable and reprehensible so as to engage Principles 6 and 8.

15.36 The Tribunal determined that public trust in Mr Fordyce and the provision of legal services was not maintained in circumstances where Mr Fordyce had failed in his obligations when acting for a PEP to adequately establish source of wealth and source of funds and in particular where he was in possession of contrary evidence as to source of wealth and source of funds. Accordingly, the Tribunal found that Mr Fordyce had breached Principle 6 as alleged.

15.37 It was clear that Mr Fordyce had failed to carry out his role in the business in accordance with proper governance and sound financial and risk management principles in breach of Principal 8.

15.38 Accordingly, the Tribunal found Allegation 1.1 proved in its entirety.

16. **Allegation 1.2 - Between approximately 21 January 2014 and 4 April 2014, used the Firm's client account as a banking facility in relation to the £1,100,000 received on 21 January 2014, and in doing so breached any or all of Rule 14.5 of the 2011 Accounts Rules 2011 and Principles 6, 7 and 8 of the 2011 Principles.**

The Applicant's Case

16.1 As detailed at allegation 1.1 above, the Firm's client account received £1.1million on 21 January 2014. This was recorded on the client ledger, MAH0015.

16.2 On 27 February 2014, an inter-ledger transfer took place, with that £1.1million being transferred to MAH0014. The transfer was recorded on both ledgers, with the narrative provided as *"As Per FE's Request (Credited To The Wrong Matter Initially)."*

16.3 Mr and Mrs Mahmudov were recorded as the clients on the MAH0014 matter, with the ledger title simply being "Trust".

16.4 Outgoing payments from the MAH0014 ledger were recorded as follows:

- £350,000 was transferred on 10 March 2014 to client matter SAL0031 *"As Per FE's Request"*;
- £100,000 was transferred on 10 March 2014 with the narrative given as *"Salvus Engineering Limited: Investment Funds"*; and
- £650,000 was transferred on 4 April 2014 with the narrative provided as *"Cayman National Bank & Trust Company (IOM) Ltd: Investment Funds"*.

16.5 The ledger for SAL0031 (client recorded as Salvare Worldwide Limited) revealed that the £350,000 received onto that ledger on 10 March 2014 was then transferred out on 4 April 2014, with the narrative provided as *"Cayman National Bank & Trust (IOM) Ltd: Investment Funds"*.

16.6 In relation to this ledger, Mr Fordyce told the FIO:

> *"…this file covered the introduction of Brett Wescott to Salvare to set up a company entity Salvare Worldwide Ltd (SWL). The company purchased (SAL0033 matter…) …an industrial unit at B&C Magpie Works, four Marks, Alton, Hampshire from which to operate its business of inventing, developing and manufacturing sea safety equipment and appliances and patentable technology.*
>
> *Salvare Worldwide Ltd the client company is wholly owned by Salvare IP Ltd which is owned 24% by Brett Wescott and 76% by Britannia Investments Ltd which is wholly owned by Britannia Group Ltd which is owned by the Britannia Trust. This trust was set up by Nargiz Mahmudova who is AM's sister. AM and Nargiz are not beneficiaries under the trust and are not a director or shareholder in the corporate entities."*

16.7 In relation to the payment out of the £1.1 million from the MAH0014 ledger that took place between 10 March and 4 April 2014, Mr Fordyce explained:

- The £350,000 transfer to SAL0031 was because the £350,000 were the funds that Salvare Worldwide Limited would require to cover the purchase costs of the commercial unit at Units B&C Magpie Works in Four Marks;

- The £100,000 transfer to Salvus Engineering Limited was to provide that company (the main engineering company that Salvare Worldwide Limited intended to use for the engineering processes) with some working capital and funds for raw materials and special tools and equipment; and

- The £650,000 transferred to Cayman National Bank and Trust Company was for the account of Britannia Group Limited, and represented funds lent by Anar Mahmudov to Britannia Group Limited.

16.8 Mr Fordyce informed the FIO that the £350,000 transferred onto the SAL0031 ledger was then transferred onto the Cayman National Bank and Trust Company on 4 April 2014 because the purchase of the commercial property by Salvare Worldwide Limited was delayed.

16.9 When asked why the funds needed to transact through the Firm's client account, Mr Fordyce stated: *"The company was keen to complete the purchase of the industrial unit as quickly as possible. As it turned out the transaction did not progress as quickly as expected mainly due to the Lloyds Bank mortgage offer not being issued until 13 August 2014"*

16.10 The FIO noted that:

- The funds were not allocated to client ledger account SAL0033 or any other matter relating to the purchase of a commercial property;

- These funds were not utilised for the purchase of a commercial property;

- The funds had been received from Mr Mahmudov into the Firm's client account, and then £1 million paid to Cayman National Bank and Trust Company Limited, and £100,000 had been paid to Salvus Engineering Limited; and

- The Firm received funds into its client account for the purchase of a commercial property on 16 May 2014.

16.11 In his interview Mr Fordyce claimed that he had an adequate understanding of the accounts rules. When he was managing the MAH0014, MAH0015 and SAL0031 matters, he was not really conscious of Rule 14.5/Rule 3.3 of the SRA Accounts Rules. His understanding now, though, was that it meant that *"...we must not provide banking facilities through our client account."*

16.12 He had not kept up to date with the SRA Warning Notices and was only aware of the SRA's Warning Notice that was issued in December 2014 (regarding improper use of the client account as a banking facility), after his first meeting with the FIO.

16.13 When asked about the £100,000 transfer from the MAH0014 ledger to Salvus Engineering Limited, Mr Fordyce replied: *"Well the object of the investment was a chap called Brett Wescott, who was a director and owner of a number of engineering companies. Salvare Engineering Ltd, was one of them."*

16.14 When asked why, if Mr Mahmudov wanted to fund or invest in Salvare Engineering Limited, that had to go through the Firm's client account, Mr Fordyce replied: *"Well the whole investment opportunity was linked to finding and acquiring the warehouse premises from which to conduct the business and move it from Brett Westcott's in effect home"*.

16.15 Mr Fordyce asserted that this investment was connected to the acquisition of the premises, to which matter SAL0033 related. He maintained that the £100,000 investment in Salvare Engineering Limited was linked to the transaction for the purchase of the premises.

16.16 Mr Fordyce went on to explain that his view at the time was that this was in compliance with Rule 14.5, but acknowledged when asked if he held the same view at the time of the interview, *"...I have to take your point"* in relation to the FIO's comments on that movement of capital for investment was not in compliance with Rule 14.5.

16.17 As regards the £650,000 payment to Cayman National Bank and Trust Company Limited on 4 April 2014, Mr Fordyce explained that these monies were moved as it would be needed at some point. When it was put to Mr Fordyce by the FIO that this transaction involved Mr Mahmudov using the Firm's client account to transfer money to the Britannia Trust, he replied: *"I take your point."*

16.18 Mr Fordyce confirmed that when the £1.1million was received, it was intended to be used for the intended transaction for Salvare Worldwide. When asked why it had not been posted to a ledger that related to a legal transaction, he replied: *"It perhaps should have been."*

16.19 When it was put to Mr Fordyce by the FIO that he should have just sent the money back to his client and let his client move the money around through conventional banking systems, he replied: *"I take your point"*.

16.20 In facilitating these transfers, Mr Fordyce breached Rule 14.5 of the 2011 Accounts Rules. By processing transfers or withdrawals which did not relate to an underlying matter in which either he or the Firm were instructed, he has provided banking facilities to a client.

16.21 In failing to comply with the regulatory regime underpinning transactions from a client account, Mr Fordyce breached Principle 7 of the 2011 Principles.

16.22 In failing to comply with the requirements not to allow a client account to be used as a banking facility, Mr Fordyce failed to act in accordance with proper governance and sound financial and risk management principles in breach of Principle 8.

16.23 Members of 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 to do so with the £1.1million received was conduct that damaged this trust in breach of Principle 6.

16.24 Mr Collis submitted that in circumstances where there was no underlying legal transaction justifying the transfers, Mr Fordyce was in breach of the accounts rules and Principles as alleged.

The Respondent's Case

16.25 Mr Fordyce denied allegation 1.2.

16.26 He explained that the Firm was instructed in a number of matters including:

- Setting up the Salvare IP Limited owner of Salvare Worldwide Limited
- Setting up of the Britania Group Limited, owner of Britania Investments Limited
- Setting up of the Britania Trust
- Setting up of Salvare IP Limited and also its work with Salvus Engineering Limited and other companies within the Brett Westcott Sea Safety Companies (who would be holding the tools and equipment and running the engineering processes at the B & C Magpie Works premises following its purchase)

16.27 Each of those matters had files that were seen by the FIO.

16.28 Mr Fordyce was instructed to transfer the £100,000 for setting up the funding vehicle Salvare IP Limited in order for it to fund Salvus.

16.29 £350,000 was sent back to Salvare Worldwide purchaser as a mortgage was going to be secured so those funds were no longer required.

16.30 £650,000 was sent through to Brittania Trust as remaining funds for the Trust, which was the ultimate owner of the majority owned Salvare IP Limited, owner of Salvare Worldwide Limited, purchaser of B & C Magpie Works.

16.31 Mr Fordyce thus considered that the Firm was instructed in the underlying legal transactions relating to the transfers.

16.32 Mr Uberoi submitted that this was a complex group. The ledgers had multiple entries. All of the transfers were in respect of underlying legal transactions. The Applicant's suggestion that the monies be returned to the client ignored the reality of the position. The documents in evidence supported Mr Fordyce's position.

16.33 Mr Uberoi submitted that Rule 14.5 was not set up to deal with the type of complex transactions being dealt with in this matter. The requirement was for the transfers to relate to an underlying transaction and in this case, they did. Accordingly, Mr Fordyce had not breached Rule 14.5 or the Principles as alleged.

The Tribunal's Findings

16.34 It was Mr Fordyce's case that the Firm's client account was not used as a banking facility. The transfers were all part of a larger picture according to him in which the

Firm was continuously to be engaged in an underlying continuous transaction or transactions on behalf of Mr Mahmudov.

16.35 The Tribunal examined Mr Fordyce's accounts contained in his witness statement, pleadings and oral evidence with care. The Tribunal noted his seeming admissions during the course of his interview. The skeleton argument submitted on his behalf dated 20 October 2024 stated:

> *"[Mr Fordyce] frankly and fairly accepts, with the benefit of hindsight, that it would have been far better for him to have returned the monies to the client, rather than to make the payments instructed by the client directly to the instructed recipients. He apologises that he did not do so."*

16.36 The Tribunal found Mr Fordyce's explanations as to the 'underlying transactions' to have been inconsistent, vague and lacking coherence. He was unable to say what the specific legal transactions being undertaken were, such that it was permissible to transfer the monies. For the most part, Mr Fordyce was only able to identify general intentions as justifications for the use of the Firm's client account. The Tribunal rejected those explanations and found that there were no underlying legal transactions that justified the use of the Firm's client account. Accordingly, the Tribunal found that Mr Fordyce had impermissibly used the Firm's client account as a banking facility. For the reasons detailed by Mr Collis, the Tribunal found that Mr Fordyce's conduct was in breach of Rule 14.5 and Principles 6, 7 and 8 of the 2011 Principles.

17. **Allegation 1.3 - Between approximately 30 May 2014 and 20 January 2022, used the Firm's client account as a banking facility for his own personal payments, and in doing so breached any or all of the following: Rule 14.5 of the 2011 Accounts Rules and Principles 6, 7 and 8 of the 2011 Principles (pre November 2019) and Rule 3.3 of the 2019 Accounts Rules and Principle 2 of the SRA Principles (from 25 November 2019).**

<u>The Applicant's Case</u>

17.1 Mr Fordyce had made a number of payments from the client account which were personal in nature and for which there was no underlying legal transaction. Those payments related to personal tax issues, personal loan repayments, payments to a former manager of the Firm, car repairs and other personal matters. There were numerous payments that were impermissible amounting to £638,840.95 over an 8 year period against a background of caselaw and Warning Notices warning the profession about the use of a client account as a banking facility.

17.2 Mr Collis submitted that Mr Fordyce had freely and openly used the Firm's client account as his own personal bank account for an extended period of time. It was difficult, Mr Collis submitted, to imagine another case where such a flagrant breach of the accounts rules would point to an obvious failure to act in accordance with proper governance and sound financial and risk management principles in breach of Principle 8.

17.3 The public expected and trusted solicitors to act in compliance with their regulatory obligations. The use of the Firm's client account as a private banking facility in the

circumstances, damaged that trust and confidence. Accordingly, Mr Fordyce, in conducting himself as he had, was in breach of Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles as alleged.

The Respondent's Case

17.4 Mr Fordyce admitted allegation 1.3 in its entirety. The admissions were made in 3 tranches: prior to the substantive hearing, at the close of the prosecution case and during the course of his cross-examination.

The Tribunal's Findings

17.5 The Tribunal found Allegation 1.3 proved on the facts and evidence. The Tribunal determined that Mr Fordyce's admissions were properly made.

18. **Allegation 1.4 - On or around 11 September 2018, borrowed money from Anar Mahmudov for his and/or the Firm's benefit, and in doing so breached any or all of Principles 2, 3 and 6 of the 2011 Principles and failed to achieve Outcomes 3.2 and 3.4 of the 2011 Code.**

The Applicant's Case

18.1 On 11 September 2018, Mr Fordyce accepted a personal loan in the sum of £250,000 from Mr Mahmudov. At that time, the Firm was in difficult financial circumstances following a reduction in its overdraft facility from £240,000 to £50,000. The day before the loan was accepted, the Firm was £124,460.95 overdrawn.

18.2 In an email to the FIO dated 31 January 2022, Mr Fordyce explained:

- The loan was offered by Mr Mahmudov as a personal loan to Mr Fordyce;
- The funds were used as working capital for the Firm notwithstanding that this was a personal loan to Mr Fordyce;
- Mr Mahmudov had confirmed his willingness to provide the loan in an email dated 26 July 2018;
- The loan had not been repaid and there was no security for the loan;
- Mr Fordyce understood that Mr Mahmudov had taken a loan repayment from one of his Azerbaijan companies in order to provide the funds; and
- He had not advised Mr Mahmudov to obtain independent legal advice.

18.3 In a witness statement of October 2024, Mr Fordyce stated that Mr Mahmudov was not a client at the relevant time. Mr Collis submitted that additional evidence adduced by the Applicant showed that a ledger in the name of Mr Mahmudov and his wife was active with funds being paid in and out of that ledger between August and October of 2018. Further, in a reference written by Mr Fordyce on behalf of Mr Mahmudov dated

25 November 2018, Mr Fordyce referred to Mr Mahmudov as being *"... a most valuable and highly respected client of this firm"*.

18.4 Mr Collis acknowledged that not every occasion a solicitor receives an unsecured loan from a client who had not received legal advice would automatically give rise to an own interest conflict or a significant risk of one (albeit that Indicative Behaviour 3.8 suggested that the client not receiving independent legal advice would tend to point to a breach of the Outcome). It was the circumstances between the client and solicitor, and the nature of the legal transaction in which the solicitor was acting, which were likely to be more instructive.

18.5 In this instance, Mr Fordyce accepted a loan of £250,000 from a former PEP, at a point when he had become aware of the adverse media reporting surrounding the Mahmudov family, and when the Firm may well have struggled to continue without a cash injection of that size. Even if this in and of itself did not create an actual own interest conflict (which was not accepted by the Applicant), the risk of one arising from Mr Fordyce and the Firm becoming so indebted to the client was significant, given the conflict this could have created with their professional duties towards him.

18.6 Mr Collis submitted that even if the Tribunal did not accept that a loan of such magnitude from a former PEP created a significant risk of an own interest conflict, it would be open nonetheless for the Tribunal to conclude that the simple acceptance of this loan amounted to a breach of the pleaded Principles. Regardless of whether it gave rise to a significant risk of an own interest conflict, he submitted the loan placed Mr Fordyce and the Firm significantly in the debt of Mr Mahmudov (Principle 3), represented a significant blurring of appropriate professional boundaries between solicitor and client (Principle 6), and also pointed to a departure from the profession's ethical code (Principle 2).

<u>The Respondent's Case</u>

18.7 Mr Fordyce denied allegation 1.4.

18.8 Mr Fordyce stated that the loan was obtained as a result of the Firm's bank withdrawing its overdraft facility which caused the Firm financial difficulties and that there was no realistic prospect of a conflict of interest arising.

18.9 As to the matters in which it was said that the Firm was acting, earlier in 2018, the Firm assisted Mr Mahmudov with a service charge query and an abortive sale of a flat. The matter which was live at the time of the loan was a matter that related to Mr Mahmudov's wife. Mr Fordyce stated that he could have copied Mr Mahmudov into correspondence and that Mr Mahmudov did not need to be named on the client matter ledger, as it was his wife who was the client.

18.10 With regard to the reference, Mr Fordyce stated that he could easily have referred to Mr Mahmudov as being a former client of the Firm. He considered that this would have made no difference to the recipient of that letter. His intention was not to convey that Mr Mahmudov was a current client of the Firm, rather it was to show that he was a highly respected individual. Accordingly, Mr Fordyce did not accept that his conduct had breached the 2011 Principles or the 2011 Code as alleged.

18.11 Mr Uberoi submitted that there was no factual dispute between the parties regarding the financial difficulties the Firm faced at the time the loan was received. Mr Fordyce had been transparent about the purpose of the loan. It was clear that by the time the loan was received, Mr Fordyce was not acting in any substantive matters for Mr Mahmudov. Furthermore, there was no commitment or obligation to act on future matters.

18.12 The Applicant, it was submitted, had failed to prove that there was an actual conflict or a significant risk of a conflict. Further, the allegation of a breach of Principle 3 (independence) was premature and was not supported by the evidence.

18.13 Mr Uberoi noted that the Applicant relied on the failure of Mr Mahmudov to take legal advice. The Tribunal was referred to an email from Mr Mahmudov dated 20 October 2024, in which he stated:

> *"I did not need to take legal advice in connection with my personal loan to you as I am used to making such loans to friends and family and, as you know, I have considerable commercial experience because of the many international businesses I control or in which I am an investor."*

18.14 Mr Uberoi submitted that in the circumstances, taking a loan from Mr Mahmudov, did not offend the trust the public placed in the profession in breach of Principle 6.

18.15 The circumstances of this case, it was submitted, were far from amounting to a lack of integrity. The facts were very different to those in Wingate, where having received a loan, Mr Wingate applied those monies for a different purpose than that which was permissible by virtue of the loan agreement. That was not the position in this case. It was plain that the Mr Mahmudov knew what the purpose of the loan was, and that he was happy to grant the loan in those circumstances. Further, the loan was a personal loan to Mr Fordyce which he was liable to repay (and not the Firm).

The Tribunal's Findings

18.16 The Tribunal noted that there was no dispute between the parties as to the financial circumstances the Firm faced at the time the loan was taken. There was no document or contract setting out the terms of the loan. It carried no interest and no repayment date. Accordingly, the loan was repayable at the whim of Mr Mahmudov.

18.17 The Tribunal noted that whilst the Applicant referred to Mr Mahmudov's status as a former PEP, it was not the Applicant's case that Mr Fordyce ought to have investigated the source of funds for the loan.

18.18 As to the failure of Mr Mahmudov to take legal advice, it was Mr Fordyce's evidence that Mr Mahmudov was offered the opportunity to take independent legal advice but declined so to do. The Tribunal had been taken by Mr Uberoi to the 20 October 2024 email in which Mr Mahmudov confirmed that he did not need legal advice. The Tribunal found the oral evidence of Mr Fordyce as to this to be plausible and consistent with the documentary evidence.

18.19 The Tribunal rejected Mr Fordyce's assertion that at the time the loan was taken, Mr Mahmudov was not a client of the Firm. The client ledgers evidenced that there

were still transactions taking place at the time that the loan was obtained. Whilst Mr Fordyce stated that the ledger in question related to Mr Mahmudov's wife, the ledger was in the name of both Mr Mahmudov and his wife. In accordance with the definition of a client in the Code, Mr Mahmudov was a client of the Firm at the time he provided the personal loan to Mr Fordyce.

18.20 Further, in the reference of 25 November 2018, Mr Fordyce referred to Mr Mahmudov as a client of the Firm in the present tense. The Tribunal found that representation to be accurate.

18.21 Having determined that Mr Mahmudov was a client of the Firm at the relevant time, the Tribunal then considered whether Mr Fordyce's conduct, in accepting the loan, was improper as alleged. It reminded itself that it was the Applicant's case that there was no absolute prohibition on a solicitor accepting a loan from a client. Accordingly, it followed that any assessment as to whether a particular loan engaged or breached regulatory obligations would be a highly fact sensitive exercise.

18.22 Outcome 3.2 of the 2011 Code required there to be systems and controls in place to identify own interest conflicts which were appropriate for the organisation. The Applicant, the Tribunal determined, had made no reference to any organisational failings in this regard either in its pleadings or its oral submissions. Accordingly, the Tribunal found that the allegation of a failure to achieve Outcome 3.2 had not been substantiated.

18.23 Outcome 3.4 served to prevent a solicitor from acting where there was an actual own client conflict or a significant risk of an own client conflict. The Applicant, the Tribunal determined, had failed to identify an actual conflict. The Tribunal did not accept that the mere taking of the loan could amount to an actual conflict in circumstances where the Applicant acknowledged that the taking of a loan from a client in and of itself was not improper.

18.24 The Tribunal had no hesitation in finding that the circumstances in which Mr Fordyce placed himself in accepting the loan from Mr Mahmudov created the potential for conflict. However, the test to be applied in accordance with the 2011 Code was not potential for conflict, but significant risk of a conflict. The Tribunal noted that whilst it had found that Mr Mahmudov was a client of the Firm at the time the loan was given, the work being carried out for him at that time was minimal. There were no later instances of Mr Fordyce undertaking substantive work for Mr Mahmudov.

18.25 The Tribunal determined that the Applicant had failed to point to any instance or event or aspect of any client matter which was said to place Mr Fordyce at significant risk of an own interest conflict with Mr Mahmudov. Accordingly, the allegation that Mr Fordyce's conduct failed to achieve Outcome 3.4 failed.

18.26 For the avoidance of doubt, the Tribunal considered that there could be circumstances in which the taking of a loan from a client could amount to an actual own interest conflict or a significant risk of one arising. That was not the position in the particular circumstances of this case.

18.27 In circumstances where the Applicant had failed to identify any event or matter where Mr Fordyce's independence was compromised by the taking or existence of the loan, the Tribunal was not satisfied that the Applicant had substantiated a breach of Principle 3.

18.28 The Tribunal gave careful consideration as to whether the circumstances of the making of the loan itself breached Principle 6 as alleged. In a finely balanced decision, although the amount, terms, timing and importance to Mr Fordyce of the loan were matters which raised a prima facie case as to a breach of Principle 6, the Tribunal concluded that it did not. Particular weight was given to the unchallenged evidence of Mr Fordyce that the funds to repay Mr Mahmudov on demand were available to Mr Fordyce from other sources. The Tribunal also took into account that it was common ground between the parties that the loan was to Mr Fordyce personally and not to the Firm, although he did choose in practice to use the money to support the Firm's finances. Accordingly, the Tribunal did not find that in accepting a loan in the circumstances, Mr Fordyce had breached Principle 6 as alleged.

18.29 It followed that in all the circumstances, the Applicant's allegation that Mr Fordyce had acted without integrity also failed.

18.30 Accordingly, the Tribunal found Allegation 1.4 not proved. The Tribunal stresses that its findings were based on an analysis of the evidence and the Applicant's pleaded case. Its findings are not to be taken as any kind of general endorsement of solicitors accepting loans from clients.

19. **Allegation 1.5 - Between approximately 24 August 2021 and 7 September 2021, provided a loan of £138,200 to a client of the Firm, and in doing so breached any or all of Principles 2, 3 and 5 of the 2019 Principles and failed to achieve Paragraph 6.1 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 ("the 2019 Code").**

<u>The Applicant's Case</u>

19.1 On 24 August 2021 and 7 September 2021, Mr Fordyce made two separate payments to Client B, representing a loan of £138,200. At or around this time, the Firm appeared to have seven live client matters in relation to Client B's company.

19.2 There was no suggestion that Client B obtained independent legal advice. Mr Collis submitted that just as receiving the loan from Mr Mahmudov in Allegation 1.4 was asserted to have created a significant risk of an own interest conflict, so too it was asserted that making this loan to Client B also created such a risk. As before, this loan created a significant risk that the best interests of the client would be in conflict with the interests of Mr Fordyce as his creditor. On that basis, a breach of Paragraph 6 of the 2019 Code was alleged.

19.3 As with allegation 1.4, though, if unpersuaded that these circumstances would amount to a an own interest conflict or a significant risk of one, it remained open for the Tribunal still to determine that such conduct blurred professional boundaries (Principle 2 of the 2019 Principles), compromised independence (Principle 3 of the 2019 Principles) and

represented a departure from the profession's ethical code (Principle 5 of the 2019 Principles).

The Respondent's Case

19.4 Mr Fordyce denied allegation 1.5. It was clear that this was a loan from him personally to Client B; the loan was not from the Firm. No conflict of interest arose and there was no evidence that his independence had been compromised, nor had he failed to uphold trust in the profession. His conduct did not breach his obligation to act with integrity.

19.5 In evidence, Mr Fordyce stated that he had never acted for Client B in his personal capacity, accordingly, Client B had never been a client of the Firm and was not a client at the relevant time.

The Tribunal's Findings

19.6 It was Mr Fordyce's unchallenged evidence that Client B was not a client of the Firm at the material time. Indeed, Client B had never been a client of the Firm at any time. The client ledgers to which the Tribunal had been referred were all in the name of Client B's company. The Tribunal found that it was this company (which had its own legal identity) that was the Firm's client. The Tribunal accepted Mr Fordyce's unchallenged evidence that Client B was not (either at the material time or ever) a client of the Firm. Accordingly, as allegation 1.5 was predicated on Client B being a client of the Firm, the Allegation failed.

Previous Disciplinary Matters

20. None

Mitigation

21. Mr Uberoi submitted that the appropriate sanction in this matter was a financial penalty. As to restrictions on practice, he submitted these were inappropriate in all the circumstances. No third party had been harmed by the matters found proved, nor had any client monies been misused. Mr Fordyce had, it was submitted, adopted a casual approach but to his own monies.

22. Any restriction as regards client monies, Mr Uberoi submitted, would amount to a suspension by the back door. Any such restriction would make it difficult for Mr Fordyce to perform his role as a solicitor. Restrictions as regards any compliance roles would mean that Mr Fordyce would have to find someone else to act as the COLP for the Firm. As he was not a sole practitioner (and nor did he intend to be) any such restriction would not affect him.

23. Mr Uberoi submitted that when considering the appropriate sanction, the Tribunal should keep in mind that no actual harm was caused to any individual as a result of money laundering. Indeed, Transparency International UK did not allege that Mr Mahmudov's wealth constituted the proceeds of crime or that he was guilty of any wrongdoing in relation to his various assets or transactions. This was not a case in which any money laundering had taken place. Whilst it was appreciated that the conduct had

caused harm to the reputation of the profession, when considering the seriousness of the misconduct, the Tribunal should take into account that efforts (although inadequate) were made by Mr Fordyce to comply with the MLRs. This was acknowledged by the FIO during the interview. His breaches of the MLRs and Principles were inadvertent. Mr Fordyce had demonstrated insight into his misconduct by stating what he would now do if he were in a similar position.

24. As regards allegation 1.2, the fact pattern was complex. His failings, it was submitted, fell at the lower end of the seriousness spectrum. With regard to allegation 1.3, the monies belonged to Mr Fordyce and were not third-party client monies. He adopted an overly casual approach to the way in which he dealt with those monies.

25. In all of the circumstances, it was submitted that a financial penalty was appropriate and proportionate to the seriousness of the misconduct.

Sanction

26. The Tribunal had regard to the Guidance Note on Sanctions (11th Edition – February 2025). 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.

27. The Tribunal determined that whilst Mr Fordyce was not motivated by direct personal gain to commit misconduct, his misconduct arose as a result of his prioritising expediency and convenience over compliance with his regulatory obligations as regards allegations 1.2 and 1.3. With regard to allegation 1.1, his misconduct resulted from his significant failings as regards his duties under the MLRs. He subordinated those duties to his desire not to jeopardise the transaction for an important client. As a solicitor, Mr Fordyce was trusted to comply with his regulatory obligations – he failed to do so in circumstances where he was an experienced solicitor and was wholly responsible for the circumstances giving rise to the misconduct. The harm that he had caused to the reputation of the profession was reasonably foreseeable. The Tribunal accepted that no individual clients had been caused direct harm as a result of his misconduct.

28. The misconduct was aggravated by its deliberate and repeated nature that took place over a period of time. Mr Fordyce had mishandled significant amounts of money both in relation to Mr Mahmudov as well as his own personal financial affairs. The Tribunal considered that Mr Fordyce ought reasonably to have known that his conduct was in material breach of his obligation to protect the reputation of the profession.

29. In mitigation, the Tribunal accepted that Mr Fordyce had shown a degree of insight into his misconduct as regards allegations 1.1 and 1.3. Indeed, during the course of his evidence, he was able to identify matters that he would do differently now. He had undertaken training in the MLRs and was now appraised of the Warning Notices and authorities regarding the use of the client account. The Tribunal also took into account that Mr Fordyce was of previous good character, having no previous adverse findings at the Tribunal.

30. The Tribunal determined that given the nature of the seriousness of the matters found proven and Mr Fordyce's culpability, sanctions such as No Order or a Reprimand were inappropriate and disproportionate. The Tribunal agreed with the submission of Mr Uberoi that the appropriate and proportionate sanction was a financial penalty. Given the sums involved and the period of time over which the misconduct took place, the Tribunal assessed the matter as very serious such that it fell within its Indicative Fine Band Level 4 (£20,000 - £70,000). The Tribunal determined that a fine in the sum of £32,500 was appropriate and proportionate given the level of seriousness of the misconduct.

31. Contrary to the submissions of Mr Uberoi, the Tribunal considered that this was an appropriate case in which it should impose restrictions on Mr Fordyce's ability to practice. The Tribunal did not accept the submission that any interference with Mr Fordyce's ability to operate the client account would be a suspension by the back door. He was not a sole partner in the Firm, which could continue to operate its client account independently of him. Given the significant failings in his operation of the client account, the Tribunal determined that a restriction preventing Mr Fordyce from being a signatory on any client account was necessary and proportionate in order to protect the public and the reputation of the profession from any future harm by Mr Fordyce. Given his ignorance of his professional duties and failings, the Tribunal considered that it was also necessary and proportionate to restrict Mr Fordyce from occupying compliance roles within a firm or running a firm on his own.

32. Accordingly, the Tribunal imposed the following restrictions on his practice for a period of 5 years:

    Mr Fordyce may not:

    - Practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body;

    - Be a Head of Legal Practice/Compliance Officer for Legal Practice or a Head of Finance and Administration/Compliance Officer for Finance and Administration or a Money Laundering Reporting Officer or a Money Laundering Compliance Officer;

    - Be a signatory on any client account.

Costs

33. Mr Collis applied for costs in the sum of £63,173.80. This represented a reduction in the Applicant's original claim taking into account the shortened hearing time. Mr Collis submitted that the costs had increased as a result of the adjournment of the substantive hearing listed in October 2024 following service of additional evidence by Mr Fordyce. As a result of that adjournment and the evidence served, the Applicant undertook significant additional work. The new evidence necessitated a review of the entirety of the material in the Applicant's possession. It also led to a revised Rule 12 Statement, with a significant reduction in the scope of allegation 1.4.

34. Mr Collis acknowledged that the Tribunal might be minded to reduce the costs claimed given the Applicant's failure to substantiate allegations 1.4 and 1.5.

35. The Tribunal was reminded of its jurisdiction pursuant to Rule 43 of the SDPR, specifically Rule 43(4) which stated:

> *"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."*

36. The Tribunal, it was submitted by Mr Collis, might consider that the late service of documents and the impact that had on the proceedings was a relevant factor to consider in its assessment of costs.

37. Mr Uberoi submitted that there should be a significant reduction in the costs claimed, taking into account the Applicant's failure to substantiate allegations 1.4 and 1.5. Further the adjournment of the substantive hearing listed in October 2024 was not solely related to the provision of late documents, there was also some discussion about the Dentons appeal and how that might be relevant to this matter. There had also been some discussion about resolving the matter by way of an Agreed Outcome.

38. The Tribunal examined its memorandum of the application to adjourn the substantive hearing. It was plain on the face of that memorandum that the reason for the adjournment was the late service by Mr Fordyce of documents which meant that the Applicant would need to consider and investigate those documents.

39. In assessing costs, the Tribunal took account of the increased costs necessitated by the adjournment, Mr Fordyce's means, the reduced hearing time and the Applicant's failure to substantiate allegations 1.4 and 1.5. The Tribunal determined that costs in the sum of £50,000 were reasonable and proportionate in the circumstances.

Statement of Full Order

40. The Tribunal ORDERED that the Respondent, RORY PETER HEDDLE FORDYCE solicitor, do pay a FINE of £32,500.00, 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 £50,000.00. The Tribunal further Ordered that the Respondent shall be subject to the conditions set out below for the period of 5 years.

40.1 The Respondent shall be subject to conditions imposed by the Tribunal as follows:

40.2 The Respondent may not:

40.3 Practise as a sole practitioner or sole manager or sole owner of an authorised or recognised body;

40.4 Be a Head of Legal Practice/Compliance Officer for Legal Practice or a Head of Finance and Administration/Compliance Officer for Finance and Administration or a Money Laundering Reporting Officer or a Money Laundering Compliance Officer;

40.5 Be a signatory on any client account

Dated this 14th day of July 2025
On behalf of The Tribunal

P. Lewis

P. Lewis
Chair