

SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12613-2024

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD.

Applicant

and

PAUL MICHAEL IRELAND

Respondent

Before:

Mr W Ellerton (in the chair)

Mrs A Sprawson

Dr S Bown

Date of Hearing: 2 December 2024

Appearances

There were no appearances as the matter was dealt with on the papers.

JUDGMENT ON AN AGREED OUTCOME

Allegations

1. The allegations against the Respondent, made by the SRA were that, while in practice as a sole practitioner trading under the name of Paul Ireland Solicitors, (“the Firm”)
 - 1.1 he failed to comply with an Order of the Tribunal dated 10 September 2020 (“the Order”). In doing so, he breached any or all of Principles 2 and 5 of the SRA Principles 2019 (“the Principles”) and Paragraph 2.5 of the SRA Code of Conduct for Solicitors, RELs and RFLs (“the Code for Solicitors”).
 - 1.2 he maintained books of account where a cash shortage of £38,988,61 existed as at 31 January 2022 and in doing so he breached Rule 6.1 of the SRA Accounts Rules 2019 (“the SAR”) and/ or Rule 7.1 of the SRA Accounts Rules 2011 and Principle 7 of the Principles.
 - 1.3 in the matter of Client A, he transferred client money from client account to office account on seven occasions without first delivering a bill or other written notification of costs to Client A. in doing so he breached Rule 4.3 of the SAR and/or Principle 7 of the Principles.
 - 1.4 In his capacity as COLP and COFA he failed to take adequate steps to ensure compliance with the Firm’s regulatory obligations under the SAR and he failed to ensure that the Firm complied with the Order of the Tribunal on 10 September 2020, in a timely manner. In doing so he breached paragraphs 9.1 and 9.2 of the 2019 SRA Code of Conduct for Firms (“the Code for Firms”).

Documents

2. The Tribunal had before it the following documents:-
 1. Rule 12 Statement by the Applicant dated 28 May 2024;
 2. Answer to the R12 Statement by the Respondent undated;
 3. Agreed Outcome submitted dated 28 November 2024.

Background

3. The Respondent is a solicitor who was admitted to the Roll on 17 July 2000. At the time of the alleged conduct, he was a sole practitioner trading under the name of Paul Ireland Solicitors and had done so since August 2013. He was the Compliance Officer for Legal Practice (COLP), the Compliance Officer for Finance and Administration (COFA) and the Money Laundering Reporting Officer (MLRO) of the Firm.
4. Prior to 4 July 2024 the Respondent had a Practising Certificate free from conditions.
5. On 4 July 2024, an Adjudicator at the SRA decided to impose a condition on the Respondent’s 2023/2024 practising certificate that he may not act as a COLP or as a COFA for any authorised body.
6. In reaching this decision the Adjudicator took into consideration the Respondent’s regulatory history and the fact that the current proceedings contained allegations that

the Respondent failed to take adequate steps to ensure the Firm's compliance with the SRA Accounts Rules and compliance with the Tribunal's Order of the 10 September 2020.

7. Due to the Respondent's failure to comply with the Tribunal's Order of the 10 September 2020, the SRA commenced a new Forensic Investigation of the Firm at the beginning of 2022. The Forensic Investigation Officer's first visit to the Firm was in March 2022. The Forensic Officer completed a report dated 6 October 2022 which identified a number of breaches of the SRA Accounts Rules.

Application for the matter to be resolved by way of Agreed Outcome

8. The parties invited the Tribunal to deal with the Allegations against the Respondent in accordance with the Statement of Agreed Facts and Outcome annexed to this Judgment. The parties submitted that the outcome proposed was consistent with the Tribunal's Guidance Note on Sanctions.

Findings of Fact and Law

9. 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 the Respondent's rights to a fair trial and to respect for their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.
10. The Tribunal reviewed all the material before it and was satisfied on the balance of probabilities that the Respondent's admissions were properly made.
11. The Tribunal considered the Guidance Note on Sanction (10th Edition, June 2022). In doing so assessed the culpability and harm identified together with the aggravating and mitigating factors that existed.
12. The Tribunal found the level of seriousness of the Respondent's misconduct to be high. His culpability involved improper transfers from the client account to the office account as well as a failing to comply with an order of the Tribunal.
13. The Respondent, as the sole owner and manager of the Firm, was in direct control of the client account and was aware, or should have been aware, of shortages which had persisted from the date of the previous FIO's report. The Respondent was an experienced solicitor who would have been expected to understand and comply with the requirements of the SRA Accounts Rules in his role as the COLP and COFA
14. The Tribunal assessed that the Respondent's repeated breaches the SRA Accounts Rules had caused harm not only to Client A but to the reputation of the profession. Client money is sacrosanct. The Respondent's failure to comply with the earlier Order also had the potential of undermining the authority of the Tribunal and diminishing public trust and confidence in the profession.
15. The Aggravating features of the Respondent's conduct were considered by the Tribunal which included the following:

- shortages on the client account had not been corrected since the FIO report which had been prepared four years earlier; the conduct had therefore continued over a significant period of time;
 - there had been at least seven improper transfers made in breach of the SRA Accounts Rules in relation to the allegations before the Tribunal.
 - the Respondent had previous disciplinary matters of a similar nature before the Tribunal of which the allegations were admitted.
16. The Tribunal concluded that the Respondent did not appear to have gained any insight into his conduct, nor had he attempted to refresh or improve his knowledge of the SRA Account Rules to avoid future breaches.
17. Despite factors mitigating the seriousness of the admitted breaches including open and frank admissions made by the Respondent to the regulator in addition to his full cooperation during the course of the investigation and the proceedings, the Tribunal considered that a fine or a reprimand would not be appropriate to address the seriousness of the Respondent's misconduct.
18. In order to protect the public and the reputation of the profession from future harm, the Tribunal considered the appropriate sanction to be a period of suspension on the Respondent's ability to practice. The period of suspension would be suspended with the imposition of suitable conditions.

Costs

19. The Applicant and the Respondent agreed costs in the sum of £27,000.00.
20. The Tribunal determined that the agreed costs were reasonable and proportionate. Accordingly, the Tribunal ordered the Respondent, to pay costs in the agreed sum of £27,000.00.

Statement of Full Order

21. The Tribunal Ordered that the Respondent will be **SUSPENDED** from practice for a period of 1 year from the date of approval of this Agreed Outcome, such suspension to be suspended for a period of 2 years from the same date subject to compliance by the Respondent throughout that period with the terms of the Restriction Order imposing conditions set out below.
22. The Respondent shall be subject to conditions on practice for an indefinite period as follows:
1. The Respondent may not be a compliance officer for legal practice or a compliance officer for finance and administration;
 2. The Respondent may not hold client money subject to the provisions of paragraph 4 below;

3. The Respondent will file annual accountant's reports with the SRA as they fall due and will file a cease to hold accountant's report when he closes the Firm's client account;
4. In addition, the Respondent undertakes to close all of the Firm's client accounts within 2 months from the date of approval of this Agreed Outcome and to provide evidence of the same to the SRA in the form of bank statements and a letter from the bank(s) at which the client account(s) is/are held by 28 February 2025.
5. If the Respondent is found to have breached any of the conditions set out in paragraph 1-4 above, activation by the Tribunal of the suspension of 1 year will follow in addition to any sanction imposed for the breach of conditions.
6. If the period of 2 years under restriction is successfully completed, the suspended suspension from practice of 1 year will cease to have effect.

Dated this 11th day of December 2024
On behalf of the Tribunal

W. Ellerton

W. Ellerton
Chair

JUDGMENT FILED WITH THE LAW SOCIETY
11 DECEMBER 2024

Case Number: 12613-2024

IN THE MATTER OF THE SOLICITORS ACT 1974

SOLICITORS REGULATION AUTHORITY LIMITED

Applicant

and

PAUL MICHAEL IRELAND

Respondent

STATEMENT OF AGREED FACTS AND PROPOSED OUTCOME

1. By its application dated 28 May 2024 and the statement made pursuant to Rule 12 (2) of the Solicitors (Disciplinary Proceedings) Rules 2019 which accompanied that application, the Solicitors Regulation Authority Ltd ("the SRA") brought proceedings before the Solicitors Disciplinary Tribunal making four allegations of misconduct against Paul Michael Ireland ("the Respondent").

The allegations

2. The allegations against the Respondent, made by the SRA within that statement were that, while in practice as a sole practitioner trading under the name of Paul Ireland Solicitors, ("the Firm"):

2.1 he failed to comply with an Order of the Tribunal dated 10 September 2020 ("the Order"). In doing so, he breached any or all or Principles 2 and 5 of the SRA Principles 2019 ("the Principles") and Paragraph 2.5 of the SRA Code of Conduct for Solicitors, RELs and RFLs ("the Code for Solicitors").

2.2 he maintained books of account where a cash shortage of £38,988,61 existed as at 31 January 2022 and in doing so he breached Rule 6.1 of the SRA Accounts Rules 2019 ("the SAR") and/ or Rule 7.1 of the SRA Accounts Rules 2011 and Principle 7 of the Principles.

2.3 in the matter of Client A, he transferred client money from client account to office account on seven occasions without first delivering a bill or other written notification of costs to Client

A. In doing so he breached Rule 4.3 of the SAR and/or Principle 2 and/or Principle 7 of the Principles.

2.4 In his capacity as COLP and COFA he failed to take adequate steps to ensure compliance with the Firm's regulatory obligations under the SAR and he failed to ensure that the Firm complied with the Order of the Tribunal on 10 September 2020, in a timely manner. In doing so he breached paragraphs 9.1 and 9.2 of the 2019 SRA Code of Conduct for Firms ("the Code for Firms").

3. The Respondent admits each of these allegations save for the allegation that, in relation to the allegation set out at paragraph 2.1 above, he breached Principle 5 of the SRA Principles 2019 which he denies.

4. The SRA applies under Rule 24 of the Solicitors (Disciplinary Proceedings) Rules 2019 for leave to withdraw that disputed allegation. The basis of that application is that the SRA has reviewed the evidence in light of the Answer filed by the Respondent, and further representations received from his representative, and has concluded that there is no realistic prospect of proving that the Respondent breached Principle 5 at a substantive hearing. Furthermore, in light of the admissions contained in this document, and the penalty which has been agreed as appropriate between the parties on the basis of those admissions, it would not be proportionate and in the public interest to proceed to a substantive hearing of this matter.

Agreed Facts

5. The following facts and matters, which are relied upon by the SRA in support of the allegations set out within paragraphs 6 to 18 of this statement, are agreed between the SRA and the Respondent.

Professional Details

6. The Respondent is a solicitor who was admitted to the Roll on 17 July 2000. At the time of the alleged conduct, he was a sole practitioner trading under the name of Paul Ireland Solicitors and had done so since August 2013. He was the Compliance Officer for Legal Practice (COLP), the Compliance Officer for Finance and Administration (COFA) and the Money Laundering Reporting Officer (MLRO) of the Firm. He had a PC free from conditions.

7. On 4 July 2024, an Adjudicator at the SRA decided to impose a condition on the Respondent's 2023/2024 practising certificate that he may not act as a COLP or as a COFA for any authorised body. The Adjudicator decided that the Respondent presents a risk that he is unable or unwilling to comply with his professional and regulatory obligations as a Compliance Officer, in the future. The decision was based on both the Respondent's regulatory history as on 10 September 2020, the Tribunal found, and the Respondent

admitted, that he had failed to comply with his duties as a COLP and as a COFA and also on the fact that the current proceedings contain allegations that the Respondent failed to take adequate steps to ensure the Firm's compliance with the SRA Accounts Rules and compliance with the Order of 10 September 2020, in a timely manner. The Adjudicator also considered that public confidence was adversely impacted if the Respondent continued to practise unrestricted whilst the proceedings were ongoing.

8. The Firm's office is in Warrington. The Firm's fee income derived mainly from family law work (85%) with the balance deriving from wills, probate and conveyancing (15%).
9. The Respondent was assisted, at the Firm, by one family law solicitor, one solicitor who supervised the wills and probate matters and an unadmitted staff of five. The Respondent continues to operate as a sole practitioner at Paul Ireland Solicitors. On 1 July 2024, one of the solicitors at the Firm was approved, by the SRA, as the COLP and the COFA for the Firm.

Background to the allegations

10. On 6 December 2018, the SRA began a Forensic Investigation inspection at the Firm. On 10 May 2019, the Forensic Investigation Officer ("FIO") completed a report. The report identified a number of breaches of the SRA Accounts Rules 2011 including a shortage on client account of almost £17,000, no accountants reports for the years ending March 2017 and March 2018, failure to account to clients for interest, failure to return money to clients at the end of the retainer, incorrect use of suspense accounts and payments from client account for disbursements before payment had been received from the clients. The Respondent was referred to the Solicitors Disciplinary Tribunal ("the Tribunal").
11. On 10 September 2020, the Tribunal approved an Agreed Outcome whereby the Respondent was ordered to pay a fine of £10,000.00, pay SRA costs of £10,000.00 and file an accountant's report with the SRA every 6 months. The next accountant's report was ordered to be filed within two months of 31 March 2021.
12. By an email dated 15 December 2020, addressed to the Applicant, the Respondent offered to pay the £10,000 SRA costs by instalments over a 12-month period. This offer was accepted by the SRA Costs Recovery Department by an email dated 6 January 2021. The Respondent complied with the Repayment plan and made his final payment, in relation to the SRA costs, on 17 January 2022.
13. The Respondent did not pay the fine, which was payable to H.M Treasury, until 3 November 2023, after he was reminded to do so by the SRA. The Respondent did not file an accountant's report by 31 May 2021, as ordered. The accountant's report was filed on 23 December 2021, some 7 months late. The next accountants report was due on 30

November 2021 but was filed on 18 February 2022. Both accountant's reports were qualified.

14. The costs which were payable to the Applicant were recovered by the installments which the Respondent agreed to pay. The HM Treasury was notified of the fine, in the usual way. The Applicant is informed by HM Treasury that they sent two letters to the Respondent requesting payment of the fine. The Applicant has been unable to obtain copies of these letters. The Respondent states, and the Applicant accepts, that he did not receive the letters and that they were sent to an incorrect address. When the Applicant contacted the Respondent to remind him that the fine was still outstanding, he discharged it immediately.¹⁵ Due to the Respondent's failure to comply with the Order, the SRA commenced a new Forensic Investigation at the beginning of 2022. The FIO's first visit to the Firm was in March 2022. The FIO completed a report dated 6 October 2022 which identified a shortage on the client account of £38,988.61, part of which had not been addressed since the earlier Forensic Investigation. The report also identified a failure to keep accurate records of account and a failure to maintain accurate accounting systems.
15. During the FI visit, the FIO identified seven transfers from client account to office account on the matter of Client A. Client A was a client for whom the Respondent acted in connection with divorce proceedings. Between 7 May 2021 and 2 November 2021, five transfers of funds from client account to office account were made on Client A's matter. The transfers were in respect of four bills of cost totaling £2,885.00. The FIO could find no evidence that the four bills had been sent to Client A. On 14 January 2022 and 31 January 2022, two transfers of £6,000.00 each were made from client account to office account without a bill having been delivered to Client A. A further transfer of £4560.00 was made on 28 February 2022 without a bill being delivered to Client A.
16. When asked about these transfers in his regulatory interview on 27 September 2022, the Respondent admitted that bills had not been sent to Client A before the monies were transferred but stated that costs had been discussed with Client A. The Respondent also stated that he believed that he was entitled to take his costs under such circumstances due to his lack of understanding of the SRA Accounts Rules. The Respondent accepted that, with hindsight, he should not have dealt with the transfer of client monies in the way that he did.
17. Client A had not raised a concern about her costs but, following discussion with the FIO, the Respondent wrote to Client A to apologise for the way in which costs had been dealt with and providing her with a detailed breakdown of her costs. Following recalculation of the costs, the Respondent reimbursed Client A the sum of £1745.00 and also paid to Client A an additional £2000.00 in recognition of the inconvenience caused to her.

18. The Respondent was the COLP and the COFA of the Firm and was, therefore, responsible for ensuring that the Firm and everyone working at the Firm, complied with the SRA Standards and Regulations. This includes ensuring compliance with the terms of the Order of the Tribunal and with the SRA Accounts Rules by addressing the shortage on the client account and having an up-to-date knowledge of the SRA Accounts Rules so as to be able to recognise that the conduct described in paragraph 17 is not compliant.

Non-Agreed Mitigation

19. The following mitigation, which is not agreed by the SRA, is put forward by the Respondent:

19.1 The Respondent has co-operated with the SRA throughout the course of the investigation and with the SDT proceedings.

19.2 Importantly, no allegation of dishonesty is raised, in any respect. There was no deliberate intent on the part of the Respondent to fail to comply with the Order of the SDT dated 10 September 2020.

19.3 The Respondent offers his sincere, and genuine, apology for the identified and admitted breaches. The Respondent immediately upon the shortfall being highlighted made immediate payment to rectify the situation.

19.4 The failure to pay the fine to HM Treasury was a genuine misunderstanding on the part of the Respondent.

19.5 The fine was paid on 3 November 2023 immediately upon the non-payment being identified to the Respondent.

19.6 The factors mitigating the seriousness of the identified and admitted breaches include, but are not limited to:

- Genuine insight into his failings, to include open and frank admissions from the earliest opportunity and within this document.
- Steps have been taken by the Respondent to address the identified failings and to ensure that they do not reoccur, to include the Respondent undertaking to close the firm's client account within 2 months from the date of approval of this Agreed Outcome and to provide evidence to the SRA.
- Full co-operation with the SRA during the course of the investigation and full co-operation following the issue of SDT proceedings.

Penalty proposed

20. Subject to the approval of the Tribunal, the Respondent agrees to the following penalty:

20.1 the Respondent be suspended from practice for a period of 1 year from the date of approval of this Agreed Outcome, such suspension to be suspended for a period of 2 years from the same date subject to compliance by the Respondent throughout that period with the terms of the Restriction Order imposing conditions set out in the paragraphs below.

21. The Respondent shall be subject to conditions on practice for an indefinite period as follows:

21.1 The Respondent may not be a compliance officer for legal practice or a compliance officer for finance and administration,

21.2 The Respondent may not hold client money subject to the provisions of paragraph 23 below,

21.3 The Respondent will file annual accountant's reports with the SRA as they fall due and will file a cease to hold accountant's report when he closes the Firm's client account.

22. If the Respondent is found to have breached any of the conditions set out in paragraph 21 above, activation by the Tribunal of the suspension of 1 year will follow in addition to any sanction imposed for the breach of conditions.

22.1. If the period of 2 years under restriction is successfully completed, the suspended suspension from practice of 1 year will cease to have effect.

23. In addition, the Respondent undertakes to close all of the Firm's client accounts within 2 months from the date of approval of this Agreed Outcome and to provide evidence of the same to the SRA in the form of bank statements and a letter from the bank(s) at which the client account(s) is/are held by 28 February 2025.

24. The Respondent further agrees to pay the sum of £27,000.00 towards the SRA's costs.

Explanation as to why such an order would be in accordance with the Tribunal's sanctions guidance

25. The restrictions set out in paragraph 19 above are necessary and appropriate to address the misconduct which the Respondent has admitted and to maintain public confidence.

26. The Respondent's conduct is sufficiently serious to warrant suspension from practice for the following reasons:

Culpability

- 26.1 the Respondent's level of culpability for the admitted breaches is high. He had direct control and responsibility for the circumstances giving rise to the misconduct. Having signed the Agreed Outcome, with the benefit of legal advice, the Respondent was aware of the terms and the requirements of the Order of the Tribunal. As the sole owner and manager of the firm, he was responsible for ensuring that the SRA costs and the fine were paid and that the accountant's reports were filed with the SRA on time.
- 26.2 The Respondent also had direct control of the client account and was aware, or ought to have been aware, that there was a shortage which persisted from the date of the previous FI Report. As the sole owner and manager of the firm, the Respondent was responsible for ensuring that the shortage was corrected.
- 26.3 The Respondent was the fee earner on the matter of Client A and was directly responsible for the transfers from client to office account without bills or other written notifications of costs being provided to Client A. He was in a position of trust in relation to Client A's money. By making improper transfers from client account to office account, the Respondent acted in breach of that position of trust.
- 26.4 The Respondent is an experienced solicitor who is expected to understand the requirements of the SRA Accounts Rules and his role as COLP and COFA.

Harm

- 26.5 By his conduct, the Respondent has caused harm not only to Client A but also to the reputation of the profession. Clients and members of the public would expect that a solicitor would comply with an order of the Tribunal. The Respondent's failure to comply with the Order tends to undermine the authority of the Tribunal and, consequently, diminishes public trust and confidence in the solicitor's profession.
- 26.6 Clients should be able to trust that the money held in a solicitor's client account will be safe and not be transferred out of the client account unless such a transfer is in accordance with the SRA Accounts Rules. Client A was not aware that her money had been transferred from the client account as she had not received bills from the Respondent.
- 26.7 The Respondent also caused harm to the reputation of the profession by failing to properly fulfil his roles as COLP and COFA. Clients and the public should be able to trust that the individual who is in the role of COLP or COFA at a firm is someone who will ensure compliance with the SRA Standards and Regulations. The Respondent failed to fulfil this role.

Aggravating features

26.8 the conduct continued over a significant period of time; the fine was unpaid for 2 years and some of the shortage on the client account had not been corrected since the previous Forensic Investigation Report 4 years previously.

26.9 the conduct was repeated as the Respondent made transfers from client to office account in breach of the SRA Accounts Rules on 7 occasions.

26.10 the Respondent has previous disciplinary matters of a similar nature before the Tribunal where the allegations were admitted. He does not appear to have gained insight from that experience nor sought to refresh his knowledge of the SRA Accounts Rules to avoid future breaches.

26.11 The Respondent was an experienced solicitor, having been admitted to the roll more than twenty years prior to the conduct. He was in a position of responsibility, as the owner, manager, Compliance Officer for Legal Practice and Compliance officer for Finance and Administration.

27. The Respondent has admitted the allegations. The Solicitors Disciplinary Tribunal's "Guidance Note on Sanction" (10th edition), at paragraph 41, states that:

Where the Tribunal concludes that the seriousness of the misconduct justifies suspension from the Roll, but it is satisfied that:

- ***by imposing a Restriction Order, the risk of harm to the public and the public's confidence in the reputation of the legal profession is proportionately constrained; and***
- ***the combination of such an Order with a period of pending Suspension provides adequate protection and addresses the risk of harm to the public and the need to maintain the reputation of the profession***

the Tribunal must suspend that period of suspension for so long as the Restriction Order remains in force (SRA v Dar [2019] EWHC 2831 (Admin)).

If the Restriction Order referred to above is breached, activation by the Tribunal of the term of suspension may follow.

In accordance with the guidance set out in Solicitors Regulation Authority v James et al [2018] EWHC 3058 (Admin) if the Tribunal imposes a suspended suspension the Tribunal should make clear that the suspension will be activated if further misconduct is committed.

28. The seriousness of the misconduct is such that neither a Restriction Order, Reprimand nor a Fine is a sufficient sanction or in all the circumstances appropriate and there is a need to

protect both the public and the reputation of the legal profession from future harm from the respondent by removing their ability to practise, but neither the protection of the public nor the protection of the reputation of the legal profession justifies striking off the Roll. The Respondent's misconduct therefore justifies suspension from the Roll.

29. However, the Tribunal can be satisfied that by imposing a Restriction Order in the terms sought for two years, the risk of harm to the public and the public's confidence in the reputation of the legal profession is proportionately constrained; and the combination of such an Order with an Order suspending the Respondent's Suspension whilst the Restriction Order is in force will provide adequate protection and addresses the risk of harm to the public and the need to maintain the reputation of the profession.
30. In all the circumstances of the case, it is therefore proportionate and in the public interest that the Respondent should be suspended from practice for one year, such period of suspension to be suspended for a period of two years on the basis of his compliance with the Restriction Order set out above.

Head of Legal and Enforcement, for and on behalf of the SRA

Date

Paul Michael Ireland

Date 28. 11. 2014.