

SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12288/2021

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD

Applicant

and

AZIZ-UR REHMAN

Respondent

Before:

Mr A Ghosh (in the chair)

Mrs A Horne

Ms J Rowe

Date of Hearing: 5 – 6 April 2022

Appearances

Victoria Sheppard-Jones, Counsel, of Capsticks LLP, 1 St George's Road, London, SW19 4DR, for the Applicant.

The Respondent did not attend and was not represented.

JUDGMENT

Allegations

1. The allegations against the Respondent were that, while in practice as a solicitor at Morgan Mark Solicitors (“the Firm”):
 - 1.1 Between around 8 July 2019 to 20 August 2019 (“the relevant period”), the Respondent caused or allowed improper transfers of at least around £198,000.00 from the Firm’s client account and thereby:
 - 1.1.1 breached Rule 20.1 of the SRA Accounts Rules 2011 (“the Accounts Rules”); and
 - 1.1.2 breached any or all of Principles 2, 4, 6 and 10 of the SRA Principles (“the Principles”).
 - 1.2 Between around 8 July 2019 to 20 August 2019, the Respondent caused or allowed all or part of the clients’ money referred to at allegation 1.1 to be misused and/or misappropriated. He therefore breached any or all of Principles 2, 4, 6 and 10 of the Principles.
2. Dishonesty is expressly alleged in relation to allegations 1.1 and 1.2 above but proof of dishonesty is not required in order to establish those allegations or any of their particulars. Dishonesty is alleged as an aggravating feature of the Respondent’s misconduct.
3. Further or alternatively, allegation 1.1 is advanced on the basis that the Respondent’s conduct was reckless. Recklessness is alleged as an aggravating feature of the Respondent’s misconduct, but is not an essential ingredient in proving the allegation.

Executive Summary

Allegation 1.1 Summary	Proved. Mr Rehman dishonestly caused or allowed improper transfers from the Firm’s client account.
Allegation 1.2 Summary	Proved. Mr Rehman dishonestly caused or allowed the misuse and/or misappropriation of client monies.
Allegation 2	Proved. Mr Rehman’s conduct was dishonest.
Allegation 3	Not considered given the finding in respect of Allegation 2.
Sanction	Struck off.

Documents

4. The Tribunal considered all of the documents in the case, which were contained within an agreed electronic hearing bundle.

Preliminary Matters

Application to proceed in absence

Applicant's Submissions

5. Miss Sheppard-Jones reminded the Tribunal of the fact that Mr Rehman last engaged with the Applicant in May 2019, and had never engaged with, or indeed acknowledged any correspondence from, the Tribunal.
6. She contended that service had been effected in accordance with Rule 36 of the Solicitors (Disciplinary Proceedings) Rules in that notice of the hearing was provided to Mr Rehman on 4 January 2022 by email to his Gmail address, and by special delivery to his last known postal address. The special delivery was signed for as delivered on 14 January 2022. On 22 March 2022, further notice was sent by special delivery to a new address for Mr Rehman which had been ascertained by tracing agents instructed by the Applicant; it was signed for on 23 March 2022. That notice was also sent by email to a Hotmail address known to be used by Mr Rehman.
7. No response had been received to any of the communications alluded to above. Miss Sheppard-Jones therefore submitted that, given the fact that Mr Rehman had been aware of the investigation since 2019, the seriousness of the allegations and the likely sanction to be imposed if the allegations were found proved, the interests of justice required that the Tribunal proceed in Mr Rehman's absence.

The Tribunal's Decision

8. The Tribunal considered the representations made by the Applicant in conjunction with its powers pursuant to Rule 36 of the Solicitors (Disciplinary Proceedings) Rules 2019 namely:

“...If a party fails to attend and is not represented at the hearing and the Tribunal is satisfied that notice of the hearing was served on the party in accordance with these Rules, the Tribunal may hear and determine any application and make findings, hand down sanctions, order the payment of costs and make orders as it considers appropriate notwithstanding that the party failed to attend and is not represented at the hearing...”

9. The Tribunal applied the principles set out in the seminal authority of GMC v Adeogba and GMC v Visvardis [2016] EWCA Civ 162, in which Leveson P made plain that, with regard to regulatory proceedings, there was a need for fairness to the regulator as well as a Respondent. At §19 he stated:

“... It would run entirely counter to the protection, promotion and maintenance of the health and safety of the public if a practitioner could effectively frustrate the process and challenge a refusal to adjourn when the practitioner had deliberately failed to engage with the process. The consequential cost and delay to other cases is real. Where there is good reason not to proceed, the case should be adjourned; where there is not, however, it is only right that it should proceed...”

10. Leveson P went on to state at §23 that discretion must be exercised:
- “...having regard to all the circumstances of which the Panel is aware with fairness to the practitioner being a prime consideration but fairness to the GMC and the interest of the public also taken into account...”
11. Weighing all of the attendant circumstances in the balance the Tribunal determined that Mr Rehman had deliberately chosen not to exercise his right to be present or to give adequate instructions to enable lawyers to represent him, without any good reason. The overarching public interest in the expeditious consideration of allegations, and fairness to the Applicant, required the matter to proceed in Mr Rehman’s absence, particularly as there was nothing to suggest that he would attend a substantive hearing at a later date if the matter were to be adjourned.
12. The Tribunal therefore granted the application.

Factual Background

13. Mr Rehman was admitted to the Roll of Solicitors in March 2009. At all relevant times he was the Firm’s sole principal, Compliance Officer for Legal Practice (“COLP”), Compliance Office for Finance and Administration (“COFA”) and Money Laundering Reporting Officer (“MLRO”). As such, Mr Rehman was personally responsible for the Firm’s compliance with the Accounts Rules, and personally obliged to remedy any breaches to the same promptly upon discovery. Mr Rehman held additional obligations in accordance with the SRA Authorisation Rules (“the Authorisation Rules”) as well as the Accounts Rules, given his roles as COLP and COFA.
14. The Firm commenced trading in July 2009. At all material times Mr Rehman was a Member of the Firm and its sole equity owner. Mr Rehman was assisted by an Associate Solicitor (Mr V), a solicitor (Mr B) from June 2019, and one paralegal. The Firm’s main area of work was immigration law, undertaken by Mr Rehman, with Mr V and Mr B undertaking conveyancing matters.
15. In April 2019, the Applicant received a complaint which raised concerns about the Firm’s facilitation of an unregulated investment scheme in which the investors (mainly overseas) could buy a room in a “soon to be refurbished” care home. The intent was that the care home would be refurbished, and residents would then be found, which would then provide a yield to those who had purchased or invested in a room.

The First Investigation

16. The Applicant’s Forensic Investigation Unit was commissioned to inspect the Firm. A Forensic Investigation Officer (“FIO” – Stephen Middleton - Cassini) conducted a without notice investigation on 29 April 2019 when he attended at the Firm. Mr Rehman and Mr B were in attendance. Mr V was not present as he was out of the country.
17. The FIO reviewed several of the Firm’s conveyancing files, in which overseas clients were purchasing bedrooms in hotels, student accommodation and care homes. Mr Rehman informed the FIO that Mr V had conduct of all conveyancing matters, with

the assistance of Mr B. Conveyancing matters accounted for 85% - 90% of the Firm's work.

18. A number of concerns were noted by the FIO which included:
 - the inadequacy of Anti-Money Laundering checks and lack of due diligence in relation to conveyancing matters.
 - Mr Rehman advising the FIO that the Firm's books of account had only been completed up until the 14 March 2019 as the bookkeeper was on leave. There was a surplus of £1,032.82 in the client account bank statement which was not shown in the Firm's books of account at the material time. Mr Rehman advised the FIO that he had sole control of all of the Firm's financial transactions.
19. On 1 May 2019 the FIO notified Mr Rehman by email that he would be returning to the Firm on 22 May 2019 to continue the first investigation. The FIO requested that certain documents be available for inspection by 21 May 2019, which included client ledgers, client bank reconciliations, client bank statements, updated Anti-Money Laundering Policy/Procedures, updated client care information, a review of client balances, details of all due diligence undertaken with property vendors, details of due diligence undertaken regarding properties being purchased, and the date on which Mr V was expected to return to the UK. Mr Rehman acknowledged receipt of that email on the same date and confirmed that all documents requested would be available "by 21 May 2019". Mr Rehman further confirmed that Mr V would be back in the UK by 14 May 2019 and that he had been informed that the FIO would like to speak with him at the second visit.
20. On 22 May 2019, when the FIO attended the Firm he was greeted by Mr V and Mr B. Mr V advised him that Mr Rehman had had to go to Pakistan at short notice due to a family emergency, but that all of the documents previously requested were available for inspection.
21. The FIO emailed Mr Rehman expressing concern that (a) he had left the country for an unknown period of time, (b) no one else had access to the Firm's books of account or bank accounts and (c) his departure had effectively paralysed the practice, which potentially caused significant inconvenience to clients.
22. No response was received and so the FIO sent a further email to Mr Rehman on 24 May 2019. The FIO also telephoned Mr V on the same date, who confirmed that he had not heard from Mr Rehman either.
23. On 28 May 2019 Mr Rehman emailed the FIO to the effect that he was in Pakistan and was not sure when he would be returning to the UK, but it could be towards the latter end of June 2019. On 25 June 2019 the FIO emailed Mr Rehman seeking an update on his return to the UK, and advising of a further visit to the Firm on 15 July 2019. No response was received. The FIO sent further emails in the same vein on 2, 3, 8 and 12 July 2019. No response was received to any of those emails.

24. On 8 July 2019 the FIO sent Mr Rehman a Production Notice (“the Notice”) pursuant to s44B of the Solicitors Act 1974 which required Mr Rehman to produce the Firm’s books of account, bank accounts and client ledgers for specified periods in 2019. The Notice was neither acknowledged nor complied with. The Notice was re-sent to Mr Rehman by the FIO on 12 July 2019 but again was neither acknowledged nor complied with. Mr V confirmed that he had been in communication with Mr Rehman via the email address being used by the FIO, which satisfied the FIO that Mr Rehman had received his emails of 8 and 12 July 2019. The emails between Mr V and Mr Rehman related to client concerns and requests that bank transfers be made urgently in order to allay those concerns. Mr Rehman confirmed in the emails he sent to Mr V that he had completed the required bank transfers on 5 July 2019. Furthermore, on 9 July 2019 Mr Rehman emailed Mr V providing further information as requested.
25. On 15 July 2019 the FIO returned to the Firm to inspect the documents set out in the Notice. Mr Rehman was again not present, and staff at the Firm advised that they were unable to provide the financial documents requested (as Mr Rehman had sole access to the same) and therefore could not comply fully with the Notice. From the documents that were available for inspection the FIO ascertained that the client account should have held £222,691.20 but he was unable to confirm whether or not it did as the client account bank statement was not available.
26. On 19 August 2019, an Adjudication Panel convened by the Applicant resolved to intervene into Mr Rehman practice on the grounds that (a) he had failed to comply with the Accounts Rules, (b) it was necessary to protect the interests of his clients, former clients and/or beneficiaries of any trust in respect of which he was a trustee. Mr Rehman’s practising certificate was automatically suspended, and this remained the case.

The Second Investigation

27. On 11 October 2019 the FIO notified Mr Rehman via email that a second investigation by the Applicant’s intervention agents would commence. No response was received and Mr Rehman was neither present nor available for comment during the second investigation.
28. Both investigations culminated in a Forensic Investigation Report (“FIR”) dated 3 January 2020 which identified failures on the part of Mr Rehman, namely:
 - Non-compliance with the Accounts Rules.
 - Non-completion of the client cash account since 31 March 2019.
 - Lack of reconciliation between the client cash account and the client bank account statements since 31 March 2019.
 - Failure to prepare and compare the balances shown on client ledger accounts with the client cash account since 31 March 2019.
29. It was further noted by the FIO that as at 20 August 2019, the balance of the Firm’s client account was £3,203.28 when it should have been at least £201,817.84 which represented client monies received for purchases on seven conveyancing matters between 8 – 23 July 2019. The shortfall on the client account therefore was at least £198,614.56. The £201,817.84 should have been paid to the vendor, Company T, upon

completion of the seven matters (in respect of all of which the clients were based overseas). Company T confirmed to the FIO that neither had payment been received nor completion taken place as at 9 October 2019, despite Notices to complete having been served.

30. The FIO found that, as at 7 July 2019, the Firm's office account held £179,751.36. Payments (which were unconnected with the seven matters in respect of which the client account funds were received) were made from that account on:
- 9 July 2019: £73,950.97 to Person A.
 - 9 July 2019: £36,519.36 to Person I.
 - 16 July 2019: £82,480.00 to Person G.
31. Following the transactions alluded to above the Firm's office account was in debit and continued to be so. As at 20 August 2019 the debit balance was £13,766.61.

Witnesses

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

Stephen Middleton-Cassini: Forensic Investigation Officer

- 32.1 Mr Middleton-Cassini confirmed the content of his Memorandum dated 22 July 2019, save for a typographical error regarding the date of the second visit, which was in fact 21 May 2019 and not 20 May 2019.
- 32.2 He further confirmed the content of his Forensic Investigation Report dated 3 January 2020.

Legal Framework

33. When required to do so, the Tribunal applied the following tests promulgated in the authorities set out below:

Integrity

34. The test to be applied by the Tribunal was that set out in Wingate and Evans v SRA and SRA v Malins [2018] EWCA Civ 366, namely:

“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”.

Dishonesty

35. The test to be applied by the Tribunal was that set out in Ivey v Genting Casinos (UK) Ltd t/a Crockfords [2017] UKSC 67 namely:

“When dishonesty is in question the fact-finding Tribunal must first ascertain (subjectively) the actual state of the individual’s knowledge or belief as to the facts. The reasonableness or otherwise of his belief is a matter of evidence (often in practice determinative) going to whether he held the belief, but it is not an additional requirement that his belief must be reasonable; the question is whether it is genuinely held. When once his actual state of mind as to knowledge or belief as to facts is established, the question whether his conduct was honest or dishonest is to be determined by the factfinder by applying the (objective) standards of ordinary decent people. There is no requirement that the defendant must appreciate that what he has done is, by those standards, dishonest.”

When considering dishonesty the Tribunal firstly established the actual state of the Respondent’s knowledge or belief as to the facts, noting that the belief did not have to be reasonable, merely that it had to be genuinely held. It then considered whether that conduct was honest or dishonest by the standards of ordinary decent people.

Recklessness

36. The test to be applied by the Tribunal was that set out in R v G [2003] UKHL 50 namely:

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

37. That test was adopted in the context of regulatory proceedings in Brett v SRA [2014] EWHC 2974 (Admin); in that particular case in relation to an allegation of recklessly misleading the court.

Findings of Fact and Law

38. 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 right 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.

39. **Allegation 1.1 - Caused or allowed improper transfers of client monies**

The Applicant’s Case

- 39.1 It appeared to the FIO that client monies were being used for reasons other than that for which they were intended, namely improper transfers as opposed to the completion of

property purchases. By way of example, the Firm acted for a Mr O in connection with his purchase of Unit 106, Company T's Seaview Hotel, Blackpool ("the Property") for £47,800.00. Mr O had entered into a contract with Company T International to purchase a leasehold interest in the Property, and completion was due to take place on 19 June 2019. Company T provided the Firm with a Notice to Complete on 19 June 2019. Mr O had previously paid a 50% deposit of £23,900.00 on exchange, which had taken place on 26 April 2019.

- 39.2 On 21 June 2019, Mr V emailed Mr O advising that he had received the Notice to Complete and enclosed the completion statement dated 18 June 2019 provided by Company T, which requested £20,510.99 to complete the purchase.
- 39.3 On 22 July 2019, Mr O credited the Firm's client bank account with £20,600.99. A copy of the Firm's client account bank statement recorded the deposit as "[NAME] 20600.99" and that sum was credited on 22 July 2019. The completion monies were never sent by the Firm to Company T and so the purchase was never completed.
- 39.4 During the period from 22 July 2019 to 14 August 2019, £270,433.68 was paid out of the Firm's client account for purposes unconnected with this transaction. That sum included £15,723.00 transferred to the Firm's office account. As at 20 August 2019, that balance of the Firm's client account was £3,203.28.
- 39.5 During the same period, numerous payments were made out of the Firm's office account to various parties. None of those payments appears to have been a payment made in connection with any underlying client transaction. As at 20 August 2019, that account had a debit balance of £13,766.61.
- 39.6 The FIO made enquiries with Company T regarding the completion of Mr O's purchase of the Property. On 9 October 2019, Company T confirmed that the completion sum of £20,510.99 was still owing in respect of the Property.
- 39.7 The FIO therefore concluded that:
- Mr O had sent £20,600.99 to the Firm on 22 July for the purposes of completing his purchase of the Property.
 - That sum had never been sent to the Vendor's solicitors for the purposes of completing that purchase.
 - As at 20 August 2019, those monies were not held in the Firm's client account (since the Firm held only 23,203.28 in its client account as at that date).
 - As at 20 August 2019, those monies were not held in the Firm's office account (since the account had a debit balance of £13,766.61).
- 39.8 Miss Sheppard-Jones stated that as at 2 December 2021, the SRA had received 25 claims on the Compensation Fund from former clients of the Firm totalling £751,989.30.

- 39.9 Miss Sheppard-Jones submitted that, as Mr Rehman had sole access to and control over all of the Firm's bank accounts, responsibility for all transactions was vested in him in that (a) he was sole principal of the Firm and (b) at the first visit during the first investigation he confirmed to the FIO that he alone could authorise financial transactions. Indeed, this was demonstrated by the email correspondence between Mr Rehman and Mr V following Mr Rehman's departure for Pakistan.

Accounts Rules Breaches

- 39.10 Miss Sheppard-Jones reminded the Tribunal that Rule 20.1 of the Accounts Rules made plain the conditions under which client money could be withdrawn from the client account. Those conditions all related to an underlying transaction and/or on instruction from the client. None of those conditions were met in relation to the seven transactions inspected by the FIO. Miss Sheppard-Jones therefore submitted that Mr Rehman had failed to comply with Rule 20.1 in his management of the client account in that improper transfers were made between 8 July 2019 and 20 August 2019 in the sum of at least £198,614.00.

Principle Breaches

- 39.11 Principle 2 required Mr Rehman to act with integrity namely with moral soundness, rectitude and a steady adherence to an ethical code. Miss Sheppard-Jones submitted that a solicitor acting with integrity would retain client money in the client account and only pay the same out in reference to an underlying transaction and/or upon client instruction. Mr Rehman did not do so, and appeared to have paid client money out of the client account for purposes other than those for which the monies were intended, unconnected with the underlying transaction and/or without instruction. Miss Sheppard-Jones therefore submitted that Mr Rehman lacked integrity contrary to Principle 2.
- 39.12 Principle 4 required Mr Rehman to act in the best interests of his clients. A solicitor so doing would have retained client money in the client account until the required transfer to the seller's solicitors in order to effect completion of their property purchase. Mr Rehman applied client money for purposes unconnected with the intended underlying transaction (the property purchase). Miss Sheppard-Jones therefore submitted that in so doing he had breached Principle 4.
- 39.13 Principle 6 required Mr Rehman to act in a manner which maintained public trust in him and in the provision of legal services. That trust was undermined by Mr Rehman's use of client monies for purposes other than that which it was intended. Miss Sheppard-Jones therefore submitted that in so doing he had breached Principle 6.
- 39.14 Principle 10 required Mr Rehman to protect client monies. Miss Sheppard-Jones reminded the Tribunal of the significant shortfall on the client account, which had required clients to make claims to the Solicitors Compensation Fund of £751,989.30 in order to recoup their missing funds. Miss Sheppard-Jones submitted that Mr Rehman plainly breached Principle 10.

Respondent's Position

39.15 At no stage during the Applicant's investigation, nor the proceedings before the Tribunal, had Mr Rehman provided a response to the allegations that he faced or any explanation of the matters under investigation. He was neither present nor represented at the hearing.

The Tribunal's Findings

39.16 The Tribunal carefully considered the documentary evidence before it and the oral evidence of the FIO, in respect of which no explanation had been advanced by Mr Rehman. The Tribunal accepted the evidence of the FIO, the contents of the memorandum and the forensic investigation report which he produced. The FIO's evidence led the Tribunal to conclude that (a) Mr Rehman held all managerial positions within the Firm (COLP, COFA and MLRO), (b) Mr Rehman had sole custody and control of the Firm's office and client accounts, (c) all financial transactions, be it transfers between or payments out of the Firm's accounts, were undertaken by Mr Rehman and (d) responsibility for the management of client monies was vested in Mr Rehman.

39.17 The Tribunal found that the evidence before it substantiated the factual matrix of Allegation 1.1. The Tribunal further determined that, in causing or allowing the improper transfers of "at least around £198,000.00 of client monies" Mr Rehman breached Rule 20.1 and contravened Principles 2, 4, 6 and 10.

39.18 The Tribunal therefore found Allegation 1.1 proved in its entirety on the balance of probabilities.

40. **Allegation 1.2 - Caused or allowed the misuse and/or misappropriation of client monies**

The Applicant's Case

40.1 As at 20 August 2019, none of the client money deposited with the Firm by the seven clients had been used to effect completion of the property purchase for which it was intended. The client money was no longer in the client account, nor was it in the Firm's office account. Mr Rehman alone had access to the Firm's accounts and significant payments had been made out of the Firm to individuals unconnected with the underlying property transactions. In all of those circumstances Miss Sheppard-Jones submitted that it was abundantly clear that Mr Rehman had caused the misuse and/or misappropriation of client monies.

Principle Breaches

40.2 Miss Sheppard-Jones submitted that the misuse and/or misappropriation of client monies demonstrated a clear lack of integrity and in so doing Mr Rehman had breached Principle 2.

- 40.3 Miss Sheppard-Jones further submitted that Mr Rehman's conduct was plainly not in the interests of his clients, contrary to Principle 4, undermined public trust in him and in the provision of legal services, contrary to Principle 6, and failed to protect client monies, contrary to Principle 10.

Respondent's Position

- 40.4 At no stage during the Applicant's investigation, nor the proceedings before the Tribunal, did Mr Rehman provide a response to the allegations that he faced. He was neither present nor represented at the hearing.

The Tribunal's Findings

- 40.5 Further to its findings set out at §39.16, the Tribunal determined that in at least seven client matters, client monies, namely deposits made for the purchase of properties, were used for purposes other than the completion of the property purchase. The FIO examined only seven client files and, whilst the Tribunal did not speculate as to the true amount of client funds that were misused and/or misappropriated, it noted that as at 2 December 2021, the Applicant had received 25 claims on the Compensation Fund from former clients of the Firm totalling £751,989.30.
- 40.6 The Tribunal found that the evidence before it substantiated the factual matrix of Allegation 1.2. The Tribunal further determined that, in causing or allowing the misuse and/or misappropriation of "at least around £198,000.00 of client monies" Mr Rehman contravened Principles 2, 4, 6 and 10.
- 40.7 The Tribunal therefore found Allegation 1.2 proved in its entirety on the balance of probabilities.

41. **Allegation 2 - Dishonesty**

The Applicant's Case

- 41.1 With regards to Allegation 1.1, Miss Sheppard-Jones submitted that Mr Rehman caused or allowed transfers of client monies from the client account to the office account between 8 July 2019 until 20 August 2019. None of those transfers were in accordance with Rule 20.1 of the Accounts Rules. The monies were used by Mr Rehman for purposes unconnected with any underlying legal transaction. Consequently, ordinary, decent people would consider such conduct to have been dishonest.
- 41.2 With regards to Allegation 1.2, Miss Sheppard-Jones submitted that Mr Rehman did not use any of the client monies for the purpose for which it was intended, namely the purchase of properties. The funds were therefore misused and misappropriated which would be considered dishonest by ordinary, decent people.

Respondent's Position

- 41.3 At no stage during the Applicant's investigation, nor the proceedings before the Tribunal, did Mr Rehman provide a response to the allegations that he faced. He was neither present nor represented at the hearing.

The Tribunal's Findings

Allegation 1.1

- 41.4 In applying the Ivey test, the Tribunal firstly considered Mr Rehman's state of mind as to the facts at the material time when the transfers were made. In so doing, the Tribunal determined that he was (a) an experienced solicitor of 10 years qualification, (b) sole principal at the Firm, (c) the COLP, (d) the COFA and (e) the MLRO. The Tribunal further determined that Mr Rehman had sole access to and control of the Firm's accounts; none of his employees could effect any financial transaction without his knowledge. Against that factual backdrop, at least around £198,000.00 of improper transfers from the client account were made by Mr Rehman for purposes which, as Mr Rehman must have known, were unconnected with the underlying legal transaction, namely the purchase of property, in respect of which the monies had been provided by the clients. The impropriety of those transfers would, as far as the Tribunal was concerned, be regarded as dishonest by ordinary, decent people.
- 41.5 The Tribunal therefore found the aggravating feature of dishonesty as set out in Allegation 2 proved on the balance of probabilities.

Allegation 1.2

- 41.6 Further to its findings set out at §39.16 the Tribunal found that Mr Rehman must have known that the improper transfers were being used for purposes other than the completion of property purchases. It mattered not to the Tribunal how the client monies were used by Mr Rehman; the fact remained that they were not used in accordance with client instructions in that they had deposited those funds with the intention of purchasing property, and the monies were dissipated without being applied for that purpose. Given that Mr Rehman had sole control of the Firm's accounts, and given the emails sent by Mr V to Mr Rehman which made plain the requirement for the funds to be paid to Company T in order to complete on purchases, Mr Rehman must have known that he was causing or allowing the misuse and/or misappropriation of client monies. That misuse and/or misappropriation would, as far as the Tribunal was concerned, be regarded as dishonest by ordinary, decent people.

42. **Allegation 3 - Recklessness**

The Applicant's Case

- 42.1 Miss Sheppard-Jones stated that aggravating feature of recklessness was alleged in the alternative to dishonesty with regard to the conduct set out in Allegation 1.1. She submitted that Mr Rehman, in causing or allowing client monies to be transferred into the office account created a clear risk that it would be used for purposes other than that for which it was intended. As at 16 July 2019, the office account was overdrawn, which meant that any monies transferred from client account into office account were no longer available to the Firm (unlike a client account which is protected). Mr Rehman was an experienced solicitor, having been admitted to the Roll in 2009, held all managerial and compliance roles within the Firm, and therefore must have known that transferring client monies in the manner that he did gave rise to a high level of risk. Notwithstanding that fact, Mr Rehman made improper transfers totalling at least

£198,000.00 which was unreasonable, posed significant risk to the safety of those funds and was therefore reckless.

Respondent's Position

42.2 At no stage during the Applicant's investigation, nor the proceedings before the Tribunal, did Mr Rehman provide a response to the allegations that he faced. He was neither present nor represented at the hearing.

The Tribunal's Findings

42.3 Having found Allegation 2 proved (dishonesty with regards to Allegation 1.1) the Tribunal was not required to consider Allegation 3, and did not do so.

Previous Disciplinary Matters

43. None.

Mitigation

44. None.

Sanction

45. The Tribunal referred to its Guidance Note on Sanctions (Ninth Edition: December 2021) when considering sanction. The Tribunal had found dishonesty proved in relation to Allegations 1.1 and 1.2 with regards to numerous transactions over a six week period in 2019. No exceptional circumstances were advanced by Mr Rehman to explain his misconduct, nor were any exceptional circumstances evident on the papers.

46. Given the seriousness of the misconduct, the fact that Mr Rehman was solely culpable, the serious harm caused to numerous clients and the amount of client monies misused and/or misappropriated, no Order, a Reprimand, a financial penalty, restrictions on practice and suspension from the Roll were neither appropriate nor proportionate sanction.

47. The Tribunal therefore determined that the overarching public interest required Mr Rehman to be struck off the Roll of Solicitors.

Costs

48. Miss Sheppard-Jones applied for costs in the sum of £25,854.00 but acknowledged that the hearing had concluded in one day as opposed to the two days envisaged. Miss Sheppard-Jones acknowledged that the Tribunal could and should exercise its discretion to reduce the costs claimed to reflect that fact.

The Tribunal's Decision

49. The Tribunal considered the costs claimed to be reasonable and proportionate for a case of this nature. It did, however, consider it appropriate to reduce the hours claimed in

cognisance of the fact that the hearing had concluded sooner than anticipated. Accordingly, the Tribunal reduced the costs claimed by £540.00 which represented six hours for day 2 of the hearing which had not been required.


50. The Tribunal therefore granted the application for the Applicant's costs in the sum of £25,314.00.

Statement of Full Order

51. The Tribunal Ordered that the Respondent, AZIZ-UR REHMAN, solicitor, be STRUCK OFF the Roll of Solicitors and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £25,314.00.

Dated this 3rd day of May 2022
On behalf of the Tribunal

JUDGMENT FILED WITH THE LAW SOCIETY
03 MAY 2022



A Ghosh
Chair