



Neutral Citation Number: [2025] EWHC 592 (Admin)

Case No: AC-2024-LON-000990

IN THE HIGH COURT OF JUSTICE
KING'S BENCH DIVISION
ADMINISTRATIVE COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 14 March 2025

Before :

MRS JUSTICE LANG DBE

Between :

JACK GRUNHUT
- and -
SOLICITORS REGULATION AUTHORITY
LIMITED

Appellant

Respondent

The Appellant appeared in person
Matthew Edwards (instructed by **Capsticks LLP**) for the **Respondent**

Hearing date: 19 February 2025

Approved Judgment

This judgment was handed down remotely at 10.30 am on 14 March 2025 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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MRS JUSTICE LANG DBE

Mrs Justice Lang :

1. The Appellant (“A”) appeals against the decision of the Solicitors Disciplinary Tribunal (“the Tribunal”), made on 18 January 2024, to strike him off the Roll of Solicitors, following a finding that four Allegations, referred to the Tribunal by the Solicitors Regulation Authority (“SRA”), had been proved.
2. A was admitted as a solicitor on 1 April 2019. Between 1 April 2019 and 1 May 2020, he worked as a consultant solicitor for Taylor Rose TTKW Limited (“Taylor Rose”). Between 15 April 2020 and 6 June 2022, he worked as a consultant solicitor for Berlad Graham LLP (“Berlad Graham”).
3. The Tribunal recorded the Allegations and findings in its Judgment as follows:

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

In doing so he:

1.1. Breached paragraph 1.4 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 (“the SRA Code 2019”); and/or

1.2. Breached all or any of Principles 2, 4, and 5 of the SRA Principles 2019;

PROVED

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

In doing so he:

2.1 Breached paragraph 1.4 of the SRA Code 2019; and/or

2.2 Breached any or all of Principles 2, 4 and 5 of the SRA Principles 2019.

PROVED

3. On or around 9 September 2019, in relation to the sale of Property D, the Respondent gave an undertaking to a third

party to pay funds received in excess of £290,000 to that third party upon completion without obtaining the consent of his client.

In doing so he:

3.1 Failed to achieve Outcome 1.2 of the SRA Code of Conduct 2011; and

3.2 Breached Principles 4, 5 and 6 of the SRA Principles 2011.

NOT PROVED

4. On or around 12 October 2021, the Respondent provided false and misleading information to his employer, Berlad Graham, by confirming in an email that:

4.1. He had not entered into any referral/introducer arrangements in relation to the firm's clients or matters undertaken at the firm.

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

In doing so he:

4.3 breached paragraph 1.4 of the SRA Code 2019; and/or

4.4 breached either or both of Principles 2 and 5 of the SRA Principles 2019.

PROVED

5. [Withdrawn]

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

In doing so he:

6.1 failed to comply with Regulation 28 of the Money Laundering Regulations 2017.

6.2 breached paragraph 7.1 of the SRA Code 2019; and/or

6.3 breached Principle 2 of the SRA Principles 2019.

PROVED"

Legal framework

4. The conduct rules referred to above, and the relevant provisions in the Money Laundering Regulations, are set out in the Annexe to this judgment.
5. A has a statutory right of appeal to the High Court against the order of the Tribunal, pursuant to section 49 of the Solicitors Act 1974 Act. The High Court, on such an appeal, can make such order “as it may think fit” (section 49(4)).
6. The appeal is governed by CPR Pt 52 and PD 52D. Under CPR 52.21(3), the question for the Court is whether the decision of the Tribunal is “wrong” or “unjust because of a serious procedural or other irregularity in the proceedings in the lower court”.
7. The appeal proceeds by way of review unless the Court considers that it would be in the interests of justice to hold a rehearing: see CPR 52.21(1), and *Salsbury v Law Society* [2009] 1 WLR 1286, at [30]. The scope of the court’s powers on a review in most cases renders it unnecessary to hold a re-hearing: *Adesemowo v Solicitors Regulation Authority* [2013] EWHC 2020 (Admin), at [9] - [12].
8. In *Ali v Solicitors Regulation Authority* [2021] EWHC 2709 (Admin), Morris J. summarised the authorities in this field on the meaning of “wrong”, as follows:

“94. Fourthly, as regards the approach of the Court when considering whether the Tribunal was “wrong”, I refer in particular to *Solicitors Regulation Authority v Day* [2018] EWHC 2726 (Admin) at §§61-78, *Solicitors Regulation Authority v Good* [2019] EWHC 817 (Admin) at §§28-32, the *Naqvi* Judgment at §83, citing *Solicitors Regulation Authority v Siaw* [2019] EWHC 2737 (Admin) at §§32-35, and most recently, *Martin v Solicitors Regulation Authority* [2020] EWHC 3525 (Admin) at §§30-33. From these authorities, the following propositions can be stated:

- (1) A decision is wrong where there is an error of law, error of fact or an error in the exercise of discretion.
- (2) The Court should exercise particular caution and restraint before interfering with either the findings of fact or evaluative judgment of a first instance and specialist tribunal, such as the Tribunal, particularly where the findings have been reached after seeing and evaluating witnesses.
- (3) It does not matter, with whatever degree of certainty, that the appellate court considers that it would have reached a different conclusion. What matters is whether the decision under appeal is one that no reasonable judge would have reached. That is a high threshold. That means it must either be possible to identify a critical finding of fact which has no basis in the evidence, or a

demonstrable misunderstanding of relevant evidence, or a demonstrable failure to consider relevant evidence. If there is no such identifiable error and the question is one of judgment about the weight to be given to the relevant evidence, the Court must be satisfied that the judge's conclusion cannot reasonably be explained or justified.

- (4) Therefore the Court will only interfere with the findings of fact and a finding of dishonesty if it is satisfied that that the Tribunal committed an error of principle or its evaluation was wrong in the sense of falling outside the bounds of what the Tribunal could properly and reasonably decide.
- (5) The Tribunal is a specialist tribunal particularly equipped to appraise what is required of a solicitor in terms of professional judgment, and an appellate court will be cautious in interfering with such an appraisal.

Finally, as regards reasons, decisions of specialist tribunals are not expected to be the product of elaborate legal drafting. Their judgments should be read as a whole; and in assessing the reasons given, unless there is a compelling reason to the contrary, it is appropriate to take it that the Tribunal has fully taken into account all the evidence and submissions: *Martin*, supra, §33.”

- 9. In *Martin v Solicitors Regulation Authority* [2020] EWHC 3525 (Admin), the Divisional Court (Simler LJ and Picken J.) reviewed the authorities and concluded as follows:

“32. For these reasons the well-established approach is that an appellate court should not interfere with a finding of fact unless satisfied that the conclusion is “plainly wrong”: see *McGraddie v McGraddie* (above) and *Henderson v Foxworth Investments Ltd* (above). That means it must either be possible to identify “a critical finding of fact which has no basis in the evidence, or a demonstrable misunderstanding of relevant evidence, or a demonstrable failure to consider relevant evidence” (*Henderson v Foxworth Investments Ltd* at [67] (Lord Reed)); or if there is no such identifiable error and the question is one of judgment about the weight to be given to the relevant evidence, the appellate court must be satisfied that the judge's conclusion “cannot reasonably be explained or justified” ([67]). Lord Reed made clear that, in determining whether a decision cannot reasonably be explained or justified, “It does not matter, with whatever degree of certainty, that the appellate court considers that it would have reached a different conclusion. What matters is whether the decision under appeal is one that no reasonable judge would have reached.” Again, we

emphasise, that is a high threshold: see to this effect, *Perry v Raleys* (above) at [63] (Lord Briggs).

33. The effect of these authorities in the context of an appeal against a decision of the Solicitors Disciplinary Tribunal (“the SDT”) was summarised in *SRA v Day* [2018] EWHC 2726, where, in addition to what we have said above, a number of additional considerations specific to appeals from decisions of the SDT were identified. First, the SDT is a specialist tribunal particularly equipped to appraise what is required of a solicitor in terms of professional judgment, and an appellate court will be cautious in interfering with such an appraisal. Secondly, decisions of specialist tribunals are not expected to be the product of elaborate legal drafting. Their judgments should be read as a whole; and, in assessing the reasons given, unless there is a compelling reason to the contrary, it is appropriate to take it that the tribunal has fully taken into account all the evidence and submissions. That does not mean that a decision which has failed in its basic task to cover the correct ground and answer the right questions will be upheld. A patently deficient decision cannot be converted by argument into an acceptable one.”

10. The legal test for dishonesty was set out by Lord Hughes JSC in *Ivey v Genting Casinos (UK) Ltd* [2017] UKSC 67, at [74]:

“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 knowledgeable 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.”

11. A dishonest state of mind may consist in a person’s knowledge that a given transaction is one in which he cannot honestly participate or it may consist in suspicion combined with a conscious decision not to make inquiries which might result in knowledge: *Barlow Clowes International Ltd (in liquidation) and others v Eurotrust International Ltd* [2006] 1 WLR 1476, at [10] - [12]. For example, in *Metcalf v Solicitors Regulation Authority* [2021] EWHC 2271 (Admin), Murray J. held that the Solicitors Disciplinary Tribunal was entitled to find dishonesty on the basis that Mr Metcalfe had deliberately “turned a blind eye” and avoided making relevant inquiries, lest he learn something he would rather not know.

12. The meaning of the term “integrity” was set out by Jackson LJ in *Wingate v Solicitors Regulation Authority* [2018] 1 WLR 3969 at [96] to [103]. In summary, whilst it is a more nebulous concept than dishonesty, 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”. It connotes adherence to the ethical standards of one’s own professions. At [100] – [101], Jackson LJ gave a number of examples of solicitors acting without integrity, including subordinating the interests of the clients to the solicitors’ own financial interests; making improper payments out of the client account; and allowing the firm to become involved in conveyancing transactions which bear the hallmarks of mortgage fraud.
13. Jackson LJ observed at [103] that a professional disciplinary tribunal has specialist knowledge of the profession and its ethical standards. Accordingly it is well placed to identify want of integrity and the decisions of such a body on that issue must be respected, unless it has erred in law.
14. On the issue of sanction, in *Bawa-Garba v GMC* [2018] EWCA Civ 1879 the Court of Appeal held, at [94]:

“As we said earlier in this judgment, the Tribunal was, in relation to all those matters and the carrying out of an evaluative judgment as to the appropriate sanction for maintaining public confidence in the profession, an expert panel, familiar with this type of adjudication As Lord Hope of Craighead said in *Marinovich v General Medical Council* [2002] UKPC 36 at [28]:

“In the appellant’s case the effect of the Committee’s order is that his erasure is for life. But it has been said many times that the Professional Conduct Committee is the body which is best equipped to determine questions as to the sanction that should be imposed in the public interest for serious professional misconduct. This is because the assessment of the seriousness of the misconduct is essentially a matter for the Committee in the light of its experience. It is the body which is best qualified to judge what measures are required to maintain the standards and reputation of the profession.””

Allegation 1

15. According to the Tribunal’s executive summary, A generated a deed of trust in June 2020 but dated it 17 June 2019. This was sent to his client, who signed and returned it. This was in the context of an application for Stamp Duty Land Tax (“SDLT”) relief. A’s case was that he had drafted the document as an aide memoire to show the client what the deed of trust would have looked like at his client’s request and believed that the document returned to him was the original that had been signed in 2019. The Tribunal rejected A’s evidence and found this matter proved in full, including the allegation of dishonesty.

16. I accept the summary of the evidence provided in the SRA's skeleton argument, as follows.
17. On or around 8 June 2020, A was contacted by Person A to assist him in with reclaiming the SDLT paid when purchasing Property A in June 2019 [C/14, para.18]. A had no involvement in the purchase of Property A.
18. On 15 June 2020, A sent Person A the following documents with an email stating: "*Please sign and return*" [C/1085-1091]:
 - i) An unsigned letter dated 15 June 2020 from Person A and Company A to HMRC authorising A to handle an SDLT refund on his behalf and for payments to be made into a Santander bank account number in A's name.
 - ii) An unsigned trust deed dated 17 June 2019 between Company A and Israel Lev, the agent for Person A, stating, amongst other things, that Property A was acquired by Company A on trust as nominee and bare trustee for Israel Lev.
 - iii) An unsigned letter from A to HMRC dated 15 June 2020 stating that A was assisting Person A in his request for a refund of SDLT as the SDLT return filed by Bude Nathan (the buyer's representative in the purchase of Property A) contained errors. The letter stated that the property was in fact purchased on trust for a first-time buyer who did not own any other property and used the property as their main residence. The letter applied for a refund of £25,650 and requested payment of the refund into A's Santander bank account.
19. Person A replied later that same day attaching the following documents [C/1123-1124]:
 - i) A scanned copy of the letter to HMRC authorising A to handle the SDLT refund signed by Person A; and
 - ii) The first page of a trust deed with Israel Lev's address inserted, and the last page of the trust deed signed on behalf of Company A by Person A.
20. The signed trust deed was an identical document to that which A had sent to Person A, except for the following [C/16, para.28]:
 - i) A single character at the very beginning of the document which had been struck through;
 - ii) Mr Lev's address being added by hand; and
 - iii) The signatures and witness details on the last page.
21. In A's interview with the SRA during the investigation on 13 April 2022, he stated, amongst other things:
 - i) He drafted and sent the draft trust deed to Person A [C/790];
 - ii) He sent it as an aid to Person A to help him find the original [C/790];

- iii) He accepted he should have realised that Person A may have wanted to backdate a document and present it as the original one. He suspected after the event that this is what had happened [C/791];
 - iv) He should have been “*a lot more diligent*” with Person A [C/795];
 - v) He should have enquired why the solicitors who had originally acted in the purchase were not applying for the SDLT refund [C/796];
 - vi) There had been “*a big lack of judgment*” on his part [C/804]; and
 - vii) He only intended Person A to sign the authority letter sent to him on 15 June 2020 and not the trust deed [C/805].
22. The SRA’s Forensic Investigation Officer (“FIO”) agreed in evidence that A’s explanations as to his belief at the time were consistent with the statement given by Person A [A/41, para.27.3].
23. Person A gave evidence to the Tribunal confirming that he had bought the property on trust and that he had signed the original trust deed on 17 June 2019. Person A further stated that he had been unaware that the SDLT form had recorded that the property was not bought on trust. Person A accepted it was possible he had signed two trust deeds, one on 17 June 2019 and one on 15 June 2020 and in cross examination that it looked like he had signed and returned the version sent to him by A. However, in re-examination, Person A reaffirmed the account he gave in his written statement which was that the document he had sent back was the one signed in 2019 [A/44, paras.29.2-29.3].
24. In his evidence, A told the Tribunal that his intention had been that Person A only sign the authority letter. He told the Tribunal that Person A had asked him for a document that would help him find the original trust deed. A told the Tribunal that at the time his genuine belief had been that he had thought this would be the most helpful way for Person A to find this document. A told the Tribunal that he did not think he was acting inappropriately at the time, but in hindsight he would have made more enquiries.
25. The Tribunal’s findings were as follows:

“The Tribunal’s Findings

32.13. The Tribunal took into account Mr Grunhut’s good character, both in relation to propensity and credibility when considering each of the Allegations.

32.14 The Tribunal noted that Mr Grunhut did not dispute drafting a trust deed dated 17 June 2019 on 15 June 2020. He did not deny sending this document to Person A, together with two other documents, with a covering email which said “please sign and return”.

32.15 Mr Grunhut’s case was that he had done so at the request of Person A on the basis that Person A had asked him to send

him a document which would assist him in locating the original. Further, Mr Grunhut's case was that he only intended Person A to sign one document, namely the letter of authority, and not the trust deed. Person A's evidence was not entirely consistent in that in his written statement he stated that he had sent back the original that he claimed to have signed in June 2019. In his oral evidence he accepted that it was possible that he had sent back the version sent to him by Mr Grunhut.

32.16 The Tribunal found Mr Grunhut's evidence implausible. If he had been asked to provide a document which would help Person A find the original, there was no need to put the date on it or the details of the parties including the addresses. He could simply have sent a blank deed of trust template. Mr Grunhut could have had the word 'Draft' added in watermark across the document to ensure no confusion with the original. It made little sense to populate the document in the way Mr Grunhut did, if he did not intend that Person A would rely on that document and sign it.

32.17 This was reinforced by the email which attached three documents and said "please sign and return". As a solicitor, notwithstanding his relative inexperience, Mr Grunhut would know the importance of being clear. It would have taken no effort to have added the words 'the letter of authority' to that sentence.

32.18 The email did not contain a phrase such as 'here is a specimen trust deed to help you find the original'. It made no reference to Person A searching for the original or to the document being attached for the purposes of assisting that search.

32.19 The document sent by Mr Grunhut was clearly false as it was dated 17 June 2019 when in fact it had been created on 15 June 2020. It was misleading as it purported to have been signed on a date almost a year earlier and would have given the impression to anyone looking at it, in this case HMRC, that it had been signed on 17 June 2019 when it had not been.

32.20 The Tribunal rejected Mr Grunhut's evidence that he did not know at the time that the trust deed was false and misleading. Mr Grunhut was aware that this document was being obtained in the context of an application for a refund of SDLT. He knew that the original was not in his possession, and he was aware that for the application to HMRC to be successful, HMRC would require evidence that the trust deed was signed on 17 June 2019. The Tribunal was satisfied on the balance of probabilities that Mr Grunhut had drafted and obtained the deed of trust knowing that it was false and misleading.

32.21 The Tribunal therefore found the factual basis of Allegation 1 proved. It followed from those factual findings that paragraph 1.4 of the Code had been breached in that Mr Grunhut had sought to mislead HMRC. He had also breached Principle 2 on the basis that the trust and confidence the public placed in the profession was clearly undermined by such conduct.

32.22 In considering whether Mr Grunhut had lacked integrity, the Tribunal applied the test set out in Wingate. At [100] Jackson LJ had stated:

“Integrity connotes adherence to the ethical standards of one’s own profession. That involves more than mere honesty. To take one example, a solicitor conducting negotiations or a barrister making submissions to a judge or arbitrator will take particular care not to mislead. Such a professional person is expected to be even more scrupulous about accuracy than a member of the general public in daily discourse”.

32.23 The Tribunal was satisfied on the balance of probabilities that Mr Grunhut had clearly lacked integrity. Knowingly drafting and obtaining a false and misleading document was the opposite of being scrupulously accurate. The Tribunal found the breach of Principle 5 proved.

32.24 In considering the allegation of dishonesty, the Tribunal applied the test in Ivey and in doing so, adopted the following approach:

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

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

A's appeal submissions

26. The Tribunal failed to take into account that A had been trained and mentored by solicitors DZ and SM who were not suitable for those roles because of their conduct. A's actions were in line with the conduct of DZ and SM and what he had been taught to do. Therefore he genuinely believed that his actions did not fall below the standard of an honest solicitor.
27. A conducted himself in line with DZ who regularly sent clients copies of backdated documents for use when they did not have the original document. The SRA and the Tribunal did not ask A why he believed that it was not dishonest to send clients a backdated document. If they had done so, he would have told them that he was following DZ's regular practice.
28. The SRA considered DZ to be dishonest over an extended period of time. He was subject to a 2 year suspension in 2014. A regulatory settlement agreement was reached on 2 August 2021, under which he was rebuked and undertook to remove his name from the Roll of Solicitors.
29. A conducted himself in line with the conduct of SM, a practising solicitor who has been the subject of 3 investigations by the SRA. The SRA applied to the Tribunal to withdraw allegation 5 (failure to comply with regulation 28 of the Money Laundering Regulations 2017) which A admitted but explained that he was subject to almost no supervision by SM. The SRA decided it could no longer rely upon a witness statement from SM as part of the evidence against A, as in the course of preparing for the hearing, the SRA became aware of judicial comments casting doubt on SM's credibility and character, and received a report in relation to other matters which cast further doubt on SM's credibility and character.
30. The Tribunal found at Judgment/32.20 that A sent a false document to HMRC, namely, the trust deed which was dated 17 June 2019 when in fact it had been created on 15 June 2020. A submitted that he never sent the trust deed to HMRC. It was not listed as one of the enclosures sent with A's letter to HMRC dated 15 June 2020.

Conclusions

31. The Tribunal stated it had carefully considered all the evidence and submissions before it: Judgment/paragraph 31 ("Judgment/31").
32. There was clear evidence before the Tribunal that A had sent the backdated trust deed to HMRC. In his interview with the SRA on 30 April 2022, A was asked whether he had sent the backdated trust deed to HMRC and he replied "yes" (C/791). He was questioned about this at the hearing. He was shown emails exchanged with Person A in which he stated "I might need the originals to send to them" and he was asked "So you wanted the originals in case you needed to send the originals to HMRC, yes?" A replied "Correct" (D/29-30).
33. A was represented by a solicitor, Mr Goodwin, at the Tribunal hearing who made submissions emphasising the importance of A's genuine belief in June 2020 that he

was not acting inappropriately. The Tribunal also recorded Mr Goodwin's submissions, at Judgment/32.7 and 32.8, that:

“Mr Grunhut had been “relatively newly qualified at the material time and as such was entitled to support and supervision, which Mr Goodwin submitted had been lacking.”

“It was regrettable that Mr Grunhut had come across individuals who were less than ideal role models so early in his career.”

Therefore the Tribunal had these matters – the A's state of mind at the relevant time, and inadequate supervision by SM and DZ - well in mind (see Judgment/ 32.6 and 54).

34. However, evidence was not adduced by A to the effect that DZ regularly sent clients backdated copies of documents they had mislaid. Nor did he raise this point in the Answer to the Rule 12 statement. This was a matter which A should have expressly mentioned if he wished to rely on it. In the absence of any such evidence, no criticism can be made of the Tribunal for not addressing that matter specifically.
35. The Tribunal considered A's account of his knowledge and belief but found it “implausible”. It rejected his evidence that he did not know that the trust deed was false and misleading. He was aware that the application for a refund of SDLT would only succeed if HMRC was satisfied that the trust deed was signed on 17 June 2019. The Tribunal was satisfied, on the balance of probabilities, that A had drafted and obtained the deed of trust knowing that it was false and misleading.
36. The Tribunal correctly applied the test of dishonesty in *Ivey v Genting Casinos* [2017] UKSC 67, considering firstly, A's actual belief genuinely held; and secondly, whether the conduct was honest or dishonest by the standards of ordinary people. It found that A's actual state of knowledge or belief at the relevant time was that he knew he was drafting a false and misleading document. The Tribunal concluded that such conduct would be considered dishonest by the standards of ordinary, decent people.
37. The Tribunal expressly recognised A's relative inexperience. However, that was not relevant to matters of honesty or integrity. A solicitor of any experience would know that deliberately creating a false document was entirely unethical and a serious breach of professional obligations (Judgment/44).
38. Although Judgment/44 appeared in the section headed “Sanction”, it was a response to A's “overriding submissions” which the Tribunal had in mind when considering each Allegation: see Judgment/32.6. As the Divisional Court stated in *Martin v Solicitors Regulation Authority* [2020] EWHC 3525 (Admin), at [33], “decisions of specialist tribunals are not expected to be the product of elaborate legal drafting” and their “judgments should be read as a whole”.
39. The Tribunal took into account A's good character, both in relation to propensity and credibility (Judgment/32.13).

40. In my judgment, the Tribunal was entitled to find that Allegation 1 was proved. Its decision was not wrong or unjust because of a serious procedural or other irregularity.

Allegation 2

41. According to the Tribunal's executive summary, A sent false and misleading emails to Berlad Graham relating to loans from clients. The SRA's case was that he had done so knowingly and dishonestly. A's case was that the contents of the emails were accurate as he perceived the situation at the time. The Tribunal rejected this and found the allegation proved in full.
42. I accept the summary of the evidence provided in the SRA's skeleton argument, as follows.
43. Whilst employed as a consultant with Berlad Graham, A received loans from clients of the firm as set out in the schedule below [C/555-556]:

Date	Client	Amount	Outstanding as at 22/022	Repaid
16/12/2020	Person A/Holmleigh Properties	£480,000	nil	09/04/2021
22/01/2021	Moses Meisels	£50,000	nil	09/04/2021
25/03/2021	Kevin Mansouri	£25,000	£10,000	12/08/2021 (in part)
02/06/2021	Solomon Gluck/Riverside Estates	£75,000	£75,000	
Total		£630,000	£85,000	

44. On 5 May 2021, Ms Noor Khan, a Partner at Berlad Graham, emailed A raising a number of queries with him regarding a request to transfer money from a client matter relating to a company owned by A's wife to cover Holmleigh Properties' legal costs [C/951]. A told Ms Khan that he had obtained a loan from Holmleigh Properties. Ms Khan escalated the matter to Mr Ranaan Berlad, the Managing Partner at the firm and on 12 May 2021, Mr Berlad sent an email to A, raising a number of questions, including [C/956-962]:

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

45. A replied to the above question in Mr Berlad's email by stating “confirmed” [C/965].
46. In his interview with the SRA during the investigation, A stated that he did not consider Mr Berlad's question included loans as he had read the question in

conjunction with the two previous questions in the email. The SRA did not accept this explanation and relied on Mr Berlad's email raising concerns and questions about the loan from Holmleigh Properties and the potential for a conflict of interest. Under the heading "*Conflict of Interest*", the email stated [C/956]:

"1. You did not advise me that Holmleigh Properties (a client ...) had given you/your wife's company a loan...A client giving a loan to their solicitor (or their wife) has a huge potential for a conflict of interest and you had an obligation to notify the COLP of your personal/financial relationship with the client...

...

3. It is very shocking and concerning to note that you did not think to inform management of the loan, the relationship with the client and the background of this file..."

47. A gave evidence to the Tribunal that he had relied on his interpretation of the rules at the time and an internet search when considering whether he was involved in a financial relationship. A's account was that he did not consider that the term '*financial relationship*' included loans and that the questions leading up to this question in the email had shifted his focus towards shareholdings and directorships [A/42, para.28.6].

48. The Tribunal's findings on Allegation 2 were as follows:

"The Tribunal's Findings

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

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

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

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

a. How was the mortgage discharged? There is no evidence on file regarding contact with lenders. How a redemption statement/DS1 was obtained? - David could not see any correspondence/redemption evidence with the lenders on SOS. Please clarify and add all documents to the electronic file.

- b. Why did you email the documents to Ezran law - what is their involvement with this matter?
- c. What is the nature of your relationship with [Person A]? Why was he appointed as a director of your company?
- d. What is going on with your company - why have you/your wife resigned and been appointed so many times?
- e. Please confirm that you/a close relative do not have any other personal or financial relationships with any clients of the firm (past or present), which have not been disclosed?"

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

33.9 The Tribunal was satisfied on the balance of probabilities that Mr Grunhut's reply, in which he wrote "confirmed" after question 5e, was false, because he did have two financial relationships with clients of the firm, and misleading because it purported to provide reassurance to Mr Berlad when in fact, he was not telling the truth. The Tribunal was further satisfied on the balance of probabilities that Mr Grunhut knowingly provided this false and misleading information. The Tribunal made this finding because it was simply not believable that he could have misunderstood the question or not understood the nature of a loan. The Tribunal found the factual basis of Allegation 2 proved on the balance of probabilities.

33.10 As with Allegation 1, the finding that Mr Grunhut had knowingly provided false information meant that it followed that he had breached Paragraph 1.4 of the Code. The Tribunal further found that he had breached Principle 2 on the basis that the public could not trust or have confidence in the profession if a solicitor knowingly gave false information to his employer.

33.11 In relation to Principle 4, the Tribunal again applied the Ivey test. It had already made findings as to Mr Grunhut's state of knowledge which are set out above. The Tribunal found that Mr Grunhut's actions in answering the question in the way he

did, knowing it to be false and misleading, would be considered dishonest by the standards of ordinary decent people. The breach of Principle 4 was therefore proved.

33.12 It further followed from the findings made that Mr Grunhut had lacked integrity and had therefore breached Principle 5.”

A’s appeal submissions

49. A repeated the submissions made in regard to Allegation 1, namely, that the Tribunal failed to take into account that A had been trained and mentored by DZ and SM who were not suitable for those roles because of their conduct. Berlad Graham did nothing to protect him.
50. When the SRA raised concerns about DZ’s employment with the firm in July 2021, Berlad Graham sought to divert attention from their wrongdoing and blamed A. In doing so, Mr Berlad was protecting his own firm from potential criticisms by the SRA that it had not done due diligence.
51. A questioned the SRA’s statement that the loans dated 22 January 2021 and 25 March 2021 were the subject of the allegation. The loan dated 25 March 2021 had been repaid by 9 April 2021, which was before the email in question. Also, it was not proved that Mr Kevin Mansouri, who made the loan on 25 March 2021, was a client of the firm.
52. A submitted that this was an innocent mistake made when reading a lengthy email. A had nothing to gain by withholding the information.

Conclusions

53. The Tribunal stated it had carefully considered all the evidence and submissions before it (Judgment/31).
54. The Tribunal carefully considered A’s case that it was unclear that the reference to “financial relationship” included loans. It concluded that question 5e was a wide-ranging question that unequivocally called for complete disclosure of anything that had not previously been disclosed by way of personal or financial relationships, either at that time, or previously. A had not asked for clarification of the meaning of the request in the email. The loans identified ought to have been disclosed as they were made by clients of the firm. The fact that one loan had been repaid was irrelevant as the request extended to past financial relationships as well as current ones.
55. The Tribunal was entitled to find that Mr Kevin Mansouri, who loaned A £25,000 on 25 March 2021, was a client of the firm as A included him in a list of clients in his Questionnaire responses at 52(a)(e)(f) [C/700].
56. The Tribunal had in mind A’s overarching submission that he was relatively newly qualified and had not had adequate supervision (Judgment/32.6, 32.7). The Tribunal recognised A’s relative inexperience at Judgment/44. However, that was not relevant

to matters of honesty or integrity. A solicitor of any experience would know that dishonestly providing false and misleading information to an employer was unethical and a breach of professional obligations.

57. Moreover, inadequate supervision could not have contributed to A's failure to answer this question correctly as no legal understanding was required. The question related to A's own personal circumstances. See Judgment/54.
58. In the proceedings before the Tribunal, A did not raise as a defence to Allegation 2 that Berlad Graham was seeking to divert attention from its own wrongdoing by blaming A. Nor did A put his case on the basis that Mr Graham ought not to have sent the email of 12 May 2021 to him.
59. The Tribunal took into account A's good character, both in relation to propensity and credibility (Judgment/32.13).
60. In my judgment, the Tribunal was entitled to find that Allegation 2 was proved. Its decision was not wrong or unjust because of a serious procedural or other irregularity.

Allegation 4

61. According to the Tribunal's executive summary, A sent false and misleading emails to Berlad Graham relating to referral/introducer arrangements. Dishonesty was not alleged. A's case was that the contents of the emails were accurate as he perceived the situation at the time. The Tribunal rejected this and found the allegation proved in full.
62. I accept the summary of the evidence provided in the SRA's skeleton argument, as follows.
63. On 29 April 2020, Mr Berlad emailed a number of fee earners at the firm, including A, reminding them of the SRA Code regarding referral agreements. The email asked the recipients to confirm whether they were party to any referral agreements. It also asked that Mr Berlad be informed of any future referral arrangements before they were entered into.
64. Between 6 May 2020 and 18 September 2020, A received the following payments into his personal bank account for referring clients to Fortys Capital, a short-term lender [C/26, para.74]:

Date	Amount	Client	Property	File Ref
06/05/2020	£200.00	Kettering Court Ltd	66 Kettering Court	KET001/0001
02/09/2020	£1,140.40	Kevin/Kaymar Mansouri	Middlemarch Lodge	MAN016/0001
18/09/2020	£1,516.68	Kevin/Kaymar Mansouri	115 Daws Lane	115001/0001

18/09/2020	£551.25	Naftoli Rudzinski/Nicer Estates Ltd	68 Ethnard Road	NIC015/0001
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65. On 9 July 2020, A had paid £80,000 to Fortys Capital from his personal Bank account. On 23 November 2020, A received three payments totalling £82,676.22 from Fortys Capital. A told the SRA that the payment to Fortys Capital was a private investment for himself and his wife which was used by Fortys Capital to finance a bridging loan to their clients and that the additional £2,676.22 was a return on investment. A stated that the commissions were received: *“in circumstances in which the individuals involved insisted on paying me a fee for my help”* [C/681 and C/695-696].
66. The contents of Mr Berlad’s email of 29 April 2020, were repeated in emails sent on 21 September 2020 by Mr Berlad and 20 April 2021 by Ms Khan [C/1313-1314]. These emails also referred to a requirement for authorisation by the Compliance Officer for Legal Practice (“COLP”) to be sought in relation to any referral arrangements.
67. On 12 October 2021, a further email was sent by Ms Khan on this subject which included the following [C/1317-1372]:
- “...we must disclose information pertaining to all referral and introducer agreements. You have all previously confirmed that you have not entered into any referrer/introducer arrangements in relation to BG clients/matters undertaken at BG. We further asked that you do not enter into any such arrangements without prior COLP approval... Please can you confirm that this remains correct by 4pm 15 October.”*
68. A replied the same day stating [C/1317]:
- “I can confirm that I have not entered into any referral/introducer arrangements in relation to BG clients/ matters undertaken at BG. I can also confirm that I have not/ will not enter into any such arrangement without prior COLP approval”.*
69. On 22 October 2021, A provided the SRA with letters dated 19 October 2021 signed by the clients in respect of the three payments received in September 2020 [C/609-611]. Each letter contained similar wording. For example, the letter in relation to the payment on 2 September 2020 stated:
- “I hereby confirm that A notified me on 02/09/2020 of a payment of £1140.40 from Fortys Capital as a token of their appreciation of his referral of me to them for the finance of the purchase of [address]. At the time I confirmed to him that I was happy for him to keep the full amount of the payment.”*

70. Also on 22 October 2021, A sent an email to the SRA's FIO confirming, amongst other things, that the payments he received on 2 and 18 September 2020 were referral fees. He said that he had sent a copy of the email to Berlad Graham. He also told the SRA that the clients had not been able to secure a buy-to-let mortgage so he had advised them to contact Fortys Capital. There was no "*arrangement*" but the clients had asked "*as a sign of gratitude*" for an invoice so that they could pay him a referral fee [C/609].
71. On 25 October 2021, Mr Berlad wrote to A and asked, amongst other things, why he had not informed the firm of the payments and why he had not disclosed them when the firm had queried the payments with him [A/39, para.24.9]. A replied that he did not believe he was required to notify the firm as he had checked the guidance and there was no agreement or arrangement [A/39, para. 24.9].
72. On 19 January 2022, A provided the SRA with copy invoices in relation to the first two payments, which stated that these were referral fees [A/38, para.24.2].
73. In his interview with the SRA on 13 April 2022 [C/782-788], A indicated that he did not consider that the SRA Code of Conduct or Berlad Graham's policies applied to these payments as there was no written agreement and the arrangement was informal. He did not consider he needed to tell the firm about these payments although he accepted with hindsight he should have done.
74. The SRA's FIO accepted in evidence that he had not contacted the writers of the letters provided by A [A/41, para.27.4]. The FIO agreed that he could have contacted them, but he had understood A to have been saying that these were referral arrangements, albeit he wanted to draw distinction between formal and informal. The FIO agreed that he saw no formal referral arrangements or agreements.
75. In his evidence to the Tribunal, A reiterated that he denied Allegation 4, and told the Tribunal that his email of 12 October 2021 reflected his understanding at the time [A/43, para.28.18].
76. The Tribunal's findings on Allegation 4 were as follows:

"The Tribunal's Findings

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

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

"referral fees",

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

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

"Commission received from Fortys Capital".

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

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

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

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

35.11 Ms Khan's email of 12 October 2020 asked for confirmation as to "any" referral/introducer "arrangements". This was a wide-ranging enquiry and was not open to the narrow interpretation that Mr Grunhut claimed to have adopted. The Tribunal was satisfied on the balance of probabilities that the response provided to this question, which was unequivocal, was false and misleading. It was false because Mr Grunhut did have an arrangement with Fortys Capital which he had entered into without the approval of the COLP. It was misleading, therefore, because it would have provided a false sense of reassurance to Berlad Graham as to Mr Grunhut's working arrangements in this regard.

35.12 The Tribunal rejected Mr Grunhut's evidence that he did not consider the information to be disclosable. It was inherently improbable that he could have misunderstood the nature of the question. At the very least, Mr Grunhut should have sought clarification before providing the categorical answer that he did.

35.13 The Tribunal found the factual basis of Allegation 4, together with the breach of Paragraph 1.4 of the Code, proved on the balance of probabilities.

Principle 5

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

Principle 2

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

A’s appeal submissions

77. A repeated the submissions made in respect of Allegations 1 and 2 that the Tribunal failed to take into account that he had been trained and mentored by DZ and SM who were not suitable for these roles because of their conduct.
78. A submitted that Berlad Graham knew DZ was suspected of wrongdoing but did nothing to protect A. At the stage that Berlad Graham raised concerns with A about DZ’s employment with A, they were seeking to divert attention from their wrongdoing and blame A (see A’s email of 28.9.21 [A/146] and Berlad Graham’s email of 29.9.21[A/147]).
79. A submitted that the SRA and the Tribunal failed properly to consider the context of the question posed to him. He had not entered into arrangements to receive referral fees and this was demonstrated by the fact that he only received payments occasionally, and there was no correlation between the amount of the payment and the size of the transaction, as would be expected if there was an arrangement.

Conclusions

80. The Tribunal stated it had carefully considered all the evidence and submissions before it (Judgment/31).
81. The Tribunal took into account A’s good character, both in relation to propensity and credibility (Judgment/32.13).
82. The Tribunal had in mind A’s overarching submission that A was relatively newly qualified and had not had adequate supervision (Judgment/32.6, 32.7). The Tribunal recognised A’s relative inexperience at Judgment/44. However, that was not relevant

to matters of integrity, which were in issue here. A solicitor of any experience would know that providing false and misleading information to an employer was unethical and a breach of professional obligations. Furthermore, this allegation was not concerned with A's legal work, so the quality of the supervision he was given was not relevant (see Judgment/54).

83. The issue was whether A misled his employer by failing to disclose payments made to him. The question posed by the employer's email of 12 October 2021 was very wide-ranging, and encompassed both formal and informal agreements. The Tribunal was satisfied that A's response to the email was false and misleading. They found that it was inherently implausible that he misunderstood the nature of the question. The Tribunal was entitled to reject A's account that the payments made to him were mere tokens of appreciation, because of the amounts involved, their frequency, and the fact that they were supported by invoices.
84. A did not raise with the SRA or the Tribunal the suggestion that Berlad Graham was seeking to divert attention from their wrongdoing and blame A. The emails between A and Berlad Graham, dated 28.9.21 [A/146] and 29.9.21 [A/147], related to an SRA investigation into DZ's work with A's company and Berlad Graham was seeking an assurance that DZ would no longer work with A on any Berlad Graham cases. This had nothing to do with the issue in Allegation 4. A did not even include the two emails in the evidence placed before the Tribunal.
85. In my judgment, the Tribunal was entitled to find that Allegation 4 was proved. Its decision was not wrong or unjust because of a serious procedural or other irregularity.

Allegation 6

86. Allegation 6 alleged that, in relation to a property purchase, A failed to comply with regulation 28 of the Money Laundering Regulations 2017, and his employer's anti-money laundering procedures, by conducting adequate client due diligence.
87. I accept the summary of the evidence provided in the SRA's skeleton argument, as follows.
88. Berlad Graham acted for Company I in the purchase of Property H. The transaction completed on 14 May 2021. The purchase price was £460,000. A was the solicitor responsible for the transaction [C/37, para.126].
89. Berlad Graham's Anti-Money Laundering ("AML") policy was contained in the firm's Office Manual [C/37, para.127]. This confirmed that client due diligence checks involved verifying the client's identity and identifying beneficial owners of trusts. As regards trusts, a certified copy of the trust was required and evidence of the identity of beneficial owners should be obtained [C/977-979].
90. The AML policy also required fee earners to: "...take reasonable measures to obtain information about the source of funds and source of wealth, at the earliest opportunity to ensure they have time to obtain further information before completion... If a payment is made from a third party, the fee earner must ask why the third party is helping with the funding..." [C/982-983].

91. A, with the assistance of his legal secretary, conducted client due diligence in relation to Company I and its director and shareholder, Person F [C/38, para.129].
92. On 12 May 2021, Person F emailed A's colleague, Mr Clifford, asking him to deduct the stamp duty from the statement as the purchase would "eventually" be transferred into a private name which would be exempt from stamp duty. Mr Clifford emailed Person F, copying in A, on 20 May 2021 confirming that £13,800 would be needed to pay SDLT. He also emailed A stating: *"We haven't got the funds for the SDLT he needs to send it to us it doesn't matter that the property will eventually be put in a private name, unless there is a relief that I am unaware of? (sic.)."* [C/1221].
93. Person F responded to A on 20 May 2021 stating that he did not have to pay SDLT as the purchase would be in a private name [C/1227]. Mr Clifford responded, again copying in A, asking for evidence that the property was bought on trust for an individual and no SDLT needed to be paid [C/1227]. On 24 May 2021 Person F emailed Mr Clifford attaching a trust deed dated 28 April 2021 which stated that the property was held on trust for an individual called Aron Bard [C/1225-1226]. Mr Clifford forwarded this email to A on 24 May 2021 stating that he would now proceed to do the SDLT. A acknowledged this, saying "good" [C/1224]. The SDLT return was completed on 24 May 2021, with the SDLT 5 being sent to A the same day.
94. Prior to receipt of the trust deed on 24 May 2021, there had been no reference to Aron Bard on any of the documents. The SRA's case was that A had failed to conduct any client due diligence or other AML checks in relation to Mr Bard and made no enquiries of Person F or anyone else as to Aron Bard's involvement in the transaction and why this involvement had not been disclosed earlier. A admitted that no checks had been done in relation to Mr Bard.
95. On 19 January 2022, A provided the following explanations to the SRA in respect of Allegation 6 [C/682]:
 - i) First Time buyer's relief from SDLT applied to this transaction;
 - ii) Prior to the SDLT return being filed he checked with the client over the telephone that the nominee, Mr Bard, did not own any other property;
 - iii) He found out after completion that the property was bought on trust for Mr Bard;
 - iv) He did not know about the relationship between Mr Bard and Person F but accepts he should have checked;
 - v) No client due diligence was conducted on Mr Bard;
 - vi) He had discussed Mr Bard's involvement with the lender. He accepted he should have made a note.
96. In his formal "Answer to the Respondent, at paragraph 56" [C/1683], A admitted Allegation 6 in full. He said he was under pressure from DZ to progress matters that he had introduced which adversely affected his judgment.

97. In his evidence to the Tribunal, A confirmed that he admitted Allegation 6 [A/44, para.28.21]. At the start of his evidence, he described his working arrangements, security systems in place for his work access and arrangements regarding supervision.
98. At Judgment/36.1, the Tribunal recorded that Allegation 6 was admitted by A. The Tribunal was satisfied that the admission was properly made, having regard to the evidence, and it found Allegation 6 proved on the balance of probabilities.
99. A submitted on appeal that the Tribunal failed to have regard to the volume of his work (1,400 files) and that errors can occur. The breach was negligible. Although these points were not directly addressed by the Tribunal, I have no reason to believe that they were overlooked. The Tribunal found that A had “essentially taken a short-cut” and took into account his relative inexperience.

Sanction

A’s appeal submissions

100. A submitted that if, contrary to his primary submission, the Tribunal’s findings on the Allegations were upheld, the sanction imposed was unduly severe, having regard to his mitigation. Although dishonesty was found proved in Allegations 1 and 2, there were exceptional circumstances which meant that striking off was not warranted. A fixed term suspension would have been a sufficient sanction.

Conclusions

101. The Tribunal had regard to the Guidance Note on Sanctions (10th ed.) and assessed the seriousness of the misconduct by considering A’s culpability, the level of harm caused and any aggravating or mitigating factors.
102. The Tribunal found that the misconduct was mitigated by A’s co-operation with the SRA, his previous good character, and his admission to Allegation 6 (Judgment/50).
103. At Judgment/44, the Tribunal recognised A’s relative inexperience which was relevant to Allegation 6, but not to matters of honesty or integrity. A solicitor of any experience would know that providing false and misleading information to an employer and deliberately creating a false document was “entirely unethical and a serious breach of professional obligations”.
104. In regard to Allegation 1, the Tribunal found that A was in a position of trust in relation to HMRC who trusted solicitors not to provide false and misleading documents to them.
105. The Tribunal found a high level of harm to the reputation of the profession (Judgment/47).
106. The Tribunal did not accept the submission that the acts were momentary (Judgment/43). It also found that the misconduct was repeated (Judgment/49).

107. The Tribunal found that a reprimand, fine or restriction order would not be a sufficient sanction to protect the public or the reputation of the profession from future harm by A. It noted that the usual sanction where there were findings of dishonesty would be a strike-off.
108. On the issue of striking off, the Tribunal directed itself in accordance with the Sanctions Guidance and the case law. It applied the guidance in *SRA v Sharma* [2010] EWHC 2022 (Admin) where Coulson J. reviewed the authorities and stated:

“6. As to the approach of the court to findings of dishonesty against the solicitors, the starting point is again *Bolton*. At page 518 Sir Thomas Bingham said this:

“Any solicitor who is shown to have discharged his professional duties with anything less than complete integrity, probity and trustworthiness must expect severe sanctions to be imposed upon him by the Solicitors Disciplinary Tribunal. Lapses from the required high standard may of course take different forms and be of varying degrees. The most serious involves proven dishonesty, whether or not leading to criminal proceedings or penalties. In such cases the Tribunal has almost invariably, no matter how strong the mitigation advanced by the solicitor, order that he be struck off the role of solicitors....”

“13. It seems to me, therefore, that looking at the authorities in the round, that the following impartial points of principle can be identified: (a) Save in exceptional circumstances, a finding of dishonesty will lead to the solicitor being struck off the roll, see *Bolton* and *Salisbury*. That is the normal and necessary penalty in cases of dishonesty, see *Bultitude*. (b) There will be a small residual category where striking off will be a disproportionate sentence in all the circumstances, see *Salisbury*. (c) In deciding whether or not a particular case falls into that category, relevant factors will include the nature, scope and extent of the dishonesty itself; whether it was momentary, such as *Burrowes*, or other a lengthy period of time, such as *Bultitude*; whether it was a benefit to the solicitor (*Burrowes*), and whether it had an adverse effect on others.”

109. The Tribunal also had regard to *Solicitors Regulation Authority v James* [2018] EWHC 3058 (Admin) at [101], where Flaux LJ set out the basis upon which the question of exceptional circumstances is assessed:

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

is the nature and extent of the dishonesty, in other words the exceptional circumstances must relate in some way to the dishonesty.”

110. The Tribunal found that there were no exceptional circumstances in this case, for the following reasons:

“53. The Tribunal considered whether the circumstances in this case were exceptional, having regard to James and the factors identified in Sharma. The Tribunal had found that the misconduct had continued over a period of time, that Mr Grunhut had caused a high level of the reputational harm and had risked individual harm by his actions. This was not a single, isolated moment of poor judgment but a course of actions that included dishonesty in different fields of his working life. The common theme across Allegations 1, 2 and 4 was a lack of transparency on the part of Mr Grunhut.

54. The matters advanced by Mr Goodwin as exceptional circumstances were considered by the Tribunal. The issue of supervision was not one that the Tribunal considered was of relevance in these matters. The Tribunal was not required to make a finding on that issue, on the basis that, as with the question of Mr Grunhut’s experience, a solicitor did not need supervision or file reviews to know that they must not create false documents or lie to their employers.

55. The Tribunal was sympathetic to Mr Grunhut’s personal circumstances during the period in question, but no link had been established between those matters and the misconduct.

56. The Tribunal found no exceptional circumstances in this case and accordingly the only appropriate sanction was that Mr Grunhut be struck-off the Roll.”

111. In my judgment, the Tribunal correctly directed itself in law. It took into account all the relevant factors and evaluated them fairly. In the light of the factors identified at Judgment/53, the Tribunal was justified in concluding that this case did not fall within the small residual category of cases where striking off would be disproportionate in all the circumstances, and that there were no exceptional circumstances.
112. In my view, the Tribunal’s decision on sanction was neither wrong nor unjust because of a serious procedural or other irregularity.

Costs

113. A was ordered to pay costs which were summarily assessed in the sum of £29,533.26.
114. On appeal, A submitted that the assessment of costs was flawed and its calculations lacked a clear rationale. A greater reduction should have been applied to the legal

fees from Capsticks to reflect the fact that Allegation 3 was not proved and Allegation 5 was withdrawn. VAT should have been excluded.

115. The SRA application for costs in respect of all the Allegations was set out in the schedule of costs at [C/1777]. VAT was charged on Capsticks' fees, and I have no reason to doubt that it was correctly included in the costs calculations. The total amount claimed was £60,026.61. However there was a miscalculation and the actual figure should have been £1 less i.e. £60,025.61.
116. The claim comprised the following items:
- i) SRA investigation costs: £38,132.81.
 - ii) Capsticks Solicitors legal costs: £21,892.80
117. At the end of the Tribunal hearing, the SRA applied to reduce the amount of costs claimed in the light of the fact that Allegation 3 was found "not proved", and Allegation 5 was withdrawn. The SRA's proposed reductions were:
- i) a reduction in the forensic investigation costs relating to the Taylor Rose report from £22,092.35 to £1,673.20 (a reduction of £20,419.15).
 - ii) a reduction in Capstick's legal fees of approximately 1/6 (to the value of £3,040.64).
118. The SRA calculated the revised total in the sum of £35,957.16. In fact, that calculation was incorrect. The reductions set out at paragraph 117 (i) and (ii) above resulted in a revised total of £36,566.82. The error was in the Appellant's favour to the value of £609.6.
119. At the Tribunal hearing, A's solicitor submitted:
- i) the entirety of the investigation costs relating to the Taylor Rose report (£22,092.35) should be removed from the total figure, to reflect the fact that Allegation 3 was found not proved and Allegation 5 was withdrawn; and
 - ii) there should be a more substantial reduction in respect of Capsticks' fees.
120. The Tribunal made a costs award in favour of the SRA in the sum of £29,533.26. It explained its decision, at Judgment/67, as follows:
- "The Tribunal agreed with Mr Goodwin's submission that all matters arising out of the FI report prepared by Ms Bartlett should be deducted from the costs, in circumstances where Allegation 5 had been withdrawn and Allegation 3 had not been proved. The Tribunal also decided to deduct a further 1/6 from the total costs in relation to Allegation 3"
121. Before me, the SRA was not able to reconcile the final costs award with the reasoning given by the Tribunal. I therefore adjourned this issue for the Tribunal transcript to be obtained and for the parties to file written submissions.

122. In its further submissions, the SRA noted that:
- i) applying a further 1/6 reduction to all of the remaining costs incurred, after the removal of the remaining costs of the Taylor Rose report (£1,673.20), results in a figure of £28,569.982 (based on a calculation of £35,957.18 - £1,673.20 x 83.3%);
 - ii) alternatively, applying a further 1/6 reduction to Capsticks' fees (£2,952.203) after the removal of the remaining costs of the Taylor Rose report (£1,673.20), results in a figure of £31,331.78 (based on a calculation of 1/6 of £17,713.20).
123. Neither of these figures tally with the Tribunal's award of £29,533.26. However, the award was in line with the Tribunal's reasoning that the amount of £35,957.18 claimed by the SRA should be further reduced. The Tribunal announced the award at the hearing and confirmed it in its Judgment. The Tribunal can be assumed to have concluded that the amount of the final award was reasonable in all the circumstances. The Tribunal had a wide discretion in determining the award of costs. In those circumstances, I do not consider that there is any basis upon which I can properly interfere with the Tribunal's decision on costs and find it to be wrong.

Final conclusion

124. For the reasons given above, the appeal is dismissed.

Annexe

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Regulation 28(1): This regulation applies when a relevant person is required by regulation 27 to apply customer due diligence measures.

Regulation 28(2): The relevant person must –

- (a) identify the customer unless the identity of that customer is known to, and has been verified by, the relevant person;
- (b) verify the customer's identity unless the customer's identity has already been verified by the relevant person; and
- (c) assess, and where appropriate obtain information on, the purpose and intended nature of the business relationship or occasional transaction.

Regulation 28(3): Where the customer is a body corporate –

- (a) the relevant person must obtain and verify -
 - (i) the name of the body corporate;
 - (ii) its company number or other registration number;
 - (iii) the address of its registered office, and if different, its principal place of business;
- (b) subject to paragraph (5), the relevant person must take reasonable measures to determine and verify –
 - (i) the law to which the body corporate is subject, and its constitution (whether set out in its articles of association or other governing documents);
 - (ii) the full names of the board of directors (or if there is no board, the members of the equivalent management body) and the senior persons responsible for the operations of the body corporate.

Regulation 28(4): Subject to paragraph (5), where the customer is beneficially owned by another person, the relevant person must –

- (a) identify the beneficial owner;
- (b) take reasonable measures to verify the identity of the beneficial owner so that the relevant person is satisfied that it knows who the beneficial owner is; and
- (c) if the beneficial owner is a legal person, trust, company, foundation or similar legal arrangement take reasonable measures to understand the

ownership and control structure of that legal person, trust, company, foundation or similar legal arrangement.

Regulation 28(5): Paragraphs (3)(b) and (4) do not apply where the customer is a company which is listed on a regulated market.

SRA Principles 2011

You must:

- | | |
|-------------|---|
| Principle 2 | act with integrity; |
| Principle 5 | provide a proper standard of service to your clients; |
| Principle 6 | behave in a way that maintains the trust the public places in you and in the provision of legal services; |
| Principle 7 | comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner; and |
| Principle 8 | run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles. |

SRA Code of Conduct 2011

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|-------------|---|
| Outcome 1.2 | you provide services to your clients in a manner which protects their interests in their matter, subject to the proper administration of justice; |
| Outcome 7.5 | you comply with legislation applicable to your business, including anti-money laundering and data protection legislation. |

SRA Principles 2019

You act:

- | | |
|-------------|---|
| Principle 2 | in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons; |
| Principle 4 | with honesty; |
| Principle 5 | with integrity. |

SRA Code of Conduct for Solicitors, RELs and RFLs 2019

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|---------------|---|
| Paragraph 1.4 | You do not mislead or attempt to mislead your clients, the court or others, either by your own acts or omissions or allowing or being complicit in the acts or omissions of others (including your client). |
| Paragraph 7.1 | You keep up to date with and follow the law and regulation governing the way you work. |