SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 11276-2014

BETWEEN:

SOLICITORS REGULATION AUTHORITY Applicant

and

JUDE DARREL GODSON Respondent

Before:

Miss J. Devonish (in the Chair)
Ms A.E. Banks
Mrs L. McMahon-Hathway

Date of Hearing: 2nd – 5th March 2015

Appearances

Mr Andrew Bullock, Senior Legal Advisor, employed by the Solicitors Regulation Authority at The Cube, 199 Wharfside Street, Birmingham B1 1RN for the Applicant.

The Respondent appeared and was not represented.

JUDGMENT

Allegations

1. The allegations against the Respondent, Jude Darrel Godson, contained in a Rule 5 Statement dated 27 August 2014, were that he:-

1.1. Caused cheques to be drawn upon the account of his employer in favour of himself and other persons who were not entitled to be paid and thereby:-

1.1.1 Up to 30 June 2007 breached:-

1.1.1.1 Practice Rule 1 (a) Solicitors' Practice Rules 1990; and
1.1.1.2 Practice Rule 1 (d) Solicitors' Practice Rules 1990

1.1.2 From l July 2007 onwards further breached:-

1.1.2.1 Rule 1.02 Solicitors Code of Conduct 2007; and
1.1.2.2 Rule 1.06 Solicitors Code of Conduct 2007

1.2. Obtained payments from his employer by misrepresentation and thereby:-

1.2.1 Up to 30 June 2007 further breached:-

1.2.1.1 Practice Rule 1 (a) Solicitors Practice Rules 1990; and
1.2.1.2 Practice Rule 1 (d) Solicitors Practice Rules 1990

1.2.2 From 1 July 2007 onwards further breached:-

1.2.2.1. Rule 1.02 Solicitors' Code of Conduct 2007
1.2.2.2. Rule 1.06 Solicitors' Code of Conduct 2007

1.3. Provided information to the SRA in connection with an application for a practising certificate which was untrue and thereby:-

1.3.1. Breached Principle 7 SRA Principles 2011
1.3.2. Failed to attain outcome O (10.2) prescribed by the SRA Code of Conduct 2011
1.3.3. Failed to attain outcome O (10.6) prescribed by the SRA Code of Conduct.

2. Allegations 1.1 and 1.2 were made on the basis that the Respondent acted dishonestly, but it was open to the Tribunal to find those allegations proven without finding dishonesty.

[Note: Typographical errors in 1.1.2.1, 1.1.2.2, 1.2.2.1 and 1.2.2.2 were amended by agreement]

Documents

3. The Tribunal reviewed all the documents in the agreed trial bundle submitted by the parties, which included:

- Application dated 27 August 2014;
- Rule 5 statement dated 27 August 2014, together with exhibit bundle AJB 1;
- Standard Directions of the Tribunal dated 29 August 2014;
- Witness statement of the Respondent dated 27 September 2014, together with exhibit bundle JDG 1;
- Applicant's Reply to Respondent's Answer dated 27 October 2014;
- Memorandum of Case management hearing dated 10 October 2014;
- Emails from the Tribunal to the Applicant dated 20 and 27 January 2015;
- Memorandum of Case Management Hearing dated 24 February 2015;
- Witness Statement of Elvin Blades dated 29 January 2015, together with exhibit bundle EDB 1;
- Decision pursuant to section 43 Solicitors Act 1974 made in respect of Mr "MG" on 27 January 2015;
- Sixth Affidavit of the Respondent in High Court proceedings, dated 26 April 2012;
- Application Notice dated 23 November 2011 in the High Court proceedings for, amongst other things, specific disclosure by the Claimants;
- Email of Elvin Blades to the SRA dated 2 February 2015;
- 20 items of miscellaneous correspondence between the Respondent and the SRA, by letter, email and telephone between 26 September 2014 to 23 February 2015;
- Copies of Pao On and others v Lau Yiu Long and another [1979] 3 All ER 65, Thaker v SRA [2011] EWHC 660 (Admin), Constantinides v The Law Society EWHC 725 (Admin) and re a Solicitor (Ofosuhene) (21 February 1997, unreported);

Preliminary Matter (1)

4. In relation to the Tribunal's jurisdiction to hear this matter, which concerned the activities of the Respondent before he had become a solicitor, Mr Bullock cited the case of re a Solicitor (Ofosuhene). In that case, Lord Justice Rose had said that:

> "… It seems to me that if, in the past, one who is now a solicitor has behaved in a way which is incompatible with such standards, it is, and should be, open to the tribunal to say so and control the circumstances in which, if at all, he or she should continue to practice in the future. It is entirely consonant with this purpose, that the tribunal should exercise jurisdiction over one who is a solicitor by reference to past behaviour, whatever his or her status at the time of that behaviour."

5. In Mr Bullock's submission, the Tribunal could therefore be satisfied that it had jurisdiction in this matter.

The Tribunal's Decision on Preliminary Matter (1)

6. The Tribunal would accept jurisdiction.

Preliminary Matter (2)

7. The Respondent told the Tribunal that he had only received the trial bundles on 28 February 2015 and his Application Notice in the High Court dated 23 November 2011 was missing. He said that it was relevant to the proceedings before the Tribunal. He had been able to raise no defence to Schedules 1 and 2 which had been produced by the Firm in the High Court proceedings as he had been waiting for disclosure orders as shown on the Application Notice. He asked that the Application Notice be put into evidence as he disputed Schedules 1 and 2.

8. In response, Mr Bullock said that he was surprised to hear that Schedules 1 and 2 were disputed as there was no point raised upon them in the Respondent's witness statement before the Tribunal.

The Tribunal's Decision on Preliminary Matter (2)

9. In the interests of fairness to the Respondent and particularly since he was unrepresented, the Tribunal would accept into evidence the Application Notice dated 23 November 2011 and the Draft Order attached to it.

Preliminary Matter (3)

10. The Respondent said that he wished to adduce the list of typed mobile phone text messages shown on pages 597 - 603 in the trial bundle as evidence in the case and to put the contents to the Applicant's witness Mr Blades.

11. Mr Bullock said that the Applicant did not accept the authenticity of the text messages and had so informed the Respondent in October 2014.

The Tribunal's Decision on Preliminary Matter (3)

12. The Tribunal had considered the matter carefully and determined that the typed text messages should not be admitted into evidence. The reasons for the Tribunal's decision were that:

    i) the mobile phone in question had not been interrogated by a proper service. The information before the Tribunal was a typed list of messages by the Respondent;

    ii) the Respondent had been on notice since October 2014 that the Applicant did not accept authenticity of the messages;

    iii) the matter had not been raised at any of the previous case management hearings.

Factual Background

13. The Respondent was born on 24 November 1972 and admitted to the Roll of Solicitors on 15 October 2009. His name remained on the Roll and he did not hold a current Practising Certificate.

14. At all material times from 2003 onwards, the Respondent was employed by Harrow Solicitors & Advocates of Harrow, the trading style of a partnership between Mr Elvin Blades, Mr "GS", Mr "RH" and Mr "SD" ("the Firm"), initially as the Firm's in-house accountant and from 15 October 2007 onwards also as a trainee solicitor. The Respondent continued to act as the Firm's in-house accountant during his training contract.

15. In or about the second week of December 2008, Mr Blades reviewed the banking transactions of the Firm and noticed a discrepancy between the projected and actual overdraft balance of the Firm which caused him to seek clarification of the position from the Firm's bankers. The Firm said that in consequence of his subsequent enquiries, a disciplinary meeting was convened shortly before the Christmas break in December 2008 which culminated in the Respondent being summarily dismissed from his post as in-house accountant on the grounds that he had misappropriated a total at £22,000 from the office account of the Firm. He was nevertheless allowed to continue to attend the Firm to complete his training contract up until 10 July 2009. The Firm said that his dismissal was confirmed by letter dated 9 December 2008.

16. Following this, further investigations were undertaken by the Firm into the manner in which the Respondent had dealt with its accounts which led it to conclude that he had committed further substantial misappropriations of funds. These resulted in the Firm commencing proceedings against him, his wife Mrs "AT" and his associate Mr "MG" in the Queen's Bench Division of the High Court on 21 September 2010 to recover those funds.

17. On 21 March 2011, the Firm also reported the conduct of the Respondent to the SRA. However, the SRA decided not to investigate the matter further until the High Court had determined whether the Respondent had misappropriated money from the Firm, the exact amount which he had misappropriated and over what period of time.

18. On 6 September 2011, the Firm applied for summary judgment against the Respondent, Mrs AT and Mr MG and that application was heard by His Honour Judge Seymour Q.C., sitting as a Judge of the Queen's Bench Division, on 2 May 2012. The learned Judge granted the application and accordingly entered judgment against the Respondent for £223,791.50, against Mrs AT for £39,315.16 and against Mr MG for £37,779.14. An appeal by the Respondent against that judgment was dismissed by the Court of Appeal on 4 November 2013.

19. Following the dismissal of the appeal, a Supervisor at the SRA wrote to The Respondent on 29 November 2013 seeking his explanation for a number of allegations arising from the findings of His Honour Judge Seymour Q.C. in relation to the Respondent's misappropriation of money belonging to the Firm.

20. In his undated response to the Supervisor, the Respondent denied any misconduct. In particular, in relation to the question of purported personal loans, he said that:

> ".. I have loaned money to the Firm in various occasions between April 2006 to August 2009. The money I have loaned from the sale of property of 104 Leamington Crescent, Harrow, HAZ 9HQ. The partners kept a record in a diary. They check and made repayments from those records. They settle the loan from the book what was due to me..."

21. With respect to the question of the misappropriation of funds by the falsification of cheques drawn on the office account of the Firm, the Respondent said that:

> "...From time to time Mr Blades put me into duress and ask me to write cheques to my friends [Mr MG] and [Mr VA] and also to my wife. In return he gets the cash from me. Mr Blades used this method to defraud other partners and the tax man. Some occasions he asked me to sign other partners name. Mr Blades before using me he did by himself writing various cheques purporting to pay for the firms creditors but he paid himself. Mr SD came to know of this fraud and made him not to write any more cheques by Mr Blades. After this he put me into duress and wrote cheques and provided cash for him. Mr Blades misused my trust and used me for his own benefit…"

22. The Respondent suggested a motive for the proceedings which had been taken against him by the Firm, He said "...In July 2010 I met Mr Blades at McDonalds near the Claimant's offices, when he showed me a copy of a letter from Inland Revenue requiring the Claimant to pay some £67,000 otherwise the Inland Revenue will proceed to petition for bankruptcy of the Claimant's firm. He wants from me £67,000 as a loan. I told him that I don't have the money to give him. He said my house is on sale. I said were planning to sell. He said that I was lying and the property had been sold subject to contract. He then demanded me the money and if I do not give him the money he will not let me live in peace. Later Mr Blades and the firm made action against me framing of their firms own misappropriations and defalcations of their accounts..."

23. On 10 April 2014 a duly authorised officer of the SRA decided to refer the conduct of the Respondent to the Solicitors Disciplinary Tribunal.

<u>Allegation 1.1 Causing cheques to be drawn upon the account of his employer in favour of himself and other persons who were not entitled to be paid</u>

24. In paragraph 7 of the Re-Re-Re-Amended Particulars of Claim in the High Court, the Firm alleged that the Respondent had, amongst other things, falsified and prepared fraudulent cheques purporting to be the wages and salaries of employees of the Firm, drawn cheques in favour of himself, his wife or other persons who were not entitled to be paid and forged the signatures of one or more partners of the Firm on cheques of the Firm.

25. In paragraph 34 of that same Statement of Case, the Firm also alleged that the Respondent had written cheques in his own name, the name of Mrs AT and a Mr VA then falsified cheque stubs or other accounting records to attribute such cheques to false expenses of the Firm.

26. In his affidavit in support of the application for summary judgment sworn on 26 August 2011, Mr Blades said that he had obtained each of the cheques the subject of these allegations from the Firm's bankers. He said he had compared the payee on each such cheque with the entries made by the Respondent on the firm's accounts computer, the cheque stub (where it was available) and the details of the various bank accounts of the Respondent, Mrs AT and Mr VA which had been disclosed in the course of litigation in order to ascertain into whose account each such cheque was paid and then trace the payment out of the disclosed accounts to the ultimate beneficiary. The results of that exercise were set out in a schedule, referred to as "Schedule 1", which was exhibited to that affidavit as "EDB4/27S1".

27. Schedule 1 demonstrated that, between 13 August 2004 and 5 December 2008, the Respondent improperly drew, or caused to be drawn 157 cheques upon the office account of the Firm ranging in value between £3, 848.89 and £234.89 either in favour of himself, Mrs AT, Mr MG and Mr VA or for the benefit of those individuals.

28. The various different means by which the Respondent misappropriated cheques and arranged for their payment to the beneficiaries were exemplified by Mr Blades in paragraph 17 of that affidavit by reference to the following specific items:

- 19.1 Cheque number 4023 dated 3 June 2006 in the sum of £2,326.50 drawn in favour of HSBC. This had been recorded in the Firm's accounts as a payment to "the Bureau of Forensic Services" but was in fact used to pay a credit card in the name of Mr MG.

- 19.2. Cheque number 4047 dated 5 June 2006 in the sum of £600 and cheque number 4108 dated 1 July 2005 in the sum of £1398.44. In the case of the former cheque, the item was not recorded in the Firm's accounts but the name "Thames Valley" was entered upon the cheque stub, whilst in the case of the latter cheque the cheque was said to have been payable to "Thames Valley Water" on the cheque stub and was recorded in the Firm's accounts as being paid to "Thames Valley". It was, in fact, paid to Thames Valley University.

- 19.3. Cheque number 5900 dated 24 November 2006 in the sum of £998.75 drawn in favour of Mr VA. This had been recorded in the Firm's accounts as a payment for wages (and on the cheque stub as a VAT payment) but was in fact made payable to the Respondent and was paid into a bank account in his name in reduction of the overdraft.

- 19.4. Cheque number 6751 dated 5 July 2007, drawn in favour of Mrs AT. This item was recorded in the Firm's accounts as wages to an employee of the Firm but the cheque was in fact paid into a Lloyds TSB account in the name of Mrs AT and the proceeds used to write a cheque for £800 which was not drawn in favour of the Firm.

- 19.5. Cheque number 5856 dated 6 February 2008 in the sum of £3,848.89, drawn in favour of the Firm. This item was recorded in the Firm's accounts as a client disbursement and on the cheque stub as "HAS Client A/c" but was used to purchase property in the name of Mr MG (along with a second misappropriated cheque).

- 19.6. Cheque number 7170 dated 4 April 2008 in the sum of £2,500, drawn in favour of the Respondent. This item was recorded in the Firm's accounts as "Expert" but was in fact paid into a bank account in the Respondent's own name along with a second cheque in the sum of £297 which the Respondent was genuinely entitled to be paid. The combined proceeds of these cheques were then used to pay the Respondent's debit card bills, cash withdrawals at an ATM and to write a cheque for £2,500 which was paid into a bank account in the name of Mrs AT. The proceeds were then withdrawn from that account and used for gambling, to withdraw cash at an ATM and write a cheque for £2,000 which was not drawn in favour of the Firm.

- 20.7. Cheque number 7175 dated 4 April 2008 in the sum of £1,998.75, the cheque stub for which could not be found. This item was recorded in the Firm's accounts as "Wages" and was paid into an account in the name of Mr VA. The proceeds were then used, along with other funds, to pay bills, cash withdrawals at an ATM and to write two further cheques which were in turn paid into two bank accounts held by the Respondent in reduction of his overdraft.

- 20.8. Cheques number 7180, 7181 and 7187 dated 4 April 2008, 4 April 2008 and 10 April 2008 respectively were in the total sum of £7,175.83 and were drawn in favour of the Firm. These items were used, together with a further cheque in the sum of £2,824.17, drawn upon a bank account in the name of Mrs AT, to pay the stamp duty for the purchase of a property in Harrow in the name of the Mrs AT.

29. In the High Court proceedings the Respondent did not deny that he had written cheques of the Firm in his own name and in the name of persons not entitled to payment and then falsified accounting records to conceal his actions. Instead, he made the following admissions:-

> "20.1 That "... on occasions the accounts has been falsified and prepared fraudulent cheques purporting to be wages and salaries of employees of the firm..."
>
> 20.2 That "…on occasions, he drew cheques in favour of himself, his wife or other persons who were not entitled to be paid....";
>
> 21.3. That "...on occasions he forged the signatures of one or more partners on cheques of the firm....".

30. At paragraph 21 of his judgment of 2 May 2012, His Honour Judge Seymour Q.C. recorded that the Respondent did not seek to challenge the accuracy of anything which was set out within Schedule 1 either in any affidavit which was put before the Court or at the hearing of the application for summary judgment itself.

31. In that judgment the Judge also made the following findings of fact:

> "22.1 (paragraph 23) "...bearing in mind that each of the elements is supported on the face of it accurately by contemporaneous documentation and that Mr. Godson has not sought specifically to challenge any individual item, I am satisfied that the material which is summarised in Schedule 1 ... is accurate save in one respect. That one respect is that, as Mr Blades accepted ... he was not in a position positively to assert that five cheques, expressed to be payable to Mr Godson, totalling £4,047 in respect of wages, were not properly due as wages and that amount has been deducted in calculating the sum of £223,731.50 which is claimed against Mr Godson."
>
> 22.2 (paragraph 26) "…the material which has been put before me, as I have indicated, satisfies me that the summary in Schedule 1...subject to the corrections which I have indicated, is accurate. Thus, I am satisfied that Mr. Godson did indeed do all of those things which it is alleged he did. Indeed, it appeared from the terms of his Defence and Counterclaim that he did not seriously suggest the contrary. What he did suggest was that all of this was done at the instructions of Mr Blades and for the benefit of Mr Blades and his partners in the claimant firm. That, it has to be said, is an improbable assertion. Mr Godson suggested that what actually happened was the sums that he caused to be diverted from office account or in respect of the loans was paid in cash by him to Mr Blades or one of his partners..."
>
> 22.3. (paragraph 29) "...there was no obvious correlation between the transactions which are summarised in Schedule 1 ... and the withdrawals of cash by Mr Godson. One would have expected, if what Mr Godson said was to be remotely plausible, that one would see, for example, a cheque, let us say, made payable to his wife in the sum of, let us suppose for illustrative purposes, £1,000 was matched fairly soon after being drawn and passed through the relevant bank account by a withdrawal of a similar amount of money by the Respondent from some account so that amount could have been paid to Mr Blades or one of the claimants. That is certainly what one does not see. Moreover, the amounts, as Mr Blades explained in his tenth affidavit do not correspond. There is simply not enough cash drawn in the period which is relevant to have enabled Mr Godson to have paid a total sum of something in excess of £220,000 in cash to Mr Blades or one of his partners. That point, in my judgment, is well made by considering the relevant accounts...".
>
> 22.4. (paragraph 33 and 34) "...It is important that, although there has been an ample opportunity to challenge, if desired, the material summarised

> in Schedule 1 …to the fourth affidavit of Mr Blades Mr Godson has not done so. It is important that Mr Godson in paragraph 7 of his Defence and Counterclaim has admitted, at least in general terms, the allegations made against him. It is important that the only defence that Mr Godson seeks to advance is that everything that he has done, he has done on the instructions of Mr Blades and Mr Blades' partners. That contention is wholly unsupported by the material which has been put before the court. The suggestion by Mr Godson has been that payments were made in cash of sums which he identified as drawn in cash by him from various of his bank accounts between 2002 and 2010.
>
> For the reasons which I have explained, the material that Mr. Godson relies upon does not remotely support the contention which he advances. In those circumstances, I am satisfied that it is appropriate to enter summary judgment against Mr Godson..."

32. The nature of the defence advanced by the Respondent to the proceedings brought by the Firm was essentially the same as the explanation for his actions which he subsequently gave to the SRA Supervisor: namely that he had been compelled to do what he had done in consequence of undue influence, duress and misrepresentation by Mr Blades. The basis of this allegation was statements allegedly made by Mr Blades to the Respondent on an unspecified date between 2006 and 2008 that he would "...put him on the road, and he would make sure that [the Respondent] did not get a job anywhere in the world…" and would not apply for the Respondent to be registered for a training contract if the Respondent did not comply with these instructions. The suggested rationale for these actions was also the same as that which was given to the Supervisor, namely that Mr Blades was engaged in a scheme to defraud his partners and /or evade taxation.

<u>Allegation 1.2. Obtaining payments from his employer by misrepresentation.</u>

33. In paragraph 18 of his affidavit in support of application for summary judgment, Mr Blades confirmed that, from May 2006 onwards, the Respondent had made various interest free, short term loans to the Firm, the first three of which were made solely out of his own money but which, from October 2006 onwards, included monies misappropriated from the Firm's fees in respect of work undertaken for privately paying clients obtained from the Client Account of the Firm. The alleged method by which he did so was described in that paragraph and also in paragraphs 8 to 14 of the Re-Re-Re-Amended Particulars of Claim and was as follows:-

33.1 The Respondent would withhold invoices for work done, so as to prevent funds from being transferred from Client Account to Office Account and to cause the level of the overdraft on the Office Account to increase unnecessarily, so that the Firm required a loan.

33.2 At the same time the Respondent would advise one or more of the partners in the firm that invoices were raised and the Firm was entitled to transfer funds from Client Account to the Office Account. He would then request that they signed cheques to transfer such funds which he would retain.

33.3 At a later date, the Respondent would offer the Firm a short-term loan, and, at or around the time of offering the loan, would represent to the Firm that the monies being offered were entirely his own funds. However, he knew that this would not be the case.

33.4 When they accepted, the Respondent would pay the cheques which he had retained into the Office Account (on occasions in conjunction with a payment out of his own funds). The payment would be written up in the accounts of the Firm as loans from himself to the Firm.

33.5 In due course, the Firm would repay the full amount of the principal of the loan and The Respondent would then use the proceeds to re-lend the Firm further monies.

36. The details of the loans and purported loans which the Respondent made to the Firm were set out in a further schedule prepared by Mr Blades, referred to as "Schedule 2", which was exhibited to that affidavit as "EDB4/27S2".

37. Schedule 2 demonstrated that between 3 May 2006 and 15 July 2008 the Respondent made a total of 20 loans (or purported loans) varying in amount between £50,000 and £89.42 to Harrow Solicitors & Advocates, the principal of which was wholly or partly derived from the Firm's own funds. The total amount lent, or purportedly lent, by the Respondent to the Firm over this period was £263,643.93 of which £177,621.73 was derived from his own funds and £86,022.20 was derived from cheques on account of costs which he had withheld. Therefore, by these means the Respondent obtained payment from the Firm of £86,022.20 in excess of the amount which he had actually provided to it.

38. The conduct of the Respondent in making these loans (or purported loans) was exemplified at paragraph 18 of the affidavit of Mr Blades in support of application for summary judgment by reference to the following transactions.

38.1 On 19 October 2007, the Respondent deposited £10,000 into the Firm's bank account which he recorded on the relevant paying in receipt as "Godson (loan)". However, of the total sum deposited £7,487.15 represented the proceeds of 12 cheques numbered 2633, 2635, 2637, 2639, 2640, 2702, 2704, 2713, 2714, 2717, 2718 and 2719 respectively drawn on the client account of the Firm and dated between 21 August 2007 and 14 October 2007. On repayment of this loan by the Firm the Respondent benefitted to the extent at £7,487.15.

38.2 On 30 November 2007, the Respondent deposited £10,000 into the Firm's bank account which he recorded on the relevant paying in receipt as "Godson - Loan". However, Scheduled 2 showed that this sum in fact represented part of the proceeds of 14 cheques numbered 2878 and 2881 to 2893 drawn on the client account of the Firm. On repayment of this purported loan by the Firm the Respondent benefitted to the extent of £10,000.

38.3 On 25 February 2008 the Respondent deposited £5,000 into the Firm's bank account and recorded the payment on the Firms' accounts computer as "Loan £5,000" and in the relevant paying in receipt as "Transfer". However, Schedule 2 showed that this sum in fact represented the proceeds of a single cheque numbered 3062 drawn on the

client account of the Firm. On repayment of this purported loan by the Firm the Respondent benefitted to the extent of £5,000.

38.4 On 19 May 2008 the Respondent deposited £5,000 into the Firm's bank account and recorded the payment on the Firm's account computer as "Godson £5,000" and in the relevant paying in receipt as "Transfer'. However, Schedule 2 showed that this sum in fact represented the proceeds of two cheques drawn on the client account of the Firm in the sum of £4,150 and in the sum of £850. On repayment of this purported loan by the Firm, the Respondent benefitted to the extent of £5,000.

38.5 At paragraph 22 of his judgment of 2 May 2012, His Honour Judge Seymour Q.C. recorded that the Respondent had not sought to challenge any of the individual items set out in Schedule 2 in the course of the hearing before him. The Judge also found as a fact that the material summarised in Schedule 2 was accurate.

Allegation 1.3 Providing information to the SRA in connection with an application for a practising certificate which was incorrect

39. The applications completed by the Respondent in relation to his application for a practising certificate for both the year 2012/2013 and for the year 2013/2014 contained the following question: "Do events in Regulation 3 apply to you?" On both occasions the Respondent answered this question by stating "no".

40. However, by virtue of the judgment of His Honour Judge Seymour Q.C. of 2 May 2012 the Respondent was then subject to a judgment which involved the payment of money and was therefore subject to Regulation 3.1 (n) of the SRA Practising Regulations 2011.

Witnesses

41. The following witnesses gave sworn oral evidence:

- Mr Elvin Blades;
- The Respondent, Jude Darrel Godson.

The Submissions of the Applicant

42. Mr Bullock told the Tribunal that allegation 1.1 was denied by the Respondent. The Applicant's position was contained within the Reply to the Respondent's Answer which was dated 27 October 2014. At paragraphs 5 and 6 of that Reply it was said that:

> "5. With respect to Mr Godson's assertion that he acted in this way because Mr [Blades] "...put me under duress…" (Paragraph 21): The question for the Tribunal is whether he was subject to "…coercion of the will so as to vitiate consent…" as stated in Pao On v Lau Yiu Long [1980] AC 614.
> 6. Mr Godson has not specified the nature of the acts of duress by Mr [Blades] to which he was (allegedly) subject in his witness

statement in these proceedings. If the acts upon which he relies are set out in paragraph 8 of his Defence to the claim brought by the Firm … then the SRA: –

6.1 Does not accept that Mr [Blades] acted in the manner alleged; and

6.2 Submits that such alleged acts were not acts of coercion such as to vitiate consent in any event for the following reasons: –

6.2.1 The alleged threat by Mr [Blades] to Mr Godson that he would "put him on the road, and he would make sure that" Mr Godson "did not get a job anywhere in the world" was not a credible one: Mr [Blades] was not in a position to make Mr Godson unemployable. At worst, he could have dismissed him and subsequently refused to provide a favourable reference – the course of action which would have invited litigation and had the potential scrutiny of external agencies.

6.2.2 The alleged threat by Mr [Blades] to refuse to apply for Mr Godson to be registered for a training contract was similarly not credible because there was nothing to prevent Mr Godson applying for a training contract with another firm.

6.2.3 Mr Godson had the opportunity to complain about Mr [Blade's] alleged threats to Mr SD (who he accepts may not have known of the fraud being perpetrated…) within the firm and, externally, to the SRA. However, he did not do so. There is no evidence of Mr Godson having protested Mr [Blades'] alleged conduct at any time prior to the commencement of the High Court proceedings.

6.2.4 Rather than allowing himself to be coerced into writing cheques and signing them in the name of others in order to facilitate the misappropriation of funds, it would have been open to Mr Godson to resign his position and seek redress by way of a claim for unfair dismissal.

6.2.5 Despite allegedly being an unwilling accomplice to a substantial fraud upon the revenue, Mr Godson failed to report that fraud to either the police, HMRC or the SRA.

43. Mr Bullock said that the Applicant did not accept that the Respondent was instructed to draw cheques by Mr Blades but in any event, even if such cheques had been drawn as part of a dishonest scheme to cheat Mr Blades' fellow partners and/or HMRC, that would not be an answer to allegation 1.1. It did not matter who benefited from such activity, the Respondent had been acting in a manner which lacked integrity, undermined the public's confidence in the profession and was dishonest.

44. In so far as Mr Bullock understood the Respondent's allegation of duress by Mr Blades, the alleged acts of coercion were not of such a nature as to amount to duress as a matter of law. The Respondent's actions were not excusable on the basis of irresistible coercion.

45. Allegation 1.2 was also denied by the Respondent. The Respondent said that the partners themselves were misappropriating client money and that he was being "framed". The Applicant did not accept that assertion.

46. In Mr Bullock's submission, despite the size of the case before the Tribunal, at its heart it was simple and turned upon three issues of fact: –

    i) did the Respondent improperly withdraw cheques on the instructions of Mr Blades? If the Tribunal found that Mr Blades was not the instigator, then allegation 1.1 was made out;

    ii) if the Tribunal found that the Respondent had improperly withdrawn cheques on the instructions of Mr Blades, then did Mr Blades exercise acts of coercion such that the Respondent's actions did not amount to professional misconduct?

    iii) Did the Respondent misrepresent that payments on account of costs were personal loans he was making to his employer?

47. Mr Bullock took the Tribunal carefully through the evidence that was before it and said that there was a dispute as to the amount of cheques that had been improperly drawn, since the Respondent said that the amount was overstated as some of the monies were properly due to him or others. However what was not controversial was that the Respondent had caused at least some of those cheques to be drawn. The Respondent had made loans of £50,000, £10,000 and £10,000 to the Firm between 3 May 2006 and 18 August 2006 and it was accepted by the Applicant that these were genuine loans. However between 6 October 2006 and 15 July 2008 the Respondent had purported to make a further 17 loans in relation to which the principal, in whole or in part, came from the Firm's own funds.

48. In the middle of this period, on 15 October 2007 the Respondent had commenced a training contract with the Firm, whilst retaining his duties in relation to the Firm's accounts. Mr Blades was based in the Cardiff office and had cause to look at the financial position of the Firm. He monitored the Firm's expenses and bank overdraft and calculated monthly projections to allow a daily and weekly review of the accounts. On 10 December 2008 Mr Blades discovered that the overdraft was significantly higher than expected and made enquiries. As a result of those enquiries he discovered that two duplicate cheques had been paid to members of staff on 5 December 2008. The Applicant said that there followed a meeting between the Respondent and other partners of the firm, not including Mr Blades, where the Respondent admitted dishonestly misappropriating some money. At that stage he was dismissed from his position as in-house accountant but, curiously, he was allowed to continue with his training contract. On 17 December 2008 the Respondent repaid £7,934.50 which represented repayment of the two cheques in question. However the Firm maintained that at the partners' meeting he had admitted to taking some £22,000.

49. On 10 July 2009 the Respondent's training contract ended and shortly after that there was a complaint by a client, Mr "KV", that £2,500 was owed to him by the Firm. Enquiries then revealed a further misappropriation by the Respondent.

50. On 31 July 2009 Mr Blades signed form AD1 for the Respondent but on 12 August 2009 he contacted the SRA and asked that it not be processed. There was a dispute as to why that had occurred but Mr Blades said it was because he was not satisfied concerning the Respondent's CPD certificates, whereas the Respondent said it was because he was being blackmailed and Mr Blades wanted £15,000 for signing the AD1 form.

51. On 7 October 2009 the Respondent met Mr Blades in Cardiff and paid him £15,000. Mr Blades said that this was in respect of the missing monies but the Respondent said that he was being blackmailed. On 14 October 2009 Mr Blades contacted the SRA to say that all outstanding information had been received and on 15 October 2009 the Respondent was admitted as a solicitor.

52. Detailed investigations into the Respondent's activities were commenced on 29 July 2010 and on 21 September 2010 the Firm commenced proceedings against the Respondent in the High Court. HHJ Seymour QC delivered judgment against the Respondent on 2 May 2012. On 3 October 2013 the Respondent's renewed application for permission to appeal was refused by the Court of Appeal; this followed a previous refusal of permission to appeal on the papers.

53. The SRA wrote to the Respondent on 29 November 2013 asking for his explanations and for a response to the allegations made against him. The Respondent replied denying that he had been dismissed by the Firm, stating that he had left because he did not want to carry on or be part of their fraudulent activities after his admission as a solicitor. In that response the Respondent also said that the payments to Mrs AT, his wife, were made as payment of wages properly due to him and that the loans in question were genuine. He made allegations against Mr Blades. He also stated that he was not in a position to defend himself at the High Court proceedings due to a lack of disclosure by the Firm.

54. Mr Bullock explained that Mr MG was an associate of the Respondent and an employee of the Firm. On 27 January 2015 the SRA had made a Section 43 Solicitors Act 1974 Order against him on the basis of the material in HHJ Seymour's judgment and that of the Court of Appeal in refusing leave to appeal. Mr Bullock noted that the SRA had employed the civil standard of proof in that matter.

55. Mr Bullock said that there were three strands to the Applicant's case; it relied upon what the Respondent admitted, upon the evidence produced by the Firm in support of the application for summary judgment and the judgment of HHJ Seymour.

56. Rule 15 (4) of the Solicitors (Disciplinary Proceedings) Rules 2007 stated that:

> "The judgment of any civil court in any jurisdiction may be proved by producing a certified copy of the judgment and the findings of fact upon which that judgment was based shall be admissible as proof but not conclusive proof of those facts".

In Mr Bullock's submission the rationale for this part of the Rule was that the standard of proof was lower in the civil courts. Civil Procedure Rule 24.2 stated that:

> "The court may give summary judgment against a claimant or defendant on the whole of a claim or on a particular issue if –
>
> (a) it considers that –
>
> …
>
> (ii) that defendant has no real prospect of successfully defending the claim or issue; and
>
> (b) there is no other compelling reason why the case or issue should be disposed of at a trial"

The question asked by HHJ Seymour was therefore "has he any real prospect of defending" and in Mr Bullock's submission this was closely aligned with the criminal standard applied by the Tribunal. Whilst Mr Bullock did not say that the findings were conclusive evidence, he did say that when assessing the evidential weight of those findings that they should be given considerable weight and that the Tribunal should be reluctant to depart from those findings even though they were not conclusive.

57. Mr Bullock referred to the case of Constantinides v The Law Society [2006] EWHC 725 (Admin), where the effect of the forerunner of Rule 15, Rule 30 of the Solicitors (Disciplinary Proceedings) Rules 1994, was discussed in the judgment of Lord Justice Moses at paragraph 29:

> "The judgment was admissible to prove background facts in the context of which the appellant's misconduct had to be considered. But that was the limit of its function, in the particular circumstances of this case. The judge's views as to the appellant's dishonesty and lack of integrity were not admissible to prove the Law Society's case against this appellant in these disciplinary proceedings. We are far from ruling that a judge's conclusions as to dishonesty cannot amount to findings of fact within the meaning of Rule 30. There will be cases when a finding of fact, be it in a civil or criminal case, of dishonesty will be prima facie evidence of that dishonesty. But in the instant case the judge's conclusions were far more wide ranging than the allegations made against this appellant in the disciplinary proceedings. They were not relied upon by the Law Society as proof of dishonesty."

He also quoted from paragraph 6 of the judgment in Thaker v SRA [2011] EWHC 660 (Admin) where Lord Justice Jackson said that in Constantinides v The Law Society "this court held that there could be no reasonable objection to the Solicitors' Disciplinary Tribunal reading a civil or criminal judgment in which the judge had made findings as to the dishonesty of a solicitor appearing before the tribunal, provided that the tribunal was clear and rigorous in its approach to that judgment. The judgment would be admissible to prove background facts, but not prove the law society's case against a solicitor in the disciplinary proceedings." In Mr Bullock's submission the findings of fact by HHJ Seymour on 2 May 2012 were admissible in support of the SRA's case and not conclusive but weighty. The Tribunal must

disregard any comments by the Judge regarding the Respondent's conduct or dishonesty.

Allegation 1.1

58. Mr Bullock referred to the re-re-re-amended Particulars of Claim by the Firm in the High Court where it was said at paragraph 7:

> "in breach of the express or implied terms of the contract between the Claimants and the First Defendant, the First Defendant knowingly and dishonestly
>
> a) falsified accounting records of the Office Account;
> b) falsified the accounting records of the Client Account;
> c) failed to record of falsified details on the cheque stubs of the date, amount and payee of cheques drawn by the Firm;
> d) falsified and prepared forged cheques purporting to be the wages and salaries of employees of the Firm;
> e) drew cheques in favour of himself, his wife or other persons who are not entitled to be paid;
> f) forged the signatures of one or more partners of cheques of the Firm."

This was supported by a statement of truth and therefore had evidential weight as did HHJ Seymour's finding of fact that the allegations were made out. In Mr Bullock's submission the Tribunal could therefore be satisfied that the Respondent had done each of the things listed in a) to f). A similar point arose at paragraph 34 of the re-re-re-amended Particulars of Claim where it was said that "the claimants have ascertained further defalcations and misappropriations by the First Defendant from both the Office Account and the Client Account of the Firm. The defalcations and misappropriations by the First Defendant were made variously by writing cheques of the Firm:

a) in his own name;

b) in the name of the Second Defendant;

c) in the name of his alias [VA];

d) to employees of the firm;

e) to other persons who would not be entitled to such payments and dishonestly falsifying cheque stubs or other accounting records to attribute such cheques to false expenses of the firm…" Here, Mr Bullock made the caveat that a finding of dishonesty was not admissible and the Tribunal must put it out of its mind.

59. In his own Defence to the Claim the Respondent accepted that he had falsified details of cheque stubs, drawn fraudulent cheques, drawn cheques in favour of those not entitled to payment and forged signatures. This Defence was also accompanied by a statement of truth and in Mr Bullock's submission the Defence contained admissions to allegation 1.1. These admissions were repeated in his Defence to the Amended Particulars of Claim, which was also supported by a statement of truth.

60. Mr Bullock took the Tribunal to the Affidavit of Mr Blades in the exhibit bundle. He said that a key passage was at paragraph 8 where Mr Blades had said "by obtaining the cheques from our bank, Lloyds TSB bank plc, I have been able to compare the payee on each cheque with entries made by the First Defendant on the firm's accounts computer, the cheque stubs (where available), the disclosed accounts and ascertain into whose account each cheque was paid and then trace the payments out of the disclosed accounts to the end beneficiary". The results of that exercise were in Schedule 1, which was before the Tribunal. Mr Bullock took the Tribunal to that Schedule and said that if money had gone into an overdrawn account or to discharge credit card debts or to a casino then it was obvious that it could not go any further down the line and could not then be extracted and handed on to someone else as was alleged by the Respondent. In Mr Bullock's submission the Respondent's position that this was all being done for the benefit of Mr Blades did not make sense. There was no suggestion that Mr Blades had benefited in any way. The Respondent had not been able to sign cheques. If money was to be moved it was therefore logical that the person to do so would be a partner. Mr Bullock asked why, if Mr Blades was orchestrating all of this, did he need the Respondent to participate. On the Respondent's own case Mr Blades was the partner best placed to misapply funds and did not need the Respondent. It was simply not credible that Mr Blades, having misappropriated large sums of cash, was then the principal actor in a very expensive High Court action. In Mr Bullock's submission the suggestion by the Respondent that Mr Blades had orchestrated matters was not only illogical but was not supported by the evidence. If everything was being done as part of a dishonest project by Mr Blades then one should see the money end up with him or his partners but there was no support for this in Schedule 1. HHJ Seymour had pointed out the additional problem that there was simply not enough money being drawn out in cash by the Respondent to give back. If the monies ended up with the Respondent's associates it was hard to see how Mr Blades was benefiting.

61. Mr Bullock went through those parts of Mr Blades' Affidavit which discussed the different types of fraud being perpetuated and gave examples of each. Mr Bullock said that there was no sensible evidence which pointed away from the Respondent being the author of the scheme and asked the Tribunal to accept the contents of Schedule 1 as establishing beyond reasonable doubt that the Respondent had done what was alleged in the Rule 5 statement.

62. Mr Bullock asked that if the Tribunal was not with him on that point, it could find that motive was irrelevant. If the Respondent had been asked by his employer to steal monies then he should have resigned rather than comply. It was not an answer to the allegation to say that he had been asked to do it.

63. The Respondent said that duress had been exerted upon him. Mr Bullock suggested that this concept was alien in the context of disciplinary proceedings. The Tribunal was concerned with issues of conduct. The test set out in Pao On and others v Lau Yiu Long and another had to be considered. In that case Lord Scarman had said that:

> "Duress, whatever form it takes, is a coercion of the will so as to vitiate consent… In determining whether there was a coercion of will such that there was no true consent, it is material to enquire whether the person alleged to have been coerced did or did not protest; whether at the time he was allegedly

> coerced into making the contract, he did or did not have an alternative course open to him such as an adequate legal remedy; whether he was independently advised; and whether after entering the contract he took steps to avoid it."

In Mr Bullock's submission, one startling feature of the Respondent's witness statement was that although he repeatedly referred to Mr Blades putting him under duress, he did not explain what it was that he alleged was duress. He referred to Mr Blades blackmailing him for £15,000 but did not make any reference in the witness statement as to what duress he had been put under in order to induce him to improperly draw cheques. A better explanation was in his Defence in the High Court proceedings, where he alleged that Mr Blades had told him that he would "put him on the road, and he would make sure that the First Defendant did not get a job anywhere in the world" if he did not forge signatures on cheques and that he would not apply for the Respondent to be registered for a training contract unless he did what Mr Blades instructed him to do in relation to the channelling of monies from the Firm's Office Account. In his Defence he also alleged that Mr Blades would often behave in a threatening and intimidating fashion towards him and that he felt extremely concerned for his job and future prospects.

64. In Mr Bullock's submission, there was no evidence that the Respondent had protested; he could have gone to the other partners, the SRA, HMRC or the Police but did not do so. He should have left his employment rather than comply but he did not do so. There were sources of help available to him that he did not use. In addition, the coercive threats cited by the Respondent were not credible threats, there was nothing Mr Blades could do in terms of making sure that the Respondent did not get a job "anywhere in the world". His claims concerning the training contract were similarly nonsensical as the Respondent could have gone elsewhere to obtain one and in any event the last thing a reputable solicitor would want to do would be to train with a firm that was committing fraud.

65. Mr Bullock therefore invited the Tribunal to find that even if the Respondent had carried out his actions at Mr Blades' instigation it was not done under duress. The circumstances surrounding what he did, on his own case, were insufficient to consist of duress. In summary, the duress point was weakly made and not sufficient to provide a defence to allegation 1.1.

<u>Allegation 1.2</u>

66. Mr Bullock referred to the re-re-re-amended Particulars of Claim in the High Court and in particular to paragraph 8 and the subsequent paragraphs which gave details concerning the loans made by the Respondent:

> "8. ... From time to time during 2007 and 2008 the First Defendant advised one or more partners that invoices were raised and the firm was entitled to transfer funds for the Client Account to the Office Account.
>
> 9. The First Defendant requested one or more partners to sign cheques to transfer such funds from the Client Account but the First Defendant would retain them and not pay them into the Office Account at the relevant time as required.

10. At a later date, the First Defendant would offer the Claimants a short-term loan to the Firm and, at or around the time of offering each short-term loan to the Firm, the First Defendant represented to the partner or partners ("the representations"), inter-alia;

    a) that the moneys being offered to the firm were the funds of the First Defendant;

    b) that the moneys being offered to the firm were interest free loans.

11. Induced by and acting in reliance upon one or more of the representations, the Firm accepted the short-term loans from the First Defendant."

In Mr Bullock's submission, since the Particulars of Claim were accompanied by a statement of truth evidential value could be ascribed to these statements. In any event they had been accepted as correct by HHJ Seymour. There was also reference to the loans in the affidavit of Mr Blades where he stated that:

> "from May 2006 the First Defendant made various interest free, short-term loans to the Firm. The first three were genuine but, from October 2006, as part of his fraudulent activities, he included as part of his loan monies misappropriated from the Firm's fees in respect of work undertaken for privately paying clients taken from the Client Account of the Firm."

Mr Blades then went on to give four examples.

67. Mr Bullock said that details of the loans were set out by Mr Blades in Schedule 2 to his affidavit and that the contents of Schedule 2 were also accepted by HHJ Seymour as being accurate and correct; indeed the Respondent had not seriously challenged the contents of that Schedule and neither did he appear to be challenging it in these proceedings. He was not saying that the numbers were wrong but that the partner(s) were doing it and "framing" him. In Mr Bullock's submission the Respondent's latest suggestion that this had all been done to conceal misappropriation by the Firm was fanciful and a late challenge to evidence which HHJ Seymour had said there was no real prospect of defending. It was hard to see what purpose Schedule 2 could play in concealing such transactions. Mr Bullock therefore invited the Tribunal to find allegation 1.2 proved beyond reasonable doubt.

Allegation 1.3

68. Mr Bullock took the Tribunal to the screen shots of the Respondent's applications for a Practising Certificate in 2012/13 and 2013/14. Both application forms contained a question concerning Regulation 3.1 of the SRA Practising Regulations 2011. In both cases the Respondent had answered "no" in response to the question as to whether Regulation 3.1 applied to him. Mr Bullock said that this response was incorrect as the Respondent had been subject to a High Court judgment involving the payment of money. The Respondent should have checked to see what Regulation 3.1 said before responding and there would have been a variety of resources available to him to do

so. In Mr Bullock's submission the fact that he was the subject of the money judgment should have put him on enquiry to check. In any event, any ignorance as to the Regulation would not mean that Outcome 10.2 was met by the Respondent. The Respondent appeared to have admitted this allegation on the basis that he had made an honest mistake.

Dishonesty

69. Mr Bullock reminded the Tribunal of the dual test of dishonesty laid down in the case of Twinsectra Ltd v Yardley and Others [2002] UKHL 12. He said that most ordinary and honest people would be astonished at the suggestion that no dishonesty was involved when looking at the misappropriation of monies belonging to others on this scale and over this length of time. Indeed in Mr Bullock's submission the scale and period of the misappropriation was such that there was an irresistible inference that the Respondent would know that people would regard what he was doing as dishonest. A number of factors gave an insight into the Respondent's state of mind. Mr Bullock referred to the extensive evidence of concealment, the Respondent did not just take cheques but covered up that theft by falsifying details. It was obvious that the Respondent knew that what he was doing was dishonest. These were not isolated incidents but ones of sophisticated concealment which continued over a period in excess of four years.

70. The Respondent had been acting in concert with others and planning how the proceeds were to be disbursed. In this time, he must have had the opportunity for reflection. In Mr Bullock's submission his actions were deliberate and premeditated. Such actions called for an explanation but the Respondent's explanation was just that Mr Blades had told him to do so - that did not make sense and had been rejected by the High Court. Even on the best case for the Respondent, if everything had been done at the instigation of Mr Blades, the Respondent must have known that it was dishonest.

The evidence of Mr Elvin Blades

71. Mr Blades said that the content of his witness statement dated 29 January 2015 were true and based upon his own knowledge. The Respondent had been the in-house accountant and trainee solicitor when Mr Blades had discovered the theft of two cheques by him. He had outlined the beginning of his discovery in his fourth affidavit in the High Court proceedings at paragraph 43:

> "in mid-2008, having regard to the serious work that the firm had been carrying out in the previous couple of years I was surprised we were so close to our agreed overdraft limit. In about August 2008 I monitored the business expenses and the bank overdraft limit closely and I decided to calculate monthly projections which allowed me, the other Partners, the First Defendant and [MN] (our Bookkeeper and assistant to the First Defendant) to review the accounts on a daily and weekly basis. This meant that I could determine on a daily basis what the overdraft balance should be at any given time. I did this by telephoning the Firm's automated bank service on a daily basis and then comparing the balance against any projections."

Mr Blades said that the contents of the affidavit were true and he adopted that affidavit in the current proceedings. He took the Tribunal to the Firm's telephone records in the trial bundle to demonstrate his repeated telephone calls to the automated bank service and to several calls he said that he made to that automated service on 10 December 2008. He rang several times as he could not believe that the figure given was correct. He had then telephoned his office, as demonstrated on the telephone records, and spoken to Mr MN. He had taken handwritten notes of that conversation which could also be seen in the trial bundle. Following further investigations he discovered that certain cheques had been recorded on the cheque stub by the Respondent as having been paid twice to two employees. The first two were dated 5 December 2008 and were recorded as payable to "CL"; they were in the sum of £2,382.91. The second two bore the same date and were recorded as payable to "NS" in the sum of £2,947.53. At first he had thought that both of these were to members of staff who had mistakenly been paid twice, however, both of the members of staff confirmed that they had not been paid twice. He told his partner Mr GS about what had happened and Mr GS had confirmed to Mr Blades that he had not signed the cheques and the Respondent had also denied doing so. It had later transpired that the signature was forged on both cheques.

72. On the same day he had received a call from the Respondent who had said to him "I have done a bad thing". Mr Blades said that the Respondent had wanted to pay the money into Mr Blades' account, so that he could then pay it back on the Respondent's behalf without any of the other partners knowing. Mr Blades said that he had not acceded to this request. Later in the day he had telephoned the Respondent again. Mr Blades said that the Respondent had been very upset and was threatening to kill himself. After the conversation, he had sent the Respondent a text to say something along the lines of "don't worry we can sort it out". By the end of the day on 10 December 2008, Mr Blades thought that the Respondent had just taken the two cheques.

73. Mr Blades said that since he was located in Cardiff and the Respondent and the other partners were in London, it had been his other partners who had convened a meeting with the Respondent. He could not remember the exact date of the meeting. He had been told that at that meeting a figure of £22,000 had been agreed as the total amount taken by the Respondent and the Respondent had agreed to pay those monies back.

74. Mr Blades said that the Respondent had paid £7,000 initially and then £15,000 on 7 October 2009 to him in Cardiff. Mr Bullock asked Mr Blades whether that £15,000 was demanded by Mr Blades as the price for signing the Respondent's form AD1 for admission as a solicitor. Mr Blades replied that the Respondent said that knowing it was not true. He had signed the AD1 form and given it back to the Respondent on 31 July 2009, however he had noticed that he had not seen some documentation relating to CPD requirements and had written to the SRA asking them not to process the application until he had received the outstanding information. He had received that information from the Respondent on 7 October 2009 and he had also by then received the total sum of £22,000 in repayment from the Respondent. He wrote to the SRA on 14 October 2009 confirming that he had received all of the outstanding information. He had thought the problem had been resolved and it was agreed that the Respondent would now put everything in order as the accounts were haphazard.

75. Mr Blades said that Mr "KV" had been a civil client who had come in to the office in late July 2010 asking for £2,500 that he was owed. At the time Mr Blades had been in the London office and had dealt with the matter. Mr MN, the Respondent's assistant, looked at the client ledger and that showed that Mr KV had been paid. However Mr KV was adamant that he had not been paid. Following investigations Mr Blades had discovered that in fact the £2,500 had formed part of a loan the Respondent had given to the Firm. Mr Blades said that this was the first time that he had appreciated the other type of fraud that was being practised by the Respondent. The Respondent had given some genuine loans to the Firm but Mr Blades had established that over time the Respondent had started to give the Firm its own money as loans. Mr Blades referred to Schedule 2 and the Respondent's methodology.

76. Mr Bullock asked Mr Blades how he had realised there was a bigger problem between the end of July 2010 and the time that the Firm took out High Court proceedings. Mr Blades said that the Firm had heard from the Respondent's sister that he was moving to Australia. He had then arranged to meet the Respondent where he had spoken to him and discussed the monies he owed. He had mentioned a VAT bill to the Respondent just so that he knew how serious he was about repayment. When Mr Blades had asked him, the Respondent had told him that he was not selling his house or going to Australia but Mr Blades said that he knew that he was selling his house. By that stage the Respondent was not co-operating or helping with the Firm's investigation. In an affidavit sworn on the 1 October 2010, Mr Blades had set out what he thought the position was regarding the Respondent's activities at the time and had drawn a chart; he estimated at that time that there was a total of £75,000 worth of cheques where signatures were forged.

77. Mr Blades said that since the issue of the High Court proceedings, when £98,652 was initially claimed, the value of the claim had increased. The Respondent was ordered by the High Court to disclose all of his account details and any assets over £2,500. However, the Respondent had omitted to include a number of bank accounts and a house in Sri Lanka in his disclosure. Mr Blades said that when challenged about why he had not disclosed the house the Respondent had said that he was not sure it was worth more than £2, 500. The property had subsequently been valued at £170,000.

78. The High Court claim had increased as a result of the Respondent's disclosure and Mr Blades said that the Respondent had around 30 bank accounts that he could trace.

79. Mr Blades denied having told the Respondent to write cheques to persons not entitled to them and said that he had no connection with the people involved. Neither had he ever said that he would put the Respondent "on the road" and it was not an expression he would use. Mr Blades said he did not have the connections to stop the Respondent from getting a job.

80. Mr Blades also denied telling the Respondent that he would ensure that he was not registered for a training contract, indeed by the time he was alleged to have said that the Respondent had already been registered. It could be seen from the trial bundle that the Firm had submitted a Three Way Agreement to the Legal Services Commission ("LSC") which the LSC had signed on 4 May 2005. This Agreement specified that "on the successful completion of the LPC…, the Organisation must offer the Potential Solicitor a training contract…". However, the Respondent had been unable to pass his

LPC and Mr Blades said that he offered him assistance. On 26 July 2007 the Firm had written to the LSC informing it that the Respondent had passed his LPC and had been offered a training contract commencing on 1 August 2007.

81. Mr Blades denied having threatened the Respondent and stated that he had never threatened him. He would sometimes get annoyed with the Respondent, who in his opinion was lackadaisical, but not so as to over-react. It was a standing joke in the office that the Respondent treated Mr Blades as "Uncle Elvin".

82. As a result of the disclosure in the High Court proceedings Mr Blades had prepared Schedule 1 and Schedule 2. He had gone through the accounting system and crossed reference payments with both the Firm's and the Respondent's bank statements. Mr Blades took the Tribunal carefully through the entries on Schedule 1. Since the Respondent had said that he had benefited from the payments and the Respondent had not, he had set out to prove how the money had been spent. HHJ Seymour had remarked that the Respondent should be easily able to cross reference the payments. The Judge had picked out some and asked the Respondent what was wrong with them and the Respondent could not identify anything. The Respondent had then said that he had given Mr Blades the money in cash. Mr Blades had then had to produce another schedule of monies withdrawn at a casino, since the Respondent alleged that he had had to open an account at the casino to withdraw monies. However the vast majority of these monies had been spent at that casino.

83. By reference to Schedule 1, Mr Blades showed the Tribunal how a number of payments had gone towards the Respondent's mortgage payments and said that every penny to pay the mortgage had come from the Firm, as the Respondent's wife had conceded in the High Court.

84. Mr Blades took the Tribunal carefully through Schedule 2 and demonstrated how he had created it. He told the Tribunal that both of the Schedules were accurate and based upon information disclosed to the Respondent. He denied that Schedule 2 was a fiction designed to conceal theft by the partners of the Firm and said that was the first he had heard that allegation.

85. In cross examination by the Respondent Mr Blades was asked about the house in Sri Lanka. The Respondent asked whether it was true that all the details of the house had been given to the Firm. Mr Blades said that details had only been given after the Firm had discovered the existence of the house.

86. The Respondent asked Mr Blades whether he had considered other ways of obtaining the cheques from the Respondent's bank account other than by Court Order. The Respondent put it to Mr Blades that he could not obtain the information from the Firm's bank as so many were fraudulent payments. Mr Blades said that he worked from Cardiff and could have asked for all of them, literally thousands, but that would not have assisted. Mr Blades asked the Tribunal to look at that part of the trial bundle where all of the Respondent's and his associates' bank accounts were listed.

87. The Respondent asked Mr Blades why he worked from Cardiff and put it to him that he had moved to Cardiff because Mr SD had discovered that he was making the illegitimate payments shown in Schedule 1 and he could not write any more cheques.

Mr Blades said that he had moved to Cardiff from London in order to have a family life. He had come from Cardiff initially and had never had a home in London.

88. The Respondent asked Mr Blades whether he had enquired as to how the sum of £22,000, said to be owed by the Respondent to the Firm, had been calculated. Mr Blades said that he was not at the partners' meeting in mid-December 2008 but that the Respondent had already admitted taking £5,330.44 from the Firm. The Respondent asked Mr Blades whether he had mentioned the £22,000 at their meeting in Macdonald's. Mr Blades agreed that he had done so and said it was about getting the return of the Firm's money.

89. The Respondent asked Mr Blades why the Firm had continued to pay him after that time, when the partners knew that £15,000 was still outstanding. Mr Blades said that the payments were in respect of the loans and perhaps the Firm should not have made those payments but at that time the partners believed that the Respondent would make the repayment promised; in any event the Respondent was asking to be repaid. It had not been his decision to let the Respondent continue at the Firm but that of the other partners, there were stacks of papers in black bags in the accounts department that needed to be sorted out and the Respondent's access to payments had by then been withdrawn.

90. Mr Blades noted that although the Respondent said that he had given him £5,000 in cash in Cardiff in December 2008, he had checked the Respondent's withdrawals from his bank accounts and could not find any withdrawal of £5, 000 around that time.

91. It was put to Mr Blades by the Respondent that he had said in his first affidavit that the Respondent had been dismissed in December 2008 but that was not true. Mr Blades said that he had not been aware that the Respondent had been asked to carry out certain bookkeeping and accounting duties in the summer of 2009 at the time of that document. He went on to say that he was certain that the Respondent was not paid by the Firm after December 2008. Payments to the Respondent's wife by standing order were in respect of the loan.

92. The Respondent asked Mr Blades about the form AD1 and the alleged lack of documentation. He put it to Mr Blades that he had seen letters relating to the Respondent's attendance at CPD courses. Mr Blades said that this was not good enough and he had needed to see the actual certificates. The Respondent put it to Mr Blades that he had stopped the SRA from processing form AD1 as he had demanded £15,000 from the Respondent that he had not paid. Mr Blades denied having made any such demand. He said that the Respondent had elected to come to Cardiff and the other partners had left Mr Blades to deal with form AD1; he had thought it was the right thing to do.

93. Mr Blades was then asked by the Respondent why he had commenced the investigation if he did not know how the figure of £22,000 had come about; Mr Blades responded that it was because of the Respondent's admissions at the partners' meeting. He had not stopped the other partners from making their own investigations. It was put to him by the Respondent that if they have done so they

would have discovered what he was doing. Mr Blades said that he did not agree with that comment.

94. The Respondent asked Mr Blades whether he had provided evidence of the payment of £15,000 that he had made to him in Cardiff. Mr Blades said that he had not done so but all of the other partners agreed that he had received the money and money had gone to the Firm. Mr Blades denied that he had demanded money for himself and referred to statements from the partners stating that they had agreed that he had received the money. He admitted that he had no evidence that he had paid the money into Office account but agreed that the Respondent had paid a total sum of £22,000 over a period in 2008/2009 by a series of payments.

95. Mr Blades was then asked questions by the Respondent concerning the existence of his training contract. He repeated his previous evidence concerning the Three Way Agreement and explained that the LSC had provided a grant for such a training contract to firms dealing with legal aid work. Mr Blades agreed that the Respondent's training contract had commenced on 1 August 2007. The Respondent asked Mr Blades when he had signed the training contract and he responded that it had to be signed within three months of its commencement. The Respondent then said that the Firm had only applied for the registration of his training contract on 11 January 2008. Mr Blades said that the training contract could commence before it was registered and in any event he did not agree with the Respondent's dates. The Respondent repeated that although Mr Blades was saying that his training contract had started in 2005 it had in fact only been registered in 2008; his point was that the training contract was not registered until he had paid the money to Mr Blades.

96. The Respondent asked Mr Blades whether he had access to the SAGE accounting system and Mr Blades said that he did not as he did not have a password and did not know how to operate it. He would not have known how to enter anything into SAGE and the Respondent and Mr MN had been responsible for operating the system.

97. Mr Blades denied having asked the Respondent to lie to an HMRC inspection officer, as set out in the Respondent's affidavit in the High Court dated 22 November 2011. He said that there was no such conversation and HMRC had carried out a back audit of the Firm which was clear. The Respondent alleged that income had been concealed by the Firm and shown as a loan as part of a VAT fraud. It was put to Mr Blades by the Respondent that there had been a serious problem and the Firm had owed tax. This was denied by Mr Blades. Mr Blades accepted that on 3 May 2006 the Firm had received £50,000 as a loan from the Respondent, which had been repaid. In questioning by the Respondent, Mr Blades said that the Respondent had offered the loan from the sale of his property, since he had been aware that the Firm needed funds as it was close to its overdraft limit. Mr Blades said that he had believed everything he was told by the Respondent in relation to the loans at that stage.

98. The Respondent asked Mr Blades whether any payments had been omitted from Schedule 2 and whether it was possible that some monies indicated in that Schedule could contain loans from him. Mr Blades said that the Schedule was accurate and that he had been able to work out the loans from the SAGE system, looking through the paying in slips and using other documentation and the Respondent's own hand written

notes. It had not been the partners' role to record all loans; it had been the Respondent's role to do so.

99. In further questioning by the Respondent Mr Blades confirmed that the signatures on some of the cheques had been forged, whilst some had been signed by a partner under a misrepresentation, sometimes the same invoice had been presented on multiple occasions. The Respondent asked Mr Blades why, if he was monitoring the bank account from August 2008, he had missed some of the payments shown in Schedule 1. Mr Blades said that he was monitoring how close the firm was to the overdraft limit, not cheques that had passed through the system. He was asked by the Respondent whether he could have found certain payments earlier. He replied that some of the cheques involved were hidden in other payments which may have been identified as say "wages". It was put to him by the Respondent that he had not investigated earlier as Mr SD had discovered what he was doing. Mr Blades denied that this was the case.

100. It was put to Mr Blades that he had said that the Respondent did not have much cash but that he had also stated in his affidavit that a total of £520,776.89 was paid into his bank account between December 2005 and November 2009 and of this Mr Blades had indicated that £256,000 was by way of counter withdrawals. Mr Blades said that this did not represent cash, a counter withdrawal could be represented by a bankers draft or a cheque.

101. The Respondent asked Mr Blades about a letter dated 14 August 2010 which was written by the partners of the Firm to him and his wife. Mr Blades said that the letter had been written before the High Court action against the Respondent and was required to be as detailed as possible in order to obtain answers to the various points raised in it. The Respondent put it to Mr Blades that at their meeting in Cardiff in July 2010 he had asked him for £67,000; he had known that his house was for sale. Mr Blades said that he had told the Respondent there was a VAT invoice for £67,000 to show how serious the Firm was about re-claiming the monies from him. The Respondent repeated that Mr Blades had demanded £67,000 from him and when he had refused he had "framed" him.

102. The Respondent referred to Mr Blades' witness statement and said that the original two cheques had come to some £5,000 not £22,000. Mr Blades said that that was what he had originally thought the Respondent had stolen but after discussions with his partners he discovered that it was more. The Respondent said that the failure to pay Mr KV had come about through Mr Blades' own misappropriation. Mr Blades had asked the Respondent for money and because he had refused he had made a bogus allegation. Mr Blades denied this and again referred to Schedule 1.

103. The Respondent said that he had found throughout the SAGE accounts money withdrawn by Mr Blades shown as expenses in the nominal ledger, these expenses were for such things as disbursements and counsels fees. He put it to Mr Blades that in fact these were his drawings and that he had concealed them from the partnership tax account. Mr Blades responded that his drawings related to a credit card and that the Respondent was now saying that he himself had recorded them as something else. Mr Blades said that he had paid tax on the correct amount of partnership profit,

including his drawings, and had not given any false information. The external accountant and auditors had checked that to be the case.

104. The Respondent asked Mr Blades why, if he was lackadaisical and lazy as alleged by Mr Blades, the Firm had kept him on and offered him a training contract. Mr Blades said that he had thought that the Respondent was a good accountant, it had only been in the later stages of his time at the Firm when his attendance had dropped.

105. In re-examination by Mr Bullock, Mr Blades confirmed that the Firm had been bound to give the Respondent a training contract under the terms of the Three Way Agreement. He was also asked whether the external accountants and auditors had ever expressed concerns about disbursements being used to hide drawings. Mr Blades responded that this had never been an issue. There had always been full disclosure to them in the preparation of the accounts.

106. In questioning by the Tribunal, Mr Blades was asked whether his partners had stopped him signing cheques at any time. Mr Blades said that this was untrue; the reason he had moved back to Cardiff was because he wanted to spend more time with his family and do legal work rather than administration.

The Evidence of the Respondent, Jude Darrel Godson

107. The Respondent said that he denied each of the allegations.

108. He said that in so far as allegation 1.1 was concerned he admitted that he had drawn cheques but said that he was instructed to do so by Mr Blades and had received no benefit.

109. In respect of allegation 1.2 he had given money as loans and the partners had kept proper records which were not reflected in Schedule 2. He had received repayment of the loans. On 29 July 2010, Mr Blades had demanded £67,000 from him and he had told him that he had no money. He had said to him that unless he paid the money he would inform the Police about his previous activity. The Respondent said he had told Mr Blades that he could not be blackmailed and that he had only drawn the false cheques on his instructions. However Mr Blades had been desperate for money and had known that the Respondent's house was for sale. The Respondent said that if he had agreed to pay the £67,000 demanded the Firm would not have taken out the proceedings against him in the High Court. Mr Blades had made a false allegation about Mr KV's £2,500 and had not informed the SRA about it.

110. The Respondent said that he had never accepted a figure of £22,000 as being monies that he owed to the Firm. In fact, Mr Blades had demanded £15,000 as the price for signing off his practising certificate and that figure had then increased to £22,000. At the time he had already paid £7,900 back to the Firm. If the Respondent had really owed the firm a further £15,000 then the partners would not have made any further repayments on the loan.

111. The Respondent said that Firm stated that he had been dismissed from his employment in December 2008, yet in his witness statement Mr Blades agreed that he had been working there after that date and there was a lot of evidence to that effect

before the Tribunal, including contacts with auditors after that time. If the Firm had dismissed him then the partners would have told the SRA about it as dishonesty was alleged and they would not have signed his AD1 form for admission as a solicitor.

112. On 23 November 2011, the Respondent had applied for disclosure in the High Court proceedings. He had wanted to see the Firm's and the partners' bank statements and was unable to trace the monies he said had been taken without those statements. If he had been able to obtain them then he would have been able to prove his case. His solicitors had eventually asked for disclosure at the same time as the summary judgment hearing. HHJ Seymour had not spoken to him and when he had asked him to speak had told him that it was too late for disclosure. He had wanted to make sure that he was being honest with the High Court and because of the lack of disclosure he been unable to prepare anything for his defence against Schedules 1 and 2.

113. The Respondent said that, as alleged in his affidavit to the High Court dated 10 December 2010, the Firm had been misleading the tax authorities since 2002. From 2002 Mr Blades had been taking money from the firm, making false accounts. Between 2002 to 2005 he must have taken out about £200,000 which was not due to him. As a result Mr SD must have told him not to write out any further cheques. Before 2005 Mr Blades had been based in London but had then moved to Cardiff.

114. The Respondent said that he was very upset and sorry about what had happened and that he should have left the Firm. He said that Mr Blades had been "all over" him and that he had "fallen into his trap"; he had made loans to the Firm which the partners had recorded properly.

115. The Respondent said that he had lost everything as a result of the High Court action and he wanted to clear his name. As an example, the cheque made payable to Thames Valley University was in respect of his fees, which the Firm had agreed to pay. However the Firm now said that this was not the agreement.

116. In relation to allegation 1.3, the Respondent said that he was not aware that Regulation 3.1 was applicable to him. At the time he had completed the forms the judgment of the High Court was under appeal.

117. In conclusion, the Respondent said that all payments had been audited. The auditors had made no allegations that he was taking money but the new accountants must have noticed the irregularities and notified the SRA.

118. In cross-examination by Mr Bullock, the Respondent was asked about his Defence in the High Court proceedings which contained a statement of truth. The Respondent agreed that it was his signature on the document. Mr Bullock asked him about a paragraph 20c) of the Defence where he had said that he admitted that on occasions he failed to record or falsified details on the cheque stubs of the date, amount and payee of cheques drawn by the Firm under the instructions of Mr Blades. Mr Bullock put it to the Respondent that this was an admission and asked him whether he would agree that a person with integrity would not falsify such details even if he had been asked to do so by someone else. The Respondent said that he had just been doing it at the time; he was not a solicitor and agreed that he should not have done it and should

have left the Firm. He agreed that it was a question of personal morality and moral rectitude.

119. Mr Bullock asked the Respondent about his statement at paragraph 20d) of the Defence document, where he said that he admitted that on occasions, he falsified and prepared fraudulent cheques purporting to be wages and salaries of employees of the Firm under the instructions of Mr Blades. Mr Bullock asked the Respondent whether he agreed that a person with integrity would not prepare and falsify fraudulent cheques. The Respondent said that he agreed.

120. Similarly, Mr Bullock asked the Respondent about the statement at paragraph 20e) of his Defence and whether he agreed that a person of integrity did not draw cheques in favour of persons who were not entitled to be paid. The Respondent said that he agreed. Mr Bullock asked the Respondent about the statement paragraph 20f) of his Defence and whether he agreed that a person of integrity did not forge signatures. The Respondent said that he accepted that and wanted to tell the truth.

121. Mr Bullock then asked the Respondent whether a person who committed the acts outlined in paragraph 20 c) to f) of his Defence would be regarded as dishonest even if the person was acting on the instructions of someone else and not benefiting personally from those actions. The Respondent said that he did not agree; he had not been dishonest as he had been asked to do it by Mr Blades. He had thought that his actions were acceptable as Mr Blades had asked him to do them. Mr Blades had put him in a difficult position and he was just doing what he was asked to do; he had been under duress. Mr Bullock asked the Respondent whether he would regard those actions as dishonest if there had been no duress. The Respondent said that he would regard them as dishonest.

122. Mr Bullock then asked the Respondent about the nature of the duress he said he was under at the time. The Respondent said that Mr Blades had threatened him and told him that if he didn't comply he would be out and Mr Blades would make sure that he didn't get a job anywhere. He said that Mr Blades had said that he would "sort me out" which to him had meant by the use of force. Mr Bullock referred to paragraph 8 of the Respondent's Defence document and the acts of duress by Mr Blades which he had alleged. In that paragraph there was no reference of Mr Blades threatening to "sort me out". The Respondent replied that at the time he had had counsel's advice who had said that these were acts of duress and that maybe he had not told everything to counsel.

123. Mr Bullock then referred to the Defence to the amended particulars of claim in the High Court on 2 June 2011 which had been signed with a statement of truth by the Respondent. In paragraph 18 there was no reference to the allegation that Mr Blades had said he would "sort me out" but there was a reference to Mr Blades saying to the Respondent not to worry and that he would "sort it out". The Respondent said that he had not made up the words "sort me out" and they had been said by Mr Blades.

124. Mr Bullock asked the Respondent what power Mr Blades had to ensure that he did not get a job. The Respondent said that he had believed at the time that he did have that power and that he was a very powerful person. He now realised that he did not have such power. He still regretted that he had not left the Firm.

125. Mr Bullock put it to the Respondent that if what he was saying was correct then Mr Blades was doing something very serious. He was allegedly trying to blackmail the Respondent into committing fraud against HMRC and/or the partners of the firm. If he had made such threats then Mr Bullock asked why the Respondent had not gone to the Police. The Respondent said that at the time he had done whatever Mr Blades had asked and had fallen into his trap. He would not have gone to the Police unless there had been real physical violence.

126. Mr Bullock further put it to the Respondent that there were other people he could have approached such as Mr SD, who the Respondent had already alleged was scrutinising what Mr Blades was doing. The Respondent said that he would not have done this as Mr SD was in a different department.

127. Mr Bullock asked the Respondent why he did not go to the SRA or HMRC. He replied that it had not come to his mind to do that and he should have left the Firm. Mr Bullock suggested to the Respondent that one explanation that he did not approach any of these independent bodies was that any threats did not particularly worry him. The Respondent said that he just fell in with what he was being asked to do. Mr Blades was always with him and he had fallen in to his trap. He insisted that he had been put under duress by Mr Blades.

128. Mr Bullock pointed out to the Respondent that the statements of alleged duress were said in the Defence and Counterclaim of 2 June 2011 to have occurred between 2006 and 2008. However, as could be seen from Schedule 1 the defalcations had commenced in August 2004. Mr Bullock asked the Respondent how the earlier payments could have come about as there were no threats alleged at that time. The Respondent said that the earlier payments were not misappropriations at all.

129. Mr Bullock asked the Respondent what mistakes there were on Schedule 1 and the Respondent agreed that there were none, although he was unsure that Schedule 1 was an accurate record of where the monies had gone. He said that he had not gone through all the entries in Schedule 2 and could not say whether some of them were right or wrong, most of the large sums were loans but some represented payments to the Firm. Mr Bullock put it to the Respondent that this was speculation if the Respondent could not take the Tribunal to specific errors then to say some items were not loans was speculation. The Respondent said that he could not challenge everything, Mr Blades could have changed the ledger system.

130. Mr Bullock also put it to the Respondent that Schedule 1 showed that the payments had not gone to Mr Blades, they had gone to him and his associates. The Respondent said that some payments were his wages. It was true that some of the payments had gone to him and his associates but he would go to the bank and get cash and give it back to Mr Blades. Mr Bullock said that the problem with that explanation was, for instance, payments made to credit cards. If a payment was made into a credit card in the name of Mr MG then the Respondent would be unable to give the money back to Mr Blades. The Respondent said that these were all legitimate payments and in the case of Mr MG highlighted by Mr Bullock, Mr MG would have made loans to the Firm. Mr Bullock asked about a payment used to purchase property in the name of Mr MG; the Respondent said that this was not fraudulent. Mr Bullock put it to the Respondent that the idea that Mr Blades was a beneficiary of this activity was a

fiction invented for the High Court, as was the idea that Mr Blades had instructed him in it. The Respondent denied that assertion. He said that Mr Blades had never thought that the matter would end up in the High Court and that his threats to do so had been made in order to extort money from him. He had no evidence of that because he could not get the bank account statements.

131. Mr Bullock pointed out to the Respondent that he had no evidence in a few areas. At paragraph 9 of his affidavit dated 20 December 2010 in the High Court proceedings the Respondent had said that "Mr [SD] must have told Elvin Blades not to write cheques…", which was pure speculation. Mr Bullock asked where the evidence was for this statement. The Respondent said that he had no evidence and his affidavit had been prepared after he left the firm; he had needed the disclosure to prove these matters. Mr Bullock also quoted from paragraph 16 of the Respondent's affidavit "the accountants and auditors must have noticed the irregularities" and asked where the evidence was for that statement. The Respondent said that he had been there at the Firm and knew what had happened. It was put to the Respondent that the whole story about Mr Blades was a pack of lies. The Respondent again denied that this was the case.

132. Mr Bullock asked the Respondent about allegation 1.3 and why he had put "no" to the question asking whether Regulation 3.1 applied to him on his applications for a practising certificate in 2012/3 and 2013/14. There had been a judgment against him made on 2 May 2012 meaning that he was subject to a money order. The Respondent said that was true but he had appealed. He was not aware that he should have answered in the affirmative and accepted now that he should have done so if the appeal did not count. It was a genuine mistake.

133. In questioning by the Tribunal the Respondent said that the reason that he had had to include some speculation in his affidavit was because he was waiting for disclosure.

134. The Respondent said that he had worked mostly as an accountant and had received no proper training or supervision as a solicitor. He said that he had completed stage 2 of the Solicitors Accounts examination.

135. The Respondent said that the reason why there were payments made to his wife was that when Mr Blades asked him for money he had not always wanted to use his own bank accounts. He had spread the payments around other persons so that they could not be easily identified by Mr SD and the other partners. He had decided to use various friends and his wife for the endeavour, his wife had just trusted him and she just signed cheques when he presented them to her. She was upset that they had had to go to the High Court but did not know of any dishonesty allegation.

136. The Respondent was asked why he had done nothing about the situation at a time when he had wanted to be a solicitor. He said that at the time Mr Blades had been telling him to do these actions and he had not realised that they were wrong. It was put to him that it was extraordinary that he was working as an accountant and covering his tracks and yet he had not realised that what he was doing was wrong. He was asked whether he understood the words "integrity" and "good repute" and why it was important for a solicitor to have the trust and confidence of the public and the

profession. The Respondent said he understood all of those things; what he had done was not right but he had been instructed to do it and had not taken client's money.

137. The Respondent was asked whether he had looked at Regulation 3.1 before he had signed the SRA forms. He said that he had checked it and had put "no" but he was not really sure and thought it was acceptable since the money judgment was under appeal.

Findings of Fact and Law

138. The burden was on the Applicant to prove each of the disputed allegations beyond reasonable doubt.

139. The Tribunal had due regard to 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.

140. **The allegations against the Respondent, Jude Darrel Godson, were that he:-**

Allegation 1.1 - Caused cheques to be drawn upon the account of his employer in favour of himself and other persons who were not entitled to be paid and thereby:-

1.1.1 Up to 30 June 2007 breached:-

1.1.1.1 Practice Rule 1 (a) Solicitors Practice Rules 1990; and
1.1.1.2 Practice Rule 1 (d) Solicitors Practice Rules 1990

1.1.2 From l July 2007 onwards breached:-

1.1.2.1 Rule 1.02 Solicitors Code of Conduct 2007; and
1.1.2.2 Rule 1.06 Solicitors Code of Conduct 2007

140.1 The Respondent denied this allegation.

140.2 The Tribunal had considered all of the documentation before it most carefully and had paid close attention to the evidence of Mr Blades and the Respondent. Whilst the Respondent had been evasive and much of his evidence had stretched the bounds of sense, the Tribunal had found Mr Blades to be a credible witness.

140.3 The Tribunal had noted the history of the matter and how Mr Blades had come to monitor the bank accounts, had discovered the first two duplicated cheques and had gone on to investigate more thoroughly, eventually preparing Schedule 1.

140.4 The Tribunal had found Mr Blades account of what had happened after his discovery of the first two duplicate cheques to be convincing. The Respondent had telephoned him in a distraught state and admitted what he had done. Mr Blades had told him not to worry and that he would "sort it out". The Tribunal observed that the Respondent had later changed these words to "sort me out" to suit his explanation that he had been under duress.

140.5 The Tribunal had been taken through some of the contents of Schedule 1 by Mr Bullock. In the High Court proceedings HHJ Seymour had concluded that it was accurate and the Tribunal gave considerable weight to this finding by the Judge as well as carefully considering the evidence before it. The Tribunal had seen how the beneficiaries had been the Respondent, his alias Mr VA, his wife and Mr MG and could find no evidence whatsoever for the Respondent's assertion that the monies had eventually been channelled through to Mr Blades or the other partners of the Firm. Indeed, Mr Blades had been put through enormous stress by the High Court proceedings, which would have been very costly for the Firm and throughout the detailed examination of the Firm's accounts in those proceedings nothing at all had been found which pointed to the involvement of Mr Blades or any of the other partners in the fraud.

140.6 The Tribunal noted that the Respondent said that disclosure by Mr Blades and the Firm would have assisted him in undermining the contents of Schedule 1. However, the Respondent had not been able to point to any specific error in Schedule 1 and in the Tribunal's determination such disclosure would not have assisted him. The Respondent had freely admitted that he had on occasions falsified the accounts, prepared fraudulent cheques, drawn cheques in favour of himself, his wife or other persons who were not entitled to be paid and forged the signatures of one or more partners on cheques of the firm. He said that he had done this under duress by Mr Blades. The Tribunal did not believe him. There was no compelling evidence that Mr Blades had put him under any duress at the relevant times. Even if he had been under duress, he only alleged it from 2006 to 2008 and that did not cover the period from 2004 when the defalcations had begun. In the Tribunal's determination the threats that were cited by the Respondent would not in any event amount to a defence in law, since they were not such as to vitiate the consent of the Respondent. He could have gone to the Police for help or approached the SRA but chose to do nothing.

140.7 The Respondent had behaved in a way that was clearly lacking in integrity and seriously undermined the trust the public placed in him and in the legal profession. The Tribunal found allegation 1.1 to have been proved beyond reasonable doubt on the facts and documents before it.

141. **Allegation1.2. - Obtained payments from his employer by misrepresentation and thereby further:-**

1.2.1 Up to 30 June 2007 further breached:-

1.2.1.1 Practice Rule 1 (a) Solicitors Practice Rules 1990; and
1.2.1.2 Practice Rule 1 (d) Solicitors Practice Rules 1990

1.2.2 From 1 July 2007 onwards further breached:-

1.2.2.1. Rule 1.02 Solicitors Code of Conduct 2007

1.2.2.2. Rule 1.06 Solicitors Code of Conduct 2007

141.1 The Respondent denied this allegation.

141.2 The Tribunal had considered very carefully all of the evidence relating to this allegation, including the contents of Schedule 2 which HHJ Seymour had accepted as correct. The Tribunal gave considerable weight to this finding by the Judge.

141.3 The Tribunal had heard from Mr Blades how the Respondent had started out by making genuine loans to the Firm but had, by a gradual process of making loans mixing his money with the Firm's own money, ended up making the Firm loans which consisted entirely of the Firm's own money. The Respondent had said that the loans were all from his own money and, where they were not, then they were misappropriations by the partners.

141.4 The Tribunal noted that the Respondent had not sought to seriously challenge the contents of Schedule 2 either during the High Court proceedings or in these proceedings. The Tribunal went carefully through Schedule 2 and some of the underlying transactions and determined that even had the Respondent obtained disclosure in the High Court proceedings Schedule 2 showed that the factual evidence was irrefutable.

141.5 This method of defrauding the Firm went on from January 2007 until the Respondent was discovered. It was both sophisticated and systematic and showed that the Respondent was clearly lacking in integrity. His behaviour had seriously undermined the trust the public placed in him and in the legal profession. The Tribunal found allegation 1.2 proved beyond reasonable doubt on the facts and documents before it.

142. **Allegation 1.3. Provided information to the SRA in connection with an application for a practising certificate which was untrue and thereby:-**

1.3.1. Breached Principle 7 SRA Principles 2011

1.3.2. Failed to attain outcome O (10.2) prescribed by the SRA Code of Conduct 2011

1.3.3. Failed to attain outcome O (10.6) prescribed by the SRA Code of Conduct 2011.

142.1 The Respondent denied this allegation.

142.2 The Tribunal noted that the Respondent denied the allegation on the basis that he had made an honest mistake. However, in his evidence the Respondent had also said that he had been mindful of the High Court proceedings when he was completing the forms.

142.3 The Tribunal looked at the wording of Regulation 3.1(n) of the SRA Practising Regulations 2011 and noted that the date of the High Court judgment was 2 May 2012. A solicitor had a positive duty to be open and honest with his Regulator; if the Respondent had been at all unsure of what the Regulation said or meant then he could easily have checked it or telephoned the SRA to ask for guidance. Instead he had simply answered "no".

142.4 In giving such misleading answers the Respondent had clearly breached Principle 7 of the SRA Principles 2011 and Outcomes 10.2 and 10.6 of the SRA Code of Conduct 2011. The Tribunal found this allegation to have been proved beyond reasonable doubt on the facts and documents before it.

143. **Allegation 2. Allegations 1.1 and 1.2 were made on the basis that the Respondent acted dishonestly, but it was open to the Tribunal to find those allegations proven without finding dishonesty.**

143.1 The Respondent denied that he had been dishonest.

143.2 The Tribunal applied the dual test in Twinsectra Limited v Yardley and others. The facts spoke for themselves in this case; by the standards of honest and reasonable people the Respondent's actions had been dishonest. Due to the scale of the defalcations from his employer and the lengthy timescales over which they had occurred an irresistible inference arose that the Respondent knew that his actions were dishonest by those same standards.

Previous Disciplinary Matters

144. None.

Mitigation

145. In mitigation the Respondent repeated his previous assertions that he had been doing as he was told and had just been an employee. He said that he should have left the Firm and seriously regretted that he had not done so. He said that he had worked so hard to become a solicitor and asked the Tribunal to give him a chance. He said that he had nothing left.

146. The Respondent went on to make various allegations about his lack of training at the Firm. However, Mr Bullock reminded the Tribunal that such allegations were novel and that there had been no opportunity to cross-examine the Respondent upon them or to hear from Mr Blades on the subject.

Sanction

147. The Tribunal referred to its Guidance Note on Sanctions when considering the appropriate and proportionate sanction.

148. The Tribunal determined that the motivation for the Respondent's conduct was financial. The Respondent was an experienced accountant who had misappropriated a significant amount of money from the Firm over a period of years. His actions had clearly been planned and he had employed a sophisticated method of concealment, with an increasing number of methods of falsification, aided by his knowledge of the workings of the SAGE system. He had used three beneficiaries, himself (and his alias Mr VA), his wife and Mr MG in order to confuse and make the payments more difficult to trace. He had only been caught because he had used duplicated wages cheques at a time when the managing partner had commenced formal monitoring of

the Firm's overdraft limit. He had thoroughly abused the trust that the partners of the Firm had placed in him.

149. As well as the significant financial loss suffered by the Firm, very grave damage had been done to the reputation of the profession. The Respondent had departed totally from the complete integrity, probity and trustworthiness expected of a solicitor.

150. The Tribunal had found a number of major aggravating factors in the case and the Respondent had shown no remorse or insight throughout the proceedings. There was nothing to mitigate the Respondent's actions in any way.

151. The Respondent had said that everything that had happened was due to the misconduct of partners of the Firm and in particular Mr Blades. Even if his employer had told the Respondent to do what he had done, which the Tribunal did not accept, the Respondent had a personal responsibility to uphold proper standards and no decent solicitor would have permitted himself to be used in that manner.

152. The Tribunal had considered each of the sanctions available to it and in this case, where gross dishonesty had been proved, the only appropriate and proportionate sanction was that of strike off. No lesser sanction would protect the public and the good reputation of the profession. The Tribunal had considered whether the Respondent fell within the "small residual category" of solicitors where striking off was not the appropriate sanction, despite a finding of dishonesty (SRA v Sharma [2010] EWHC 2022 (Admin)). It had concluded that he did not. The Respondent was not a fit and proper person to call himself a solicitor.

Costs

153. Mr Bullock asked for the Applicant's costs in the sum of £26, 932.18. He told the Tribunal that these were somewhat higher than was usual but there had been a substantial volume of material in a case that had taken some four days of the Tribunal's time.

154. Mr Bullock asked the Tribunal to take into account the manner of the defence. He said that in cross-examination the Respondent had conceded some assertions of fact and had put forward matters of pure speculation. Mr Bullock also asked the Tribunal to take into account that this was a case where the SRA had mounted the application in-house and so costs had been restricted.

155. Mr Bullock told the Tribunal that the Respondent had been reminded of the provisions in SRA v Davis & McGlinchey [2011] EWHC 232 (Admin) in the Standard Directions issued by the Tribunal, at the case management hearing on 10 October 2014, when the Respondent had been present, and a copy of the case had been enclosed with a letter to the Respondent from the SRA dated 5 February 2015.

156. The Respondent said that he was in receipt of benefit and had no funds. He had emailed the Tribunal to that effect and could prove that he was receiving benefits.

The Tribunal's Decision in Relation to Costs

157. The Tribunal summarily assessed costs in the sum of £26,932.18. It noted that the costs would have been considerably higher had the Applicant instructed outside counsel.

158. The Tribunal found that the Respondent had known about the provisions in SRA v Davis and McGlinchey and what he had to provide to the Tribunal in relation to his financial circumstances. He had failed to provide any evidence whatsoever. The Tribunal would accordingly make an immediate Order for costs of £26,932.18.

Statement of Full Order

159. The Tribunal Ordered that the Respondent, Jude Darrel Godson, 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 £26, 932.18.

Dated this 17th day of April 2015
On behalf of the Tribunal

J. Devonish
Chairman