

# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No. 12548-2024

## BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD. Applicant

and

AYUB BHAILOK Respondent

ROBERT MICHAEL FIELDING Respondent

BHAILOK FIELDING LLP Respondent

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Before:

Mrs L Boyce (in the Chair)

Mrs F Kyriacou

Ms L Fox

Date of Hearing: 30 and 31 July 2024

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## Appearances

Mr Benjamin Tankel, barrister of 39 Essex Chambers of 81 Chancery Lane, London, England, WC2A 1DD, instructed by Capsticks Solicitors LLP of 1 St George's Road, Wimbledon, London SW19 4DR, for the Applicant.

The Second Respondent, Mr Robert Fielding represented himself and the other Respondents.

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## JUDGMENT ON AN AGREED OUTCOME

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## Allegations

1. The allegations made against Mr Ayub Bhailok and Mr Robert Fielding (the “Partners”) are:

1.1. The Partners allowed the Firm’s client account to be used as a banking facility for clients by virtue of receiving payments, distributing payments, and authorising inter-ledger transfers, for matters other than in respect of an underlying legal transaction or a service forming part of the normal regulated activities of solicitors, in respect of one or more of the following client matter(s):

1.1.1 Between 24 May 2017 and 27 October 2020, Greyfriars Assets Ltd (“Greyfriars”) – Matter 12968

1.1.2 Between 24 May 2017 and 31 January 2022, Blackbrook Hall Ltd – Matter 12967

1.1.3 Between 22 June 2017 and 18 July 2019, Company A – Matter 12849

1.1.4 Between 20 September 2019 and 6 August 2020, Touch Solar NW Ltd – Matter 13135

To the extent the conduct took place between 6 October 2011 and 24 November 2019, the Partners breached:

- (i) Principle 8 of the SRA Principles 2011;
- (ii) Rule 14.5 of the SRA Accounts Rules 2011.

To the extent the conduct took place after 25 November 2019, the Partners breached:

- (iii) Rule 3.3 of the SRA Accounts Rules;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms.

1.2. The Partners failed to return client monies to the respective clients promptly as soon as there was no longer any proper reason to retain those funds, in respect of one or more of the following client matters:

1.2.1. Between 2 August 2019 and 24 July 2020, Touch Solar NW Ltd – Matter 13135

1.2.2. Between 27 September 2020 and 31 December 2020, Haversham Properties Ltd – Matter 13237

To the extent the conduct took place before 24 November 2019, the Partners breached:

- (i) Principle 8 of the SRA Principles 2011;
- (ii) Rule 14.3 of the SRA Accounts Rules 2011.

To the extent the conduct took place after 25 November 2019, the Partners breached:

- (iii) Rule 2.5 of the SRA Accounts Rules;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms.

1.3. The Partners failed to ensure that the firm had in place a firm-wide anti-money laundering risk assessment between 26 June 2017 and 27 July 2022 contrary to Regulation 18(1) and 18(4) of the Money Laundering, Terrorist Financing and Transfer of Funds (information on the Payer) Regulations 2017 ('the Money Laundering Regulations 2017').

To the extent the conduct took place prior to 24 November 2019, the Partners:

- (i) breached any or all of Principles 7 and 8 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners breached:

- (iii) Rule 7.1 of the SRA Code of Conduct for Solicitors;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms.

1.4. The Partners failed to have in place, as at the date of the SRA Forensic Investigation, established policies, controls and procedures ("PCPs") to mitigate and manage effectively the risks of money laundering and terrorist financing and regularly review and update the PCPs when such PCPs were required to have been in place since 26 June 2017, thereby breaching Regulation 19(1) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "2017 Regulations"), and where the conduct occurred prior to 26 June 2017, Regulation 20 of the Money Laundering Regulations 2007.

To the extent the conduct took place prior to 24 November 2019, the Partners:

- (i) breached any or all of Principles 7 and 8 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place after 25 November 2019, the Partners breached:

- (iii) Paragraph 7.1 of the SRA Code of Conduct for Solicitors;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms.

1.5. The Partners failed to have in place, or utilise, client and matter risk assessments for the client files reviewed during the SRA Forensic Investigation, thereby breaching Regulations 28(12) and 28(13) of the 2017 Regulations.

To the extent the conduct took place before 24 November 2019, the Partners have:

- (i) breached any or all of Principles 7 and 8 of the SRA Principles 2011;

- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners have breached:

- (iii) Paragraph 7.1 of the SRA Code of Conduct for Solicitors;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms

- 1.6. The Partners failed to have in place as at the date of the SRA Forensic Investigation appropriate measures to ensure its personnel were aware of the law relating to money laundering and terrorist financing and failed to maintain a written record of the training provided to them.

To the extent the conduct took place prior to 24 November 2019, the Partners:

- (i) breached any or all Principles 7 and 8 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners have breached:

- (iii) Paragraph 7.1 of the SRA Code of Conduct for Solicitors;
- (iv) Paragraph 8.1 of the SRA Code of Conduct for Firms.

2. The allegations made against Bhailok Fielding LLP (the “Firm”) are:

- 2.1. The Firm did not have in place any or any adequate systems or controls to prevent its client account being used as a banking facility for clients for matters other than in respect of an underlying legal transaction or a service forming part of the normal regulated activities of solicitors.

To the extent the conduct took place prior to 24 November 2019, the Firm breached:

- (i) Principle 7 of the SRA Principles 2011
- (ii) Rule 14.5 of the SRA Accounts Rules 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Paragraph 2.1(a) of the SRA Code of Conduct for Firms;
- (iv) Rule 3.3 of the SRA Accounts Rules.

- 2.2. The Firm did not have in place any, or any adequate, systems or controls for ensuring the prompt return of client monies as soon as there was no longer any proper reason to retain those funds.

To the extent the conduct took place before 24 November 2019, the Firm breached:

- (i) Principle 7 of the SRA Principles 2011;
- (ii) Rule 14.3 of the SRA Accounts Rules 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Paragraph 2.1(a) of the SRA Code of Conduct for Firms;
- (iv) Rule 2.5 of the SRA Accounts Rules.

- 2.3. The Firm did not have in place a firm-wide anti-money laundering risk assessment between 26 June 2017 and 27 July 2022, contrary to Regulation 18(1) and 18(4) of the 2017 Regulations.

To the extent the conduct took place prior to 24 November 2019, the Firm:

- (i) breached Principle 7 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms

- 2.4. The Firm failed to have in place, as at the date of the SRA Forensic Investigation, established policies, controls and procedures (“PCPs”) to mitigate and manage effectively the risks of money laundering and terrorist financing and regularly review and update the PCPs when such PCPs were required to have been in place since 26 June 2017, thereby breaching Regulation 19(1) of the 2017 Regulations, and where the conduct occurred prior to 26 June 2017, Regulation 20 of the Money Laundering Regulations 2007.

To the extent the conduct took place prior to 24 November 2019, the Firm:

- (i) breached Principle 7 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

- 2.5. The Firm did not have in place, or utilise, client and matter risk assessments for the client files reviewed during the SRA Forensic Investigation, contrary to Regulations 28(12) and 28(13) of the 2017 Regulations.

To the extent the conduct took place before 24 November 2019, the Firm:

- (iv) breached Principle 7 of the SRA Principles 2011;
- (v) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (vi) any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

- 2.6. The Firm failed to have in place as at the date of the SRA Forensic Investigation appropriate measures to ensure its personnel were aware of the law relating to money laundering and terrorist financing and failed to maintain a written record of the training provided to them.

To the extent the conduct took place prior to 24 November 2019, the Firm:

- (i) breached Principle 7 of the SRA Principles 2011;
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

3. The Respondents have admitted all the above allegations. The Applicant originally also made other allegations, including breaches of Principle 6 of the SRA Principles 2011 and Principle 2 of the SRA Principles 2019, which the Respondents denied. These other allegations are detailed in the Statement of Agreed Facts and Outcome annexed to this Judgment. Pursuant to Regulation 24 of the Solicitors (Disciplinary Proceedings) Rules 2019, the Applicant subsequently applied to withdraw all the allegations that the Respondents denied.

## **Documents**

4. The Tribunal had before it the following documents:
- The Applicant's Rule 12 Statement and Exhibit Bundle dated 19 January 2024
  - The Respondents' Answer dated 22 February 2024, a table of admissions and denials as well as supporting documents
  - Applicant's Schedule of Costs dated 19 January 2024 and Final Schedule of Costs dated 22 July 2024
  - Application for an Agreed Outcome, dated 29 July 2024
  - Respondents' application for a Special Measures Direction dated 29 July 2024 together with a witness statement of Robert Michael Fielding dated 29 July 2024
  - Application for an Agreed Outcome and to waive certain rules dated 9 July 2024

- Statement of Agreed Facts and Outcome between the Parties dated 29 July 2024 and Updated Statement of Agreed Facts and Outcome between the Parties dated 31 July 2024

## **Background**

### The Firm

5. Mr Bhailok and Mr Fielding are partners in the Firm. Mr Bhailok receives an 80% share of the profits; Mr Fielding, 20%. The Firm has no qualified employees, but Mr Fielding's wife undertook the Firm's bookkeeping.
6. Mr Bhailok, who was born in April 1967, qualified in 1993. Mr Fielding, who was born on 12 February 1964, qualified in 1998. Mr Bhailok was and is MLCO and MLRO from 21 January 2018. Mr Fielding has been COLP and COFA since those roles were created. He was also MLRO from 29 October 2009 until 21 January 2018.
7. In addition to his role as a solicitor, Mr Bhailok is also a businessman. His main business is the buying and selling of properties. He placed each of his properties into the ownership of individual companies, of which Mr Bhailok was director and a (or sometimes the) beneficial owner. Mr Bhailok is in business with his brothers. His brothers operated a similar structure for their properties.
8. Until 2016, the Firm operated as a normal firm providing services to the public in a range of specialisms. In 2016, Mr Bhailok suffered from a heart attack. Since then, the Firm has in general provided services solely to the property companies owned by Mr Bhailok and his close family ("the SPV clients"). The Firm did not bill any of its SPV clients for any work undertaken. Instead, when the office account required funds, Mr Bhailok would arrange for one or more of the SPV clients to transfer funds in. Although the vast majority of the Firm's work relates to Mr Bhailok's own business interests, the partners nevertheless chose to practice by way of an authorised body. In so doing, the Firm they established attracted all the rules of the SRA Code of Conduct for Firms.
9. In addition to the work related to Mr Bhailok's business interests, the Firm conducted pro bono work for some charities. The Firm's only other client was a distant relative and family friend based in India ("Client A"). The Respondent holds a current practicing certificate free from conditions, however, he is not currently employed by an SRA regulated entity.

### Summary of the Allegations

10. The allegations against the Respondents fell into three main categories, each arising from the fact that the Firm existed largely to serve Mr Bhailok's business interests.
11. First, large amounts of funds generated by the SPVs were held on client account. The Firm routinely transferred these sums between the individual ledgers of different SPVs. The sample matters considered by the FIO identified over £17 million of such transactions. These transfers were to meet the commercial needs of the clients. They were not underpinned by the provision of regulated services. Even if some regulated services were provided, these were not sufficient to justify the passage of funds through

client account. Funds should instead have been transferred directly between clients themselves.

12. Second, funds were retained on client account well beyond the time when they ought to have been repaid to client. They were retained in client account as a running “float” for ongoing investment, rather than because of any continuing need for legal work in relation to the transaction(s) from which the funds arose. The sample matters considered by the FIO identified one instance of £5 million left on client account for 267 days; and another of £4 million left on client account for 95 days.
13. Third, as set out in more detail below, the 2017 Regulations applied to the Respondents and to the work they carried out. The close relationship between the Firm and its clients did not exempt it from the requirements of those Regulations. Nevertheless, and in reliance upon this close relationship, the Firm failed to comply with the 2017 Regulations.
14. The allegations were brought against both the Partners and the Firm. This was to reflect on the one hand the individual culpability of the Partners, and on the other the fact that these were systemic issues going beyond just the individual responsibility of either Partner or specific client matters.
15. The details of the SRA’s investigation and other relevant facts are set out in the Statement of Agreed Facts and Outcome annexed to this Judgment.

### **Preliminary Matters**

16. On 29 July 2024, a day before the Substantive Hearing, the Respondents applied for a Special Measures Direction requesting that the Hearing be conducted in private and that the Judgment or the Statement of Agreed Outcome be anonymised.
17. In support of their application, the Second Respondent, Robert Fielding provided a witness statement, where he explained that the hearing should be held in private and the subsequent judgment should be anonymised due to the harm likely to be occasioned to the First Respondent, Ayub Bhailok. Mr Fielding further explained that the harm was likely to be caused to Mr Bhailok due to his medical condition and attached a copy of a medical report in support.
18. The Applicant opposed the Respondents’ application. The Applicant argued among other things that the nature of the allegations in these proceedings are not such that could be considered to cause stress and that the medical evidence did not explain why the hearing should be held in private and why the judgment could not be published. The Applicant further asserted that the high threshold of exceptional hardship or exceptional prejudice was not met in the present circumstances and thus the common law principle of open justice could not be departed from in the present case.
19. Whilst the Tribunal was sympathetic to Mr Bhailok’s situation, the Tribunal was not satisfied that the Respondents had provided sufficient evidence to show that the possible consequences of an open hearing and publication of the Judgment to Mr Bhailok were such that constituted exceptional hardship or exceptional prejudice in accordance with Rule 35(2) of the Solicitors (Disciplinary Proceedings) Rules 2019 that would have

justified the Tribunal departing from the fundamental principle of open justice. Accordingly, the Tribunal concluded that there were no grounds to conduct the hearing in private or anonymise the subsequent judgment and that the hearing was thus to take place in public and the judgment would be published in the usual manner.

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

20. The Applicant and the Respondents invited the Tribunal to deal with the Allegations against the Respondent in accordance with the Statement of Agreed Facts and Outcome annexed to this Judgment. The parties submitted that the outcome proposed was consistent with the Tribunal's Guidance Note on Sanctions.
21. Given that the Parties' joint application for approval of an Agreed Outcome was made merely a day prior to the substantive hearing, the Parties' application was made out of time within the meaning of Rule 25(1) of the Solicitors (Disciplinary Proceedings) Rules 2019. There was no other panel available at such a short notice and, therefore, the substantive hearing panel considered the Parties' application.
22. The Tribunal reminded the Parties that the requirement in Rule 25(1) of the Solicitors (Disciplinary Proceedings) Rules 2019 that the Parties' Agreed Outcome Proposal must be submitted 28 days before the substantive hearing had been set out for good reasons. The Tribunal considered that it was wholly unacceptable that the Parties had failed to comply with the deadline and that four hearing dates at the Solicitors Disciplinary Tribunal that could have been allocated to other matters had consequently been lost.
23. The Tribunal nevertheless decided to consider the Parties' proposal for an Agreed Outcome as the Tribunal considered that the Respondents should not be prejudiced in situation where the Applicant appeared to have been responsible for the delay.
24. However, the Tribunal did not approve the first version of the Statement of Agreed Facts and Outcome, dated 29 July 2024, because it became apparent in the substantive hearing that the Statement of Agreed Facts and Outcome contained some errors. The Parties agreed that those errors should be corrected and therefore the Parties produced a revised Statement of Agreed Facts and Outcome after the first day of the Hearing on 31 July 2024.

### **Findings of Fact and Law**

25. The Applicant was required to prove the allegations on the balance of probabilities. The Tribunal had due regard to its statutory duty, under section 6 of the Human Rights Act 1998, to act in a manner which was compatible with the Respondent's rights to a fair trial and to respect for their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.
26. The Tribunal reviewed all the material before it and was satisfied on the balance of probabilities that the Respondents' admissions were properly made.
27. The Tribunal considered the Guidance Note on Sanction (10th Edition/ June 2022). The Tribunal's overriding objective, when considering sanction, was the need to maintain public confidence in the integrity of the profession. In determining sanction, the

Tribunal's role was to assess the seriousness of the proven misconduct and to impose a sanction that was fair and proportionate in all the circumstances. In determining the seriousness of the misconduct, the Tribunal was to consider the Respondent's culpability and harm identified together with the aggravating and mitigating factors that existed.

28. The Tribunal found that the Respondents' misconduct was very serious and that breaches of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "2017 Regulations"), and the Money Laundering Regulations 2007 were especially concerning.
29. The Tribunal considered the Respondents' culpability to be high because they were experienced solicitors, they had been in full control of their actions, the misconduct had been systematic, and it had been repeated in a significant number of transactions for many years and had involved large sums of money. The Tribunal further agreed with the Parties' statement in the Statement of Agreed Facts and Outcome that the Respondents had used their privileges as solicitors to promote Mr Bhailok's self-interest.
30. The Tribunal found that the use of the client account as a banking facility had been inconsistent with the division in the statutory regulatory regimes governing financial services on the one hand and legal services on the other. The Tribunal nevertheless accepted that the circumstances of the Respondents' misconduct were unusual in that the Firm's clients were the First Respondent, his family, and their associated companies, save for a small number of minor transactions conducted on a *pro bono* basis.
31. Thus, the use of the client account as a banking facility had not in the circumstances of the case been capable of facilitating money laundering, nor could it have lent a veneer of respectability to otherwise illegitimate schemes.
32. In addition, the Respondents' misconduct had involved breaches of the compliance standards rather than breaches of fundamental tenets of the profession. The Tribunal accepted that these factors constituted mitigated the seriousness of the Respondents' misconduct.
33. The Tribunal accepted that there had been no loss of any client funds and no risk of money laundering. However, the Tribunal considered that the Respondents' misconduct had caused damage to the reputation of the legal profession because the Respondents had used a solicitors' firm in an inappropriate manner and had breached their regulatory rules in several respects.
34. The Tribunal was satisfied that the Level 3 fine amounting to £12,000 in total, for the payment of which the Respondents are jointly and severally liable, was adequate and proportionate sanction for the Respondents' misconduct and was in the public interest.
35. The Tribunal agreed with the Applicant that the Respondents' misconduct was very serious and Level 4 fine would have been appropriate had there not been the above-described mitigating circumstances and had there been a risk further harm being caused by the Respondents' misconduct.

36. The Tribunal agreed with the Parties that this is not a case which requires the First and Second Respondents temporary or permanent removal from the Roll of Solicitors.
37. The Tribunal further noted that the Parties had in the Statement of Agreed Facts and Outcome further agreed that First and Second Respondents' Practising Certificates should be subject to a condition requiring them to attend a training course on each of Anti-Money Laundering and the Accounts Rules within no more than three months of the date of the Tribunal's Order filed with the Law Society.
38. Accordingly, the Tribunal concluded that the sanction proposed by the SRA and the Respondent appropriately reflected the seriousness of the misconduct and that required in the public interest. The Tribunal therefore GRANTED the application for an Agreed Outcome.

### **Costs**

39. The Applicant's schedule of costs, dated 22 July 2024, amounted to £49,810.71, which equated to a notional hourly rate of £142 plus VAT. However, the cost schedule had been prepared before the Parties had reached an agreement on the Agreed Outcome Proposal and it did not take into account that the length of the hearing was reduced from 4 full days to 2 days.
40. The Tribunal noted that the Respondents had not submitted their respective statements of means.
41. The Tribunal considered that in the circumstances, where the Respondents had promptly admitted a significant number of the allegations and the Parties could have been expected to be able to agree on the Proposal for the Agreed Outcome soon after the Respondents had submitted their Answer to the Rule 12 Statement on 22 February 2024, a significant portion of the Applicant's costs could have been avoided.
42. The Tribunal determined that costs amounting to £22 000 in total would be reasonable and proportionate in the circumstances. Therefore, the Tribunal ordered the Respondents, Mr Bhailok, Mr Fielding and Bhailok Fielding LLP, jointly and severally pay the costs of and incidental to the Applicant's application and enquiry fixed in the sum of £22 000, inclusive of the VAT.

### **Statements of Full Order**

43. The Tribunal Ordered that the Respondent, AYUB BHAILOK solicitor, do pay a fine of £12,000.00, to be paid on a joint and several basis with the Second and Third Respondents such penalty to be forfeit to His Majesty the King, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £22,000.00, such costs to be paid on a joint and several basis with the Second and Third Respondents.
44. The Tribunal Ordered that the Respondent, ROBERT MICHAEL FIELDING, solicitor, do pay a fine of £12,000.00, to be paid on a joint and several basis with the First and Third Respondents, such penalty to be forfeit to His Majesty the King, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed

in the sum of £22,000, such costs to be paid on a joint and several basis with the First and Third Respondents.

45. The Tribunal Ordered that the Respondent, BHAILOK FIELDING SOLICITORS, Recognised Body, do pay a fine of £12,000.00, to be paid on a joint and several basis with the First and Second Respondents, such penalty to be forfeit to His Majesty the King, and it further Ordered that they do pay the costs of and incidental to this application and enquiry fixed in the sum of £22,000, such costs to be paid on a joint and several basis with the First and Second Respondents.

Dated this 1<sup>st</sup> day of October 2024

On behalf of the Tribunal

*L Boyce*

L Boyce  
Chair

**JUDGMENT FILED WITH THE LAW SOCIETY**  
**01 OCT 2024**

**IN THE MATTER OF THE SOLICITORS ACT 1974  
IN THE SOLICITORS DISCIPLINARY TRIBUNAL  
BETWEEN**

**SOLICITORS REGULATION AUTHORITY LIMITED**

**Applicant**

**- and -**

**(1) AYUB BHAILOK  
(2) ROBERT FIELDING  
(3) BHAILOK FIELDING SOLICITORS**

**Respondents**

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**STATEMENT OF FACTS AND AGREED OUTCOME**

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**Introduction**

1. By a statement made on behalf of the Solicitors Regulation Authority ("the SRA") pursuant to Rule 12 of the Solicitors (Disciplinary Proceedings) Rules 2019 dated 18 January 2024, the SRA brought proceedings before the Tribunal making allegations of professional misconduct against the Respondent. The Tribunal made standard directions on 23 January 2024. There is a substantive hearing listed for four days in the period 30 July 2024 to 2 August 2024.
2. The Respondents are prepared to make admissions to the Allegations in the Rule 12 Statement, as set out in this document. The SRA is satisfied that the admission and outcome satisfy the public interest having regard to the gravity of the matters alleged.

**Allegations**

3. The allegations by the SRA against Mr Ayub Bhailok and Mr Robert Fielding ('the **Partners**') within the Rule 12 statement were that, whilst in practice as solicitors of Bhailok Fielding LLP (the "**Firm**") (adopting the numbering of the allegations in that statement):

## Sensitivity: General

1.1 The Partners allowed the Firm's client account to be used as a banking facility for clients by virtue of receiving payments, distributing payments, and authorising inter-ledger transfers, for matters other than in respect of an underlying legal transaction or a service forming part of the normal regulated activities of solicitors, in respect of one or more of the following client matter(s):

- 1.1.1 Between 24 May 2017 and 27 October 2020, Greyfriars Assets Ltd ("Greyfriars") – Matter 12968
- 1.1.2 Between 24 May 2017 and 31 January 2022, Blackbrook Hall Ltd – Matter 12967
- 1.1.3 Between 22 June 2017 and 18 July 2019, Company A Ltd – Matter 12849
- 1.1.4 Between 20 September 2019 and 6 August 2020, Touch Solar NW Ltd – Matter 13135

To the extent the conduct took place between 6 October 2011 and 24 November 2019, the Partners breached:

- (i) Any or all of Principles 6 and 8 of the SRA Principles 2011
- (ii) Rule 14.5 of the SRA Accounts Rules 2011

To the extent the conduct took place after 25 November 2019, the Partners breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 3.3 of the SRA Accounts Rules.
- (v) Rule 8.1 of the SRA Code of Conduct for Firms

1.2 The Partners failed to return client monies to the respective clients promptly as soon as there was no longer any proper reason to retain those funds, in respect of one or more of the following client matters:

- 1.2.1 Between 2 August 2019 and 24 July 2020, Touch Solar NW Ltd – Matter 13135
- 1.2.2 Between 27 September 2020 and 31 December 2020, Haversham Properties Ltd – Matter 13237

To the extent the conduct took place before 24 November 2019, the Partners breached;

Sensitivity: General

- (i) Any or all of Principles 6 and 8 of the SRA Principles 2011
- (ii) Rule 14.3 of the SRA Accounts Rules 2011

To the extent the conduct took place after 25 November 2019, the Partners breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 2.5 of the SRA Accounts Rules.
- (v) Rule 8.1 of the SRA Code of Conduct for Firms

1.3 The Partners failed to ensure that the firm had in place a firm-wide anti-money laundering risk assessment between 26 June 2017 and 27 July 2022 contrary to Regulation 18(1) and 18(4) of the Money Laundering, Terrorist Financing and Transfer of Funds (information on the Payer) Regulations 2017 ('the Money Laundering Regulations 2017').

To the extent the conduct took place prior to 24 November 2019, the Partners:

- (i) Breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011
- (ii) Failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 7.1 of the SRA Code of Conduct for Solicitors.
- (v) Rule 8.1 of the SRA Code of Conduct for Firms

1.4 The Partners failed to have in place, as at the date of the SRA Forensic Investigation, established policies, controls and procedures ("PCPs") to mitigate and manage effectively the risks of money laundering and terrorist financing and regularly review and update the PCPs when such PCPs were required to have been in place since 26 June 2017, thereby breaching Regulation 19(1) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "2017 Regulations"), and where the conduct occurred prior to 26 June 2017, Regulation 20 of the Money Laundering Regulations 2007.

**Sensitivity: General**

To the extent the conduct took place prior to 24 November 2019, the Partners;

- (i) breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place after 25 November 2019, the Partners breached;

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 7.1 of the SRA Code of Conduct for Solicitors.
- (v) Rule 8.1 of the SRA Code of Conduct for Firms

1.5 The Partners failed to have in place, or utilise, client and matter risk assessments for the client files reviewed during the SRA Forensic Investigation, thereby breaching Regulations 28(12) and 28(13) of the 2017 Regulations.

To the extent the conduct took place before 24 November 2019, the Partners:

- (i) breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners breached:

- (iii) Principle 2 of the SRA Principles
- (vi) Rule 7.1 of the SRA Code of Conduct for Solicitors.
- (vii) Rule 8.1 of the SRA Code of Conduct for Firms

1.6 The Partners failed to have in place as at the date of the SRA Forensic Investigation appropriate measures to ensure its personnel were aware of the law relating to money laundering and terrorist financing and failed to maintain a written record of the training provided to them.

To the extent the conduct took place prior to 24 November 2019, the Partners;

Sensitivity: General

- (i) breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Partners breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 7.1 of the SRA Code of Conduct for Solicitors.
- (v) Rule 8.1 of the SRA Code of Conduct for Firms

4. The allegations made against the Firm were (again adopting the numbering in that statement):

2.1 The Firm did not have in place any or any adequate systems or controls to prevent its client account being used as a banking facility for clients for matters other than in respect of an underlying legal transaction or a service forming part of the normal regulated activities of solicitors.

To the extent the conduct took place prior to 24 November 2019, the Firm breached;

- (i) Any or all of Principles 6 and 7 of the SRA Principles 2011
- (ii) Rule 14.5 of the SRA Accounts Rules 2011

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 2.1(a) of the SRA Code of Conduct for Firms
- (v) Rule 3.3 of the SRA Accounts Rules.

2.2 The Firm did not have in place any, or any adequate, systems or controls for ensuring the prompt return of client monies as soon as there was no longer any proper reason to retain those funds.

To the extent the conduct took place before 24 November 2019, the Firm breached;

- (i) Any or all of Principles 6 and 7 of the SRA Principles 2011

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- (ii) Rule 14.3 of the SRA Accounts Rules 2011

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Rule 2.1(a) of the SRA Code of Conduct for Firms
- (v) Rule 2.5 of the SRA Accounts Rules

2.3 The Firm did not have in place a firm-wide anti-money laundering risk assessment between 26 June 2017 and 27 July 2022, contrary to Regulation 18(1) and 18(4) of the 2017 Regulations.

To the extent the conduct took place prior to 24 November 2019, the Firm:

- (i) Breached any or all of Principles 6 and 7 of the SRA Principles 2011
- (ii) Failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

2.4 The Firm failed to have in place, as at the date of the SRA Forensic Investigation, established policies, controls and procedures (“PCPs”) to mitigate and manage effectively the risks of money laundering and terrorist financing and regularly review and update the PCPs when such PCPs were required to have been in place since 26 June 2017, thereby breaching Regulation 19(1) of the 2017 Regulations, and where the conduct occurred prior to 26 June 2017, Regulation 20 of the Money Laundering Regulations 2007. ■

To the extent the conduct took place prior to 24 November 2019, the Firm;

- (i) Breached any or all of Principles 6 and 7 of the SRA Principles 2011
- (ii) Failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

2.5 The Firm did not have in place, or utilise, client and matter risk assessments for the client files reviewed during the SRA Forensic Investigation, contrary to Regulations 28(12) and 28(13) of the 2017 Regulations.

To the extent the conduct took place before 24 November 2019, the Firm:

- (i) Breached any or all of Principles 6 and 7 of the SRA Principles 2011
- (ii) failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

2.6 The Firm failed to have in place as at the date of the SRA Forensic Investigation appropriate measures to ensure its personnel were aware of the law relating to money laundering and terrorist financing, and failed to maintain a written record of the training provided to them.

To the extent the conduct took place prior to 24 November 2019, the Firm:

- (i) Breached any or all of Principles 6 and 7 of the SRA Principles 2011
- (ii) Failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011.

To the extent the conduct took place on or after 25 November 2019, the Firm breached:

- (iii) Principle 2 of the SRA Principles
- (iv) Any or all of paragraphs 2.1(a) and 3.1 of the SRA Code of Conduct for Firms.

**Admissions and denials**

5. The Respondents admissions and denials in respect of the above allegations are as follows:

<b>Allegation</b>	<b>Admissions</b>	<b>Denial</b>
1.1 Banking Facility	P8 2011 14.5 SAR 3.3 SAR 2019 8.1. Code for Firms	P6 2011 P2 2019
1.2 Failure to return funds promptly	P8 2011 (in relation to the Partners only) 14.3 SAR 2.5 SAR 2019 8.1. Code for Firms	P6 2011 P8 2011 (in relation to the Firm only) P2 2019
1.3 Lack OF Firm wide risk assessment	P7 2011 P8 2011 O7.5 Code 2011 7.1 Code for solicitors 8.1. Code for Firms	P6 2011 P2 2019
1.4 Lack of PCPs	P7 2011 P8 2011 O7.5 Code 2011 7.1 Code for solicitors 8.1. Code for Firms	P6 2011 P2 2019
1.5 lack of client and matter risk assessments	P7 2011 P8 2011 O7.5 Code 2011 7.1 Code for solicitors 8.1. Code for Firms	P6 2011 P2 2019
1.6 lack of training/training records	P7 2011 P8 2011 O7.5 Code 2011 7.1 Code for solicitors 8.1. Code for Firms	P6 2011 P2 2019
2.1 lack of systems to prevent use as a banking facility	P7 2011 14.5 SAR 3.3 SAR 2019 2.1(a) Code for Firms	P6 2011 P2 2019
2.2 lack of systems to ensure prompt return of funds	P7 2011 14.3 SAR 2.5 SAR 2019 2.1(a) Code for Firms	P6 2011 P2 2019

2.3 Lack of firm wide risk assessment	P7 2011 O7.5 Code 2011 2.1 (a) and 3.1 Code for Firms	P6 2011 P2 2019
2.4 lack of PCPs	P7 2011 O7.5 Code 2011 2.1 (a) and 3.1 Code for Firms	P6 2011 P2 2019
2.5 lack of client and matter risk assessments	P7 2011 O7.5 Code 2011 2.1 (a) and 3.1 Code for Firms	P6 2011 P2 2019
2.6 lack of training/training records	P7 2011 O7.5 Code 2011 2.1 (a) and 3.1 Code for Firms	P6 2011 P2 2019

**Application to withdraw allegations**

6. The SRA applies pursuant to Regulation 24 of the Solicitors (Disciplinary Proceedings) Rules 2019 to withdraw the allegations that the Respondents have denied.
  
7. The Respondents have denied the breaches of Principle 6 of the 2011 Rules and Principle 2 of the 2019 Rules on the basis that, because they did not generally offer legal services to the public, and because their misconduct was based on a misunderstanding, their admitted misconduct would not have affected public confidence in the profession. The Applicant does not agree with that analysis. However, the Respondents have admitted the substance of all of the allegations. There are no material disputes of fact that would otherwise require resolution by the SDT. Further, those principle breaches which they have not admitted are unlikely to have any material bearing upon the sanction. For these reasons, the Applicant considers that it would be disproportionate to proceed to a four-day trial in order to seek to prove these outstanding allegations. On that basis, the Applicant applies to withdraw the outstanding allegations.

**Factual background**

The Firm

8. Mr Bhailok and Mr Fielding are partners in the Firm. Mr Bhailok receives an 80% share of the profits; Mr Fielding, 20%. The Firm has no qualified employees but Mr Fielding's wife undertook the Firm's bookkeeping.
9. Mr Bhailok, who was born on 1 April 1967, qualified in 1993; Mr Fielding, who was born on 1 February 1964, in 1998. Mr Bhailok was and is MLCO and MLRO from 21 January 2018. Mr Fielding has been COLP and COFA since those roles were created. He was also MLRO from 29 October 2009 until 21 January 2018.
10. In addition to his role as a solicitor, Mr Bhailok is also a businessman. His main business is the buying and selling of properties. He placed each of his properties into the ownership of individual companies, of which Mr Bhailok was director and a (or sometimes the) beneficial owner. Mr Bhailok is in business with his brothers. His brothers operated a similar structure for their properties.
11. Until 2016, the Firm operated as a normal firm providing services to the public in a range of specialisms. In 2016, Mr Bhailok suffered from a heart attack. Since then, the Firm has in general provided services solely to the property companies owned by Mr Bhailok and his close family ("the SPV clients"). The Firm did not bill any of its SPV clients for any work undertaken. Instead, when the office account required funds, Mr Bhailok would arrange for one or more of the SPV clients to transfer funds in. Although the vast majority of the Firm's work relates to Mr Bhailok's own business interests, the partners nevertheless chose to practice by way of an authorised body. In so doing, the Firm they established attracted all the rules of the SRA Code of Conduct for Firms.
12. In addition to the work related to Mr Bhailok's business interests, the Firm conducted *pro bono* work for some charities. The Firm's only other client was a distant relative and family friend based in India.

#### **Executive summary of allegations**

13. The allegations against the Respondents fall into three main categories, each arising from the fact that the Firm existed largely to serve Mr Bhailok's business interests.<sup>1</sup>

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<sup>1</sup> The existence of a firm to serve the business interests of one of its partners is not in itself problematic. On the facts of this particular case, it did however give rise to the specific issues herein alleged.

14. First, large amounts of funds generated by the SPVs were held on client account. The Firm routinely transferred these sums between the individual ledgers of different SPVs. The sample matters considered by the FIO identified over £17 million of such transactions. These transfers were to meet the commercial needs of the clients. They were not underpinned by the provision of regulated services. Even if some regulated services were provided, these were not sufficient to justify the passage of funds through client account. Funds should instead have been transferred directly between clients themselves.
15. Second, even if, contrary to the above, there was justification for transactions to be made through client account in the first instance, funds were nevertheless retained on client account well beyond the time when they ought to have been repaid to client. They were retained in client account as a running "float" for ongoing investment, rather than because of any continuing need for legal work in relation to the transaction(s) from which the funds arose. The sample matters considered by the FIO identified one instance of £5 million left on client account for 267 days; and another of £4 million left on client account for 95 days.
16. Third, as set out in more detail below, the 2017 Regulations applied to the Respondents and to the work they carried out. The close relationship between the Firm and its clients did not exempt it from the requirements of those Regulations. Nevertheless, and in reliance upon this close relationship, the Firm failed to comply with the 2017 Regulations.
17. The allegations were brought against both the Partners and the Firm. This was to reflect on the one hand the individual culpability of the Partners, and on the other the fact that these were systemic issues going beyond just the individual responsibility of either Partner or specific client matters.

**Greyfriars Assets Ltd ("Greyfriars") – Matter 12968**

18. On 7 December 2015, Greyfriars (a registered company with number 09905227) was incorporated. Mr Bhailok was a director and a person with significant control. Mr Bhailok explained during interview with the SRA's Forensic Investigation ("the FIO") that Greyfriars existed to hold the profits of the other companies in which he had an interest. This helped him to keep track of his overall financial position.
19. The FIO found no client care letter or AML documentation on the matter file. On 24 May 2017, the Firm nevertheless opened a matter ledger with the description "*Greyfriars Assets*

*Ltd*. The transactions described at paragraphs 20 to 41 below appeared on the Greyfriars matter ledger. During investigation, the FIO did not find any documentation on the client file to suggest that any of these transactions were in respect of the delivery by the Firm of regulated services.

Loans from Acebench to Greyfriars

20. Mr Bhailok was an ordinary shareholder of Acebench. Companies House records showed that Acebench Ltd was described as *'buying and selling of own real estate.'* A matter ledger 12914 for the client Acebench Ltd was opened on 9 September 2016, with the description *'Basildon Service Centre.'* (The matter file for Acebench Ltd *'Basildon Service Centre'* was not reviewed by the FIO during the forensic investigation).
21. On 24 May 2017, the Firm posted a deposit in the sum of £1,868,837.29, marked *"From Acebench - loan"*, to the Greyfriars ledger.
22. On 4 October 2019, the Firm posted a further deposit of £590,162.21 marked *"From Acebench – loan"* to the Greyfriars ledger.
23. The matter file included only:
  - a. A copy of the matter ledger.
  - b. A letter dated 4 October 2019 on the matter file stating *"we understand that you will have received instructions from Acebench Limited to transfer an amount in the sum of £590,162.21 from their ledger card number 12914 in the name of Acebench Limited"*.
  - c. Printouts of online banking receipts confirming the Firm had made payments in accordance with the letters of instruction.

Loans from Greyfriars to Heritage Court Investments Limited ("HCIL")

24. Mr Bhailok was a director and person with significant control of HCIL. Mr Bhailok explained in interview with the FIO that HCIL owned a row of shops in Wapping, London.
25. The Firm posted the following payments to HCIL on the Greyfriars Assets ledger:

Sensitivity: General

Date	Ledger description	Handwritten notes on ledger	Withdrawal
7 June 2017	Per client instruction	HCIL loan	£59,000.00
15 June 2017	Client instruction	HCIL loan	£100,000.00
13 February 2018	As per client instruction	HCIL loan	£25,000.00
12 March 2018	As per client instruction	HCIL loan	£10,000.00
4 May 2018	As per client instruction	Loan HCIL	£15,000.00
6 June 2018	As per client instruction	Loan HCIL	£50,000.00
21 August 2020	Payment to Heritage Court Investments	Loan HCIL	£37,000.00
27 October 2020	Payment to client – as per instruction	Loan HCIL	£638,467.26
<b>Total</b>			<b>£934,467.26</b>

26. The FIO found letters on the matter file from Greyfriars requesting the Firm to make each of the last four of these payments. The FIO found no such letters in respect of the first four payments.

Loans from Greyfriars to third parties

27. As set out in more detail below, the Firm posted the following loan payments to the Greyfriars ledger. Each of the recipients was a third party, i.e. an individual unrelated to Mr Bhailok, or an organisation in respect of which he had no formal role or ownership.

Date	Ledger description	Handwritten notes on ledger	Withdrawal
21 December 2017	As per client instruction	Loan to Salim Adam	£20,000.00
22 March 2018	As per client instruction	Loan to PMS	£75,000.00
27 September 2018	As per client instruction	Loan – M Khansab - 68 Boulevard	£10,300.00
5 October 2018	As per client instruction	Loan – M Khansab - 68 Boulevard	£92,700.00
<b>Total</b>			<b>£198,000.00</b>

*Salim Adam*

28. On 21 December 2017, Greyfriars made a loan of £20,000 to one Salim Adam. Salim Adam was a local individual known to Mr Bhailok.

29. The FIO found no letter of instruction on the matter file in respect of the loan to Salim Adam. During the investigation, Mr Bhailok provided a loan agreement dated 21 December 2017 in respect of the loan to Salim Adam. The agreement was between Mr Bhailok, not

Greyfriars, and Salim Adam. In interview, Mr Bhailok explained that the "legal work" that was done was preparing the loan agreement.

*Preston Muslim Society*

30. On 22 March 2018, Greyfriars made a loan of £75,000 to the Preston Muslim Society ("PMS"). PMS was a local charity known to Mr Bhailok.

31. The Firm had a matter file in relation to this loan, which contained:

- a. A letter dated 22 March 2018 signed 'Greyfriars Assets Limited' instructing the firm to make the payment of £75,000.00 to the Preston Muslim Society ('PMS').
- b. A receipt for this amount from 'Quwwatul Islam Masjid', signed and dated 'on behalf of Q.I.M.' on 22 March 2018.
- c. A letter dated 25 June 2018, signed 'Greyfriars Assets Ltd', instructing the firm to receive the loan repayment.

32. On 25 June 2018, the Firm posted the repayment sum of £75,000.00 to the Greyfriars ledger.

33. In interview, Mr Bhailok explained that the legal work pertaining to this loan was "*considering in my own mind the legal position with regard to granting a loan*", which seemed to mean whether or not to make the loan, what the risk of default was, and what to do in the event of default.

*M Khansab*

34. Letters dated 27 September 2018 and 5 October 2018 signed by 'Greyfriars Assets Limited' instructed the Firm to make payments of £10,300.00 and £92,700.00 to 'May Solicitors'. A handwritten note on the ledger next to the relevant entry stated "*M Kahnsab 68 Boulevard*".

35. In interview, Mr Bhailok explained that M Khansab was his nephew and that the loan was to help the latter with the purchase of a residential property. Mr Bhailok said that there was no loan documentation, because this was a loan to a close family member.

Number plate purchase

36. On 5 March 2019, the Firm transferred sum of £195,000 from the Greyfriars client account to purchase number plate "AB1" from a private seller. In interview, Mr Bhailok described the purchase as an investment. In interview, it was unclear whether the number plate was registered in the name of Greyfriars or in Mr Bhailok's own name.
37. The matter file only contained a letter of instruction signed 'Greyfriars Assets' and dated 5 March 2019. It requested that the Firm pay the sum of £195,000.00 to *'Mr P and R H West as per the account details given to you'*.
38. In interview, Mr Bhailok explained that there would have been legal documentation in relation to this transaction. However, none was present on the matter file. Mr Bhailok explained that it was reasonable for legal work to be carried out in respect of this purchase because of its high value. Mr Bhailok explained that the legal work was ensuring that the seller owned the number plate, and reviewing the legal paperwork in relation to the seller's retention of it. Mr Bhailok did not explain why, even if there was legal work, the funds needed to pass through client account.

Inter-Company loans to Beech Grove Ltd

39. According to Companies House records, Mr Bhailok was a director and person with significant control of a company known as Beech Grove. On 19 December 2018, the Firm opened matter ledger 13109 for the client Beech Grove Limited ('Beech Grove'). The matter concerned the purchase of Fishwick Golf Course.
40. Robert Fielding had conduct of the conveyancing. Accordingly, the Applicant takes no issue with the Firm holding the funds for this purchase on the Beech Grove client account.
41. However, to fund the purchase, the Firm made transfers from the Greyfriars Assets ledger to the Beech Grove ledger totalling £824,851.12. The FIO found no client care letter on the matter file, and no AML documentation. There was no documentation to indicate any legal work on the inter-company transfers from Greyfriars to Beech Grove. Instead, the FIO only found four letters signed by Greyfriars Assets instructing the Firm to make the transfers.

**Blackbrook Hall Ltd – Matter 12967**

42. Blackbrook Hall was the entity Mr Fielding's brother and business partners used to hold the profits of his various companies: it played a similar role to Greyfriars, but for Mr

Fielding's brother. According to Companies House Records, the company activity was described as 'buying and selling of own real estate'. Directors and persons with significant control were named as Mehboob Bhailok and Mustaq Bhailok (Mr Bhailok's brothers and business partners).

43. The FIO found no client care letter or AML documentation on the matter file.
44. The ledger opened on 24 May 2017 with a deposit of £551,452.18. The FIO found no information on the matter file in respect of this deposit.
45. In interview, Mr Fielding explained that the first payment on the Blackbrook Hall matter ledger 12967 for £551,452.18 was from the company Acebench.
46. In interview, Mr Fielding explained that the legal services the Firm provided to Blackbrook Hall were in the nature of property management services and involvement with some loan matters.
47. The following transactions appeared on the Blackbrook matter ledger. During investigation, the FIO did not find any documentation on client file to suggest that any of these transactions were in respect of the delivery by the Firm of regulated services.

Blackbrook Hall: Purchase of Range Rover

48. On 29 September 2017, the Firm posted a payment of £83,268.68 to the matter ledger. The narrative description was 'as per client instructions.' In interview, Mr Fielding explained that the payment was for the purchase of a Range Rover for Blackbrook Hall. A letter dated 20 September 2017 from Blackbrook to the Firm requested the Firm to make the payment in question. A handwritten note on the letter said "NB range rover".
49. The FIO found no documentation on the matter file to demonstrate the delivery of regulated services in respect of these payments.

Blackbrook Hall: Payments to individuals

50. The Firm posted the following six payments to individuals on the Blackbrook Hall Ledger.

Date	Details on ledger	Payee named in letter of instruction	Withdrawal
12 February 2018	As per client instruction	Mr and Mrs A[redacted]	£9,000.00

Sensitivity: General

9 May 2018	Payment as per client instruction	Mr S B[redacted]	£50,000.00
27 June 2018	As per client instruction	Mr S P[redacted]	£40,000.00
27 June 2018	As per client instruction	Mr F P[redacted]	£28,375.00
14 August 2018	As per client instruction	I K and N P[redacted]	£29,000.00
12 September 2018	As per client instruction	H[redacted] B[redacted]	£37,063.00
		Total	£193,438.00

51. Letters on the matter file from Blackbrook Hall Limited instructed the firm to make these payments.

52. In interview, Mr Bhailok explained that:

- a. The £9,000 payment represented architect's fees in respect of a property belonging to Blackbrook Hall.
- b. The remainder of the payments were loans from Blackbrook Hall to family members.

53. The FIO found no documentation on the matter file to demonstrate the delivery of regulated services in respect of any of these payments.

Payments in connection with the redevelopment of Market Street, Preston

54. There was no information on the matter file about the first 22 postings on the Blackbrook Hall matter ledger<sup>2</sup>, and accordingly nothing to indicate the provision of any regulated services by the Firm to the client.

55. During investigation, Mr Fielding explained that these 22 ledger postings were in connection with redevelopment being carried out at property in Market Street, Preston by Blackbrook Hall Ltd. Mr Fielding provided letters requesting payments by Blackbrook Hall in respect of some of these payments. The ledger postings and corresponding letters of instruction are summarised in the following table:

Date of letter	Instructions	Deposit	Withdrawal
15 June 2017	Pay R B Furby Ltd		£2,400.00
15 June 2017	Pay JCA Ltd		£600.00
7 July 2017	Pay 1618 Chartered Architects Ltd		£2,385.00
14 July 2017	Pay Preston City Council		£7,315.00
14 July 2017	Pay DTPC (North West) LLP		£1,146.00

<sup>2</sup> Two of these were reversals of payments posted.

Sensitivity: General

19 July 2017	Pay Elements Sustainability Ltd		£2,100.00
27 July 2017	Pay Dunelm Ecology		£480.00
27 July 2017	Pay S106 Management		£1,800.00
31 July 2017	Pay EGG Consultants Ltd		£1,999.80
31 July 2017	Pay EGG Consultants Ltd		£1,099.50
	No letter of instruction provided		£15,785.00
21 August 2017	Deposit cheque and post to this ledger	£1,615.18	£40,962.30
11 September 2017	Pay Environmental Geology Geotechnical Consultants		£880.00
11 September 2017	Pay Syntegra Consulting Ltd		£2,340.00
22 September 2017	Pay Kingswood Estates Ltd		£632.00
<b>TOTAL</b>		<b>£1,615.18</b>	<b>£40,962.30</b>

Blackbrook Hall: Payments to Market Street Regen Ltd

56. According to Companies House records, the directors of Market Street Regen were Mehboob and Mustaq Bhailok, who were both also persons with significant control. The company's activity was described as 'buying and selling of own real estate.' In interview, Mr Fielding explained that the company was involved in building and redevelopment.

57. The Firm posted the following payments to Market Street Regen to the Blackbrook Hall ledger from 9 July 2018 to 17 February 2021:

Date	Details on ledger	Withdrawal
9 July 2018	As per client instruction	£10,000.00
5 November 2019	As per client's instructions	£162,213.32
11 March 2020	Payment to the client as per client instruction	£300,000.00
30 October 2020	Payment to the client - as per instruction	£250,000.00
17 February 2021	Payment to the client - per instruction	£250,000.00
<b>Total</b>		<b>£972,213.32</b>

58. The FIO found no documentation on the matter file to demonstrate the delivery of regulated services in respect of these payments. Instead, letters on the matter file from 'Blackbrook Hall' dated 9 July 2018, 5 November 2019, 12 March 2020, 28 October 2020 and 15 February 2021 simply gave instructions for the above payments to be made to Market Street Regen.

59. Mr Fielding explained that the work done was:

“helping the client out with its sort of business, giving advice in relation to, you know, proposals that came this way in relation to the base matters we’ve talked about so there’s some, you know, advice on the loans, advice in relation to payments here made on the redevelopment.”

Blackbrook Hall: Funding of a purchase by Wyke Estates Ltd

60. Matter ledger 13299 for the client Wyke Estates Ltd. (‘Wyke Estates’) was opened on 17 January 2022, with description ‘Commercial Purchase’. The matter related to a purchase of commercial property.
61. According to Companies House records, Mustaq Bhailok was the sole director and shareholder of Wyke Estates Limited.
62. Initially, Mr Fielding had conduct of the purchase. However, in email correspondence dated 11 November 2022 the purchaser notified the seller that the conveyance would be conducted by other solicitors, and that Mr Fielding “will no longer be a party to this matter/transaction and has only been copied herewith for clarity...”. The FIO found no client care letter or conveyancing documentation on the matter file.
63. The Firm was therefore not instructed on this matter and there was no need for any money to pass through the Firm’s accounts.
64. The FIO identified the following money passing through the Firm’s accounts, on the matter file:
  - a. Letter dated 17 January 2022, from Blackbrook Hall instructing the Firm to transfer the sum of £443,500 from the Blackbrook Hall ledger to the Wyke Estates Ledger.
  - b. Letter dated 31 January 2022, from Blackbrook Hall instructing the Firm to transfer the sum of £1,740,595.08 from the Blackbrook Hall ledger to the Wyke Estates Ledger.
  - c. Letter dated 31 January 2-22, from Greyfriars instructing the Firm to transfer the sum of £469,690.08 from the Greyfriars ledger to the Wyke Estates Ledger.
  - d. Letter dated 31 January 2022, from Wyke Estates instructing the Firm to pay £2,210,270.16 to Marsden Rawsthorn Solicitors (the firm instructed by Wyke Estates in respect of the purchase), to enable completion.
65. Each of these transfers was duly made and posted to the respective ledgers.

66. The matter ledger for Company A opened on 22 June 2017, with description 'Bermondsey'. According to explanations given by Mr Fielding in interview, Company A was a property management company based in the British Virgin Islands. Client A was the company director and Bhailok Fielding was their UK representative.
67. In interview Mr Bhailok said that Company A was owned by Client A who was a distant relation of his and for whom the firm had acted for twenty years on various property transactions. Mr Fielding said that Company A owned a commercial property in Bermondsey (London) and managed two other commercial properties owned in turn by Company B, in Grove Park (London) and in Sunderland. As set out in more detail below, the Firm received rental payments into Company A's client account, and repaid loans and made VAT payments to HMRC from Company A's client account.
68. Mr Fielding said that the Firm provided property management services to Company A, and that in 2019 they ceased acting due to concerns that the firm may be providing a banking facility to the client.
69. The FIO found no client care letter or conveyancing documentation on the matter file. The matter file included:
- a. A copy of the matter ledger.
  - b. Letters from Company A to the Firm, instructing payments to be made from and received into the client bank account.
  - c. Printouts of online banking receipts confirming payments were made in accordance with the letters of instruction.

Company A Limited: Payments from CBRE

70. Receipts from 'CBRE' were posted on the matter ledger from 22 June 2017 to 24 June 2019 as follows:

Date	Details on ledger	Deposit
22 June 2017	CBRE BAR HEADL 2 [sic]	£24,500.00
23 June 2017	Per client instruction	£9,072.04
28 September 2017	Rec from the client	£24,500.00
21 December 2017	Rec from CBRE	£24,500.00
22 March 2018	Rec from CBRE	£24,500.00
8 June 2018	As per client instruction	£10,160.68
22 June 2018	As per client instruction	£24,500.00

Sensitivity: General

28 September 2018	As per client instruction	£24,500.00
21 December 2018	As per client instruction	£24,500.00
25 March 2019	As per client instruction	£24,500.00
19 June 2019	As per client instruction	£10,882.37
24 June 2019	As per client instruction	£24,500.00
<b>Total</b>		<b>£250,615.09</b>

71. The matter file contained nine letters from Company A Limited to Bhailok Fielding Solicitors, instructing the Firm to accept these payments from CBRE.

72. According to explanations given by Mr Fielding in interview, these receipts represented quarterly rental income for a property in Bermondsey, London which was owned by Company A. Open-source internet research confirmed that CBRE was a commercial real estate services and investment company.

Company A Limited: recurring deposits of £13,950

73. The Firm posted receipts of £13,950.00 on the matter ledger from 21 December 2017 to 20 June 2019.

Date	Details on ledger	Deposit
21 December 2017	Rec from Baring Road	£13,950.00
22 March 2018	Rec from Bridger Bell	£13,950.00
20 June 2018	As per client instruction	£13,950.00
27 September 2018	As per client instruction	£13,950.00
18 December 2018	As per client instruction	£13,950.00
25 March 2019	As per client's instruction	£13,950.00
20 June 2019	As per client's instruction	£13,950.00
<b>Total</b>		<b>£97,650.00</b>

74. The matter file contained six letters from Company A Limited to Bhailok Fielding Solicitors, instructing the Firm to accept receipt of these sums. Four of the letters instructed that the sender of the payment would be 'Bridger Bell'. Open source Internet research confirmed that Bridger Bell Commercial LLP was a commercial and residential property management service company.

75. According to explanations given by Mr Fielding in interview, these payments represented rental income for a property at Grove Park, London, belonging to Company B, a company based in the British Virgin Islands and owned by Client A.

76. Mr Fielding explained in interview that the work done was property management services.

Company A Limited: Recurring deposits of £42,000

77. The Firm posted seven payments of £42,000.00 to the ledger from 22 December 2017 to 18 July 2019 as follows:

Date	Details on ledger	Deposit
22 December 2017	Rec from Gatsby Retail Ltd	£42,000.00
9 April 2018	Rec from Gatsby Retail Ltd	£42,000.00
21 June 2018	As per client instructions	£42,000.00
31 August 2018	As per client instructions	£42,000.00
4 January 2019	As per client instructions	£42,000.00
3 April 2019	As per client instructions	£42,000.00
18 July 2019	Sunderland City Council	£42,000.00
<b>Total</b>		<b>£294,000.00</b>

78. The matter file contained six letters from Company A Limited to Bhailok Fielding Solicitors, instructing the Firm to accept these payments.

79. According to explanations given by Mr Fielding in interview, these payments represented rental income for a property in Sunderland also belonging to Company B.

Company A Limited: Loan repayments

80. Nine payments to an account at the Co-op Bank were posted to the matter ledger between 30 November 2017 and 15 July 2019, as follows:

Date	Details on ledger	Withdrawal
30 November 2017	Per client instruction	£2,500.00
11 December 2017	Per client instruction – pay Co-op Bank	£80,574.40
10 January 2018	As per client	£21,771.82
16 April 2018	As per client instruction	£42,036.58
18 July 2018	As per client instruction	£40,921.05
15 October 2018	As per client instruction	£40,974.20
14 January 2019	As per client's instruction	£40,956.00
15 April 2019	As per client's instruction	£40,764.95
15 July 2019	As per client instruction	£40,798.00
<b>Total</b>		<b>£351,297.00</b>

## Sensitivity: General

81. The matter file contained eight letters from 'Company A Limited' instructing Bhailok Fielding Solicitors to make these payments.
82. According to explanations given by Mr Fielding in interview, these represented loan repayments on the properties managed by Company A.

### Company A Limited: Payments to HMRC

83. The Firm posted seven payments to HMRC to the matter ledger between 12 January 2018 to 3 June 2019 as follows:

Date	Details on ledger	Withdrawal
12 January 2018	As per client instruction	£8,675.00
2 March 2018	Payment to HM customs & exercise [sic]	£9,295.00
1 June 2018	As per client instruction	£9,325.00
5 September 2018	As per client instruction	£9,325.00
4 December 2018	Payment to HMRC as per client's instructions	£6,624.40
27 February 2019	As per client's instruction	£8,959.43
3 June 2019	As per client's instructions	£6,197.44
<b>Total</b>		<b>£58,401.27</b>

84. The matter file contained seven letters from Company A Limited, instructing Bhailok Fielding Solicitors to make these payments to HMRC.
85. According to explanations given by Mr Fielding in interview, these payments were to HMRC for VAT on the property rental income.

### Touch Solar NW Ltd – Matter 13135

86. This matter concerned the sale of the share capital of the company Touch Solar NW Ltd ('Touch Solar NW'). According to Companies House Records, the directors of the company were Ayub Bhailok, Mustaq Bhailok, Yousuf Bhailok and Yasin Vaza. Bhailok Fielding acted for the seller, Touch Solar Ltd ('Touch Solar').
87. Mr. Bhailok said that Touch Solar was the parent company of Touch Solar NW. The companies dealt in solar energy projects which generated income from government tariffs. Touch Solar sold Touch Solar NW in August 2019 for approximately 'five million or six million pounds' and the shareholders were him, his brothers Mustaq and Yousuf Bhailok. When asked to clarify whether the firm acted for Touch Solar Ltd or Touch Solar NW, Mr Bhailok replied 'both' but that the ledger should have been named Touch Solar. The fact

Sensitivity: General

that it was named Touch Solar NW was 'an error'. When asked why the letters of instruction were from Touch Solar NW and not Touch Solar he said that this was probably 'an internal error'.

88. Email correspondence in the matter file showed that Robert Fielding had conduct of the legal work involved in the sale of the share capital.
89. The matter ledger opened on 1 August 2019, with description 'Sale of Business & Franchise'.
90. The first entry on the ledger was a deposit of £545,001.00, dated 1 August 2019 (the day the matter ledger was opened), detailed 'as per client instruction'. This seems to have represented an approximately 10% deposit on the purchase.
91. The matter completed on 2 August 2019 and a further deposit of £5,030,000.00 was posted to the matter ledger detailed as 'disposal of shares'.
92. Thereafter, the Firm made the following payments:

Date	Withdrawal	Deposit	Purpose
30 September 2019	£153,350.00		To Vaza Holdings Ltd
30 September 2019	£93,268.47		To Mr Yasin Vaza
24 July 2020	£2,829,915.43		To Greyfriars Assets ledger
24 July 2020	£942,967.00		To Eden Grove Investment Properties ledger
24 July 2020	£1,416,728.61		To Blackbrook Hall ledger
24 July 2020	£95,000.00		To Client A ledger
6 August 2020		£3,268.47	From Yasin Vaza
6 August 2020		£90,000.00	From Yasin Vaza
6 August 2020	£93,268.47		To Vaza Holdings Ltd
<b>Total</b>	<b>£5,377,879.51</b>	<b>£93,268.47</b>	

93. As observed above, Touch Solar NW Limited was owned by Touch Solar Limited. In turn, Touch Solar Limited was owned by Mr Bhailok and a number of other private individuals. Accordingly, the proceeds of sale ought to have been paid to the Touch Solar Limited client account, and from there to Touch Solar Limited's own bank account. From there, it would have been open to Touch Solar Limited to further distribute the funds to its own

shareholders, or to companies associated with those shareholders. Instead, these steps were bypassed and the proceeds of sale were distributed directly to companies associated with the owners of Touch Solar Limited (or, in the case of Mr Vaza, directly to Mr Vaza). These companies had no legal relationship with Touch Solar Limited. There were no legal transactions underlying the transfer of funds between Touch Solar Limited and these companies. No regulated services were provided in respect of these transfers.

94. Additionally, the Firm left a balance of £5,328,382.53 on the matter ledger until 24 July 2020, a period of 267 days.
95. On 1 October 2020, the matter ledger balance still stood at £43,771.49. Touch Solar NW wrote a letter of instruction on that date to Bhailok Fielding asking for the balance to be transferred to Touch Solar Ltd's bank account, noting that Touch Solar was the holding company of Touch Solar NW. This reduced the ledger to zero.
96. Mr Bhailok said that after the sale of the asset, initially funds were not returned to the client immediately as they were taking advice from their accountants in respect of how to split the profits between shareholders. Thereafter, they were not returned because Touch Solar was contemplating purchasing further properties.
97. Mr Fielding said in interview that once payments had been made to minority shareholder Yazin Vaza on 30 September 2019, the remainder of the funds would have been retained in the client account, intended for further property investments. When these did not materialise, the funds were transferred to different ledgers the following year, with the intention that those companies would use the funds to make property purchases.

#### **HAVERSHAM PROPERTIES LTD – MATTER 13237**

98. The firm acted for the company Haversham Properties Ltd ('Haversham Properties'). Mr Bhailok said in interview that Haversham Properties was a company based in the British Virgin Islands owned by Client A. The company owned some land in Cheetham Hill, Manchester, and the firm acted in the sale of the land.
99. Haversham Properties was incorporated in the British Virgin Islands on 28 October 2016 with company registration number 1927237. The ledger opened on 20 July 2021, with description 'Commercial sale of sale Cheetham Hill' [sic]. Robert Fielding had conduct of the matter. Eversheds Solicitors acted for the buyer, Kier Property Developments Ltd.

100. There was no client care letter, or AML documentation located on the matter file.
101. On 20 July 2021, the Firm posted a deposit of £400,000 to the ledger.<sup>3</sup> On 3 September 2021, the Firm posted completion funds of £3,802,600 to the ledger.<sup>4</sup>
102. On 27 September 2021, the Firm posted an introduction fee of £42,000.00 to the ledger.<sup>5</sup>
103. There were no further postings to the client side of the ledger after 27 September 2021, except for reversals of duplicate postings.
104. As at the extraction date of 31 December 2021, the balance on the ledger was £4,160,600.00<sup>6</sup>. This had remained on the ledger since 27 September 2021, a period of 95 days.
105. In interview, Mr Fielding explained that the reason the funds had not been returned to the client was that the client company had been dissolved in November 2021, despite the client company having over £4m in possession. To reinstate the company, it would be necessary to apply to the court. When asked why there was an initial delay in returning the funds to the client after completion, he responded that the intention would have been to purchase another property, but nothing suitable was found.

### **Explanations provided for use of client account**

#### Legal work

106. The Respondents explain, in broad terms, as follows:
- a. Greyfriars and Blackbrook were both continually involved in considering the purchase of properties, which itself involved legal work such as due diligence even if the sale did not proceed. As the proceeds of sale of one property were continually being used to fund further (prospective) purchases, there was an ongoing transaction which justified the retention of funds on client account.

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<sup>3</sup> In fact, two identical postings were made. One was reversed on 2 February 2022.

<sup>4</sup> In fact, two identical postings were made. One was reversed on 2 February 2022.

<sup>5</sup> In fact, two identical postings were made. One was reversed on 1 February 2022.

<sup>6</sup> Adjusting for duplicate postings corrected after that date.

- b. Mr Bhailok “advised himself” in respect of whether to make loans (including intra-group loans) and the terms on which such loans should be given.
107. The Respondents have provided a number of explanations for the use of the client account in the way described above:
- a. “To ensure that...transactions were properly evidenced and in view of Bhailok Fielding’s involvement in advising generally, it was considered prudent to ensure that all monies were paid into and out of its client account”.
  - b. When buying property, buyers looked more serious if funds were already in client account.
108. The Firm however has never adequately explained why it kept such large sums on client account rather than returning to clients.

**Compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “2017 Regulations”)**

109. Regulation 8 of the 2017 Regulations provides that Part 1 of the Regulations apply to independent legal professionals acting in the course of business carried on by them in the United Kingdom.<sup>7</sup>
110. Regulation 12(1) defines “independent legal professional” as a firm or sole practitioner who by way of business provides legal or notarial services to other persons, when participating in financial or real property transactions concerning amongst other things the buying and selling of real property or business entities, and the managing of client money, securities or other assets. For this purpose, a person participates in a transaction by assisting in the planning or execution of the transaction or otherwise acting for or on behalf of a client in the transaction. The firm is referred to by the Regulations as the “relevant person”.
111. The 2017 Regulations applied in the instant case because:
- a. The Respondents were carrying on business in the United Kingdom.
  - b. The Respondents on the one hand, and the SPV clients on the other, were separate legal entities. Accordingly, the Respondents were providing legal services “to other persons”.

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<sup>7</sup> Subject to the exceptions in Regulation 15, none of which apply to the present case.

- c. The clients were involved in real property transactions concerning the buying and selling of real property.
  - d. The Respondents participated in the transaction by assisting in the planning or execution of the transaction or otherwise acting for or on behalf of the SPV client.
112. Starting on 12 December 2019, the SRA wrote to the 6,727 in-scope firms, of which the Firm is one, that are supervised under the MLRs 2017 by the SRA, asking them to confirm whether they had a firm-wide risk assessment in place, that met the requirements of Regulation 18 of the MLRs 2017. The specified deadline for completing the declaration was 31 January 2020.
113. In response to this, Mr Fielding as COLP made an online declaration to the SRA dated 28 January 2020 that the Firm had a firm-wide risk assessment in place. Mr Fielding explained during the investigation that the basis for this declaration was that the Firm had carried out a *"firm wide verbal risk assessment regarding anti-money laundering using the template provided by the SRA"*.
114. Upon attendance by the FIO at the Firm on 7 and 8 February 2022, the partners were unable to produce any Regulation 18 compliant record of appropriate steps taken to identify and assess the risks of money laundering and terrorist financing. The Firm produced an 'Office Procedure Manual' which contained a section on money laundering. This information was not specific to the Firm.
115. Upon returning to the Firm on 27 May 2022 by the FIO, a firm-wide risk assessment had still not been put into place.
116. The partners had not maintained written records that any policies, controls and procedures had been established to mitigate and manage effectively the risks of money laundering and terrorist financing ('AML policy' - Regulation 19 of the Money Laundering Regulations 2017) and prior to 26 June 2017, Regulation 20 of the Money Laundering Regulations 2007.
117. The partners were unable to produce any records of:
- a. Formal AML training having been undertaken by the managers.
  - b. Client risk assessments.
  - c. Matter risk assessments.

118. When asked by the FIO how the Firm ensured compliance with the Money Laundering Regulations, Mr Bhailok said that he had personal knowledge of the companies from whom monies were received, therefore he could be satisfied that the source of funds was legitimate.

Client and matter risk assessments

119. No client or matter risk assessments were located in any files that were reviewed by the FIO. The below exemplifies this in the matter of a property purchase Charity C as reviewed by the FIO during the on-site investigation.

120. In December 2019 to March 2020 the Firm acted for the Charity C in the purchase of a property for £155,000.00. According to explanations given to the FIO, this was an exceptional matter as most of the Firm's work was conducted for the Bhailok family businesses (the SPV clients).

121. The matter file contained photocopies of identity documents for the trustees of the Charity C. There was no client or matter risk assessment located in the matter file.

122. Mr Fielding said in interview with the FIO that he was satisfied that the monies for the purchase by Charity C were from fundraising, as he had seen pictures of events on the charity's website, and they had been referred by Yousuf Bhailok who knew the trustees personally. He stated that he believed that the client had also provided him with evidence of source of funds.

**ALLEGATIONS**

**Use of client account as banking facility: Allegations 1.1 and 2.1**

123. The Partners chose to set themselves up as a recognised body. Having done so, all relevant regulatory rules applied to the entity that they created.

124. There is a very longstanding principle (dating back at least to the late 1990s/early 2000s) that a solicitor is not a bank, that they should not use their client account as a

banking facility, and that doing so is inherently objectionable<sup>8</sup>. The SRA has sought to encapsulate that principle in its rules in different forms at different times.

125. In the instant case, the Partners breached the following rules and principles:

*Rule 14.5 of the SRA Accounts Rules 2011; Rule 3.3 of the SRA Accounts Rules 2019*

126. There was nothing in the transactions as between Greyfriars/Blackbrook on the one hand, and other group entities on the other, requiring legal work. Greyfriars and Blackbrook existed for no other purpose than to hold profits generated by other entities owned respectively by Mr Bhailok and his brother, and to distribute those profits to other entities. They existed solely for the respective convenience of Mr Bhailok and his brother so that they could keep better track of their finances, and make their property purchases look more serious. They provided no services and owned no assets of their own. They could give no security. They could have been removed from the group structure without any substantive impact. In essence, their sole functions were to be a savings account and, presentationally, to make Mr Bhailok and his brothers look like more serious buyers of property.

127. The FIO found no evidence on file of regulated services in respect of any of these transactions, which suggests that none were delivered.

128. The purchase by Greyfriars of a number plate and by Blackbrook of a Range Rover did not require the provision of regulated services. Companies do not typically require legal advice regarding the purchase of a number plate or a company vehicle. Even if they do, the funds nevertheless do not need to pass through client account.

129. In respect of the regeneration of Market Street, the transactions identified above (such as the payment of architect's fees) were not the type of transactions which required the carrying out of any ongoing legal work.

130. In respect of the Company A matter, rent was being collected by third parties but deposited into Company A's client account. No legal work was required in respect of the receipt of rent collected by third parties. Nor was legal work required in respect of repayment of loans or the discharging of VAT liability to HMRC. In interview, Mr Fielding

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<sup>8</sup> It is capable of facilitating money laundering; it can lend a veneer of respectability to otherwise illegitimate schemes; and it is inconsistent with the division in the statutory regulatory regimes governing financial services on the one hand and legal services on the other.

accepted that the Firm was providing "property management services", which does not equate to legal work. Even if some legal work was being carried out, this did not require the funds to be paid into or held on client account.

131. In respect of the Touch Solar matter, the proceeds of sale were distributed directly to companies associated with the owners of Touch Solar Limited (or, in the case of Mr Vaza, directly to Mr Vaza). These companies had no legal relationship with Touch Solar Limited. There were no legal transactions underlying the transfer of funds between Touch Solar Limited and these companies. No regulated services were provided in respect of these transfers.
132. Even if, as the Partners suggest, the clients were continually involved in considering prospective purchases, that did not provide sufficient justification for funds to be held in client account. There is no exception to Rule 14.5 for clients that are in the business of buying and selling property, or where the Firm has close knowledge of (or shares an identity with) the client. A solicitor cannot keep funds on client account indefinitely whilst properties unconnected with the original transaction are being investigated. Instead, the Firm should have repaid the funds to the clients. The clients could then put the Firm in funds when it was about to close out a transaction.
133. It is unrealistic to suggest that Mr Bhailok was mentally "advising himself" as to whether to make specific loans and that this required legal work justifying the retention of funds on client account. Most of what Mr Bhailok describes is ordinary commercial decision-making about whether to make a loan. He identifies no specific legal issues that arose or, if they did, why these required funds to pass through client account. There was no evidence of any such work being carried out.
134. There are strong, and well known, reasons why solicitors are not permitted to provide banking facilities through their client accounts. At paragraph 39 of *Fuglers and others v Solicitors Regulation Authority* [2014] EWHC 179 (Admin), the Divisional Court held:

"if a solicitor is providing banking activities which are not linked to an underlying transaction, he is engaged in carrying out or facilitating day to day commercial trading in the same way as a banker. This is objectionable because solicitors are qualified and regulated in relation to their activities as solicitors, and are held out by the profession as being regulated in relation to such activities. They are not qualified to act as bankers and are not regulated as bankers. If a solicitor could operate a banking facility for clients which was divorced from any legal work

being undertaken for them, he would in effect be trading on the trust and reputation which he acquired through his status as a solicitor in circumstances where such trust would not be justified by the regulatory regimen”.

135. The Warning Notices further serve to highlight the inherent and recognised risks in solicitors using client accounts to provide banking facilities, being money laundering, lending a veneer of credibility to illegitimate schemes, and eroding the regulatory distinction between financial and legal services.

136. In the instant case, there was the additional factor that, on the Partners' own account, they were using the fact that funds were held on client account as a means of trading on the trust and reputation of the solicitor's profession, by seeking to give the appearance of being more serious purchasers than their competitors. That is an abuse of the privilege solicitors have in holding a client account.

*Principle 8 of the SRA Principles 2011: you must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles*

*Paragraph 8.1 of the SRA Code of Conduct for Firms 2019: If you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.*

137. Not only did the Partners breach the Accounts Rules in respect of these specific client matters, but they put nothing in place at the Firm to ensure compliance with these parts of the Accounts Rules. As such, this was a systemic issue relating to the management and governance of the Firm.

138. “Manager” is defined as including a “partner in a partnership”. Both Respondents were therefore managers. In practice, they exercised complete control over the Firm's compliance. They were jointly and severally responsible for the Firm's systemic failure to comply with the Accounts Rules.

139. As far as the Firm was concerned, it breached:

(a) *Rule 14.5 of the SRA Accounts Rules 2011; Rule 3.3 of the SRA Accounts Rules 2019:*  
Paragraphs 122 to 129 above are repeated.

(b) *Principle 7 of the SRA Principles 2011; Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019:* The issues were not isolated matters relating only to the individual conduct

of the Partners, or to the particular client matters identified. Rather, they also amounted to systemic issues within the Firm. There were no governance structures, arrangements, systems or controls in place at the Firm to ensure that it complied with Rule 14.5 of the SRA Accounts Rules 2011 and Rule 3.3 of the Accounts Rules 2019. Thus there was a general failure at the level of the Firm to comply with its regulatory obligations.

**Failure to return funds: Allegations 1.2 and 2.2**

140. Rule 14.3 of the 2011 Accounts Rules and Rule 2.5 of the 2019 Accounts Rules provide that client money must be returned “promptly” to the client or the third party for whom the money is held, “as soon as” there is no longer any “proper” reason to hold the funds.
141. On documents examined by the FIO on the Touch Solar NW Ltd matter, a sum of £5,328,382.53 was left on the ledger from when the matter concluded on 2 August 2019, for a period of 267 days. In the second matter concerning Haversham Properties Ltd. £4,160,600 remained on the ledger for a period of 95 days.
142. The Partners explained that the reason for retaining these funds was the prospect of future, unrelated, unparticularised, property purchases.
143. Speculative future investments are not a proper reason for the retention of funds on client account. Rather, the Firm should have returned the funds promptly, and the clients could have paid the sums back into client account if and when needed. Accordingly, the Partners failed to comply with the relevant requirements of the Accounts Rules.
144. In both of these matters, there was no reason beyond client convenience for these funds to have remained in the Firm’s client account for the period that they did. The breaches were egregious in that they involved large sums of money and continued for substantial periods of time. There is no exception to Rules 14.3 of the 2011 Accounts Rules or Rule 2.5 of the 2019 Accounts Rules where the clients have a close association with a firm, or where the nature of the clients’ business is the buying and selling of property.
145. In light of the foregoing, the Partners breached the following rules and principles:
  - a. *Rule 14.3 of the 2011 Accounts Rules; Rule 2.5 of the 2019 Accounts Rules:* paragraphs 140 to 144 above are repeated

- b. *Paragraph 8.1 of the SRA Code of Conduct for Firms 2019: If you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.*

“Manager” is defined as including a “partner in a partnership”. Both Respondents were therefore managers. In practice, they exercised complete control over the Firm’s compliance. They were jointly and severally responsible for the Firm’s systemic failure to comply with the Accounts Rules.

146. As far as the Firm was concerned, it breached:
- a. *Rule 14.3 of the 2011 Accounts Rules and Rule 2.5 of the 2019 Accounts Rules: paragraphs 140 to 144 above are repeated.*
- b. *Principle 7 of the SRA Principles 2011; Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019: The issues were not isolated matters relating only to the individual conduct of the Partners, or to the particular client matters identified. Rather, it was an issue in the culture, systems, and processes across the Firm as a whole. There were no governance structures, arrangements, systems or controls in place at the Firm to ensure that it complied with Rule 14.3 of the SRA Accounts Rules 2011 and Rule 2.5 of the Accounts Rules 2019. Thus there was a general failure at the level of the Firm to comply with its regulatory obligations.*

**Money Laundering Regulations allegations: Allegations 1.3, 1.4, 1.5, 1.6, 2.3, 2.4, 2.5 and 2.6**

Regulation 18: firm risk assessment

147. Regulation 18 of the 2017 Regulations provides:

“18.—(1) A relevant person must take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject.

(2) In carrying out the risk assessment required under paragraph (1), a relevant person must take into account—

(a) information made available to them by the supervisory authority under regulations 17(9) and 47, and

(b) risk factors including factors relating to—

- (i) its customers;
- (ii) the countries or geographic areas in which it operates;
- (iii) its products or services;

(iv) its transactions; and

(v) its delivery channels.

(3) In deciding what steps are appropriate under paragraph (1), the relevant person must take into account the size and nature of its business.

(4) A relevant person must keep an up-to-date record in writing of all the steps it has taken under paragraph (1)."

148. The SRA Warning Notice on *Compliance with the money laundering regulations – firm risk assessment* (Date first published: 7 May 2019; Updated: 25 November 2019) provided amongst other things that the risk assessment:

a. Must *"accurately set out what risks your firm is exposed to and you must also record the steps you have taken to prepare the risk assessment."*

b. Must *"record the steps you have taken to prepare the risk assessment"*

c. Must *"consider relevant materials that we publish, including, but not limited to this warning notice and our sectoral risk assessment."*

d. *"Your firm's risk assessment should form the backbone of your policies, controls and procedures (required under the money laundering regulations 18, 19, 20 and 21) to prevent money laundering. It should be a useful document to your firm and staff, as it sets out your appetite for higher risk activities and should feed into your assessments of individual clients and matters."*

149. The Partners said that they had carried out a verbal firm-wide risk assessment, when they "adopted" the SRA template risk assessment. That was itself a breach of Regulation 18(4), because it was not in writing. The Partners were unable to supply any details of the firm-wide risk assessment that they had carried out. Further, the Firm did not establish or maintain any of the other policies or controls that were supposed to be informed by the Regulation 18 firm-wide risk assessment. The level of informality suggests that appropriate steps were not taken pursuant to Regulation 18(1), and that inadequate regard was had to the matters at Regulation 18(2).

#### Regulation 19: PCPs

150. Regulation 19 of the 2017 Regulations provides that a relevant person must establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in any risk assessment undertaken by the relevant person under regulation 18. The PCPs must be regularly reviewed. A written record must be kept of the policies, any changes to them made as a result of a

review, and the steps taken to communicate the PCPS within the business. The PCPs must be proportionate with regard to the size and nature of the business. The PCPs must include risk management practices; internal controls customer due diligence' reliance and record keeping; monitoring and management of compliance with the PCPs. Regulation 19(4) makes further provision as to the required contents of PCPs.

151. Upon attendance at the Firm on 7 and 8 February 2022 by the FIO, the partners were unable to identify any PCPs that satisfied Regulation 19 of the Money Laundering Regulations 2017. Instead, the partners produced an '*Office Procedure Manual*' which contained a section on money laundering which was not specific to the Firm. The Firm provided an AML policy on 30 May 2023.

#### Regulation 28

152. Regulation 27 of the 2017 Regulations provides that:

**27.—(1)** A relevant person must apply customer due diligence measures if the person—

- (a) establishes a business relationship;
- (b) carries out an occasional transaction that amounts to a transfer of funds within the meaning of Article 3.9 of the funds transfer regulation exceeding 1,000 euros

153. Regulation 28 of the 2017 Regulations provides:

#### *Customer due diligence measures*

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

**(2)** The relevant person must—

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

...

**(12)** The ways in which a relevant person complies with the requirement to take customer due diligence measures, and the extent of the measures taken—

- (a) must reflect—

## Sensitivity: General

- (i) the risk assessment carried out by the relevant person under regulation 18(1);
    - (ii) its assessment of the level of risk arising in any particular case;
  - (b) may differ from case to case.
- (13) In assessing the level of risk in a particular case, the relevant person must take account of factors including, among other things—
- (a) the purpose of an account, transaction or business relationship;
  - (b) the level of assets to be deposited by a customer or the size of the transactions undertaken by the customer;
  - (c) the regularity and duration of the business relationship.
- (14) If paragraph (15) applies, a relevant person is not required to continue to apply customer due diligence measures under paragraph (2)...in respect of a customer.
- (15) This paragraph applies if all the following conditions are met—
- (a) a relevant person has taken customer due diligence measures in relation to a customer;
  - (b) the relevant person makes a disclosure required by—
    - (i) Part 3 of the Terrorism Act 2000, or
    - (ii) Part 7 of the Proceeds of Crime Act 2002; and
  - (c) continuing to apply customer due diligence measures in relation to that customer would result in the commission of an offence by the relevant person under—
    - (i) section 21D of the Terrorism Act 2000 (tipping off: regulated sector); or
    - (ii) section 333A of the Proceeds of Crime Act 2002 (tipping off: regulated sector).
- ...
- (18) For the purposes of this regulation—
- (a) except in paragraph (10), "verify" means verify on the basis of documents or information in either case obtained from a reliable source which is independent of the person whose identity is being verified;
  - (b) documents issued or made available by an official body are to be regarded as being independent of a person even if they are provided or made available to the relevant person by or on behalf of that person.

154. Regulation 27 applied to the transactions referred to in this Rule 12 because (a) they involved the establishment of a business relationship between the Firm and various other entities; and (b) they involved the transfer of cash in sums greater than €1000. Accordingly, the requirement in Regulation 28 to apply customer due diligence measures ("CDD") was triggered. Further, Regulation 28 makes express provision at paragraphs (14) and (15) exempting transactions from CDD in prescribed circumstances. Those circumstances did

not arise on the facts of this case. The nature of this Firm's client base was not a basis for exemption from CDD.

155. Regulation 28(2)(a) and (b) did not generally apply to the business relationships established by the Respondents, but there is no evidence in any of the cases of any assessment being carried out pursuant to Regulation 28(2)(c).
156. The Respondents were by definition unable to comply with Regulation 28(12), because they failed to carry out and maintain a compliant firm-wide risk assessment under Regulation 18. Paragraph 149 above is repeated.
157. None of the matter files contained any evidence of the assessment referred to in Regulation 28(13), let alone an assessment that had regard to the mandatory factors set out therein. The fact that clients were well known to the Respondents did not exempt them from carrying out CDD. Paragraph 154 above is repeated. Further and in any event:
- a. Where the client was a company in which Mr Bhailok had an interest, the client was the company rather than Mr Bhailok himself.
  - b. Mr Bhailok was usually only part-owner of the companies, over which others also exercised at least some ownership or control.
  - c. The Blackbrook companies were owned by Mr Bhailok's brother, not by Mr Bhailok.
  - d. Mr Fielding did not own or control any of the companies.
  - e. The Firm did not own or control any of the companies.
  - f. The Firm provided services to some entirely third party entities. Paragraphs 119 to 122 above are repeated.

Professional misconduct

158. In light of the foregoing breaches of the Regulations, the Partners breached the following regulatory rules and principles:
- a. *Outcome 7.5: you comply with legislation applicable to your business, including anti-money laundering and data protection legislation:* Once the 2017 Regulations apply, a Firm must comply with them. The SRA and other industry bodies publish clear guidance explaining the relevant requirements. The 2017 Regulations applied to this Firm and to the work that it did. Although in practice the Firm had a narrow client base the Firm was, like any other firm, authorised to provide services to members of the public, and sometimes did so. It was as such subject to the same

requirements as any other firm. There was nevertheless a wholesale failure to comply with the 2017 Regulations.

- b. *Principle 7 of the SRA Principles 2011: you...follow the law and regulation governing the way you work*

*Rule 7.1 of the Code of Conduct for Solicitors 2019: you keep up to date with and follow the law and regulation governing the way you work*

Paragraph (a) above is repeated).

- c. *Principle 8 of the SRA Principles 2011: You must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles.*

*Rule 8.1 of the Code of Conduct for Firms: if you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.*

As to Principle 8, not only did the Partners breach the 2017 Regulations on certain specific occasions, but they put nothing in place at the Firm to ensure compliance with the 2017 Regulations. As such, this was a systemic issue relating to the management and governance of the Firm.

As to Rule 8.1, "Manager" is defined as including a "partner in a partnership". Both Respondents were therefore managers. In practice, they exercised complete control over the Firm's compliance. They were jointly and severally responsible for the Firm's failure to comply with the 2017 Regulations.

159. The Firm breached the following rules and principles:

- a. Outcome 7.5 of the SRA Code of Conduct 2011: This was not an isolated issue relating only to the individual conduct of the Partners, or to any particular client matter. Rather, it was an issue in the culture, systems, and processes across the Firm as a whole. There were no governance structures, arrangements, systems or controls in place at the Firm to ensure that it complied with AML legislation. Thus there was a general failure at the level of the Firm to comply with its statutory obligations.
- b. *Principle 7 of the SRA Principles 2011: you...follow the law and regulation governing the way you work.* Paragraph (a) above is repeated.
- c. Paragraphs 2.1(a) of the SRA Code of Conduct for Firms: *You comply with all...legislative requirements which apply to you:* Paragraph (a) above is repeated.
- d. Paragraph 3.1 of the SRA Code of Conduct for Firms: *You...follow the law and regulation governing the way you work:* Paragraph (a) above is repeated.

Education and training

160. Regulation 24 of the 2017 Regulations imposes upon relevant persons requirements in relation to the training of “relevant employees” on matters pertaining to AMLR. The Firm did not have any “relevant employees” and as such Regulation 24 did not directly apply.

161. Nevertheless, a solicitor’s firm that has no relevant employees (for example, because it is a sole practice or a small partnership) must still keep up to date with AMLR requirements. This arises from the 2017 Regulations themselves, which assume that relevant persons will have a proper understanding of the legislation, in order to be able to implement it. It also arises from the following:

- a. Outcome 7.5 of the SRA Code of Conduct 2011: “You comply with legislation applicable to your business, including anti-money laundering and data protection legislation.”
- b. Principle 8 of the 2011 Principles: “You run your business or carry out your role in the business effectively...”
- c. Rule 7.1 of the Code of Conduct for Solicitors 2019: “You keep up to date with and follow the law and regulation governing the way you work” (emphasis added).
- d. Rule 8.1 of the Code of Conduct for Firms: if you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.

162. By the Partners failing to ensure that they themselves were up-to-date, they breached each of the above requirements. Given their level of control over the Firm, it was of the utmost importance that they educated themselves as to the relevant requirements in this regard. In practice, their failure to do so impacted at a systemic level across the whole of the Firm and all of its work.

**Mitigation**

163. The following points are advanced by way of mitigation on behalf of the Respondent, but their inclusion in this document does not amount to adoption or endorsement of such points by the SRA:

- a. The Respondents regarded the Firm as an "in-house" legal department for the First Respondent's property business, and believed that the accounts rules did not therefore apply in the same way. The misconduct was therefore unintentional and inadvertent.
- b. Both Respondents have been admitted for long periods, and have no other disciplinary or regulatory decisions against them.
- c. The Respondents have made no financial gain from the alleged breaches.
- d. The Respondents cooperated fully with the SRA's investigation.
- e. The Respondents have since carried out a practice-wide risk assessment, have implemented AML policies and procedures, have introduced a template client/matter risk assessment, and have maintained AML training records.

#### **Proposed sanction**

164. Subject to the Tribunal's approval, it is agreed that the Respondents should receive a Level 3 fine in the global sum of £12,000.00 across all three Respondents. The Respondents also agree to make a contribution towards the costs incurred by the SRA in the sum of £22,000 (inclusive of VAT).
165. In reaching this agreement, the parties have had regard to the Tribunal's Guidance Note on Sanctions (10<sup>th</sup> edition). The parties have also had regard to the principle of proportionality and have considered the possible sanctions in ascending order of seriousness.

#### ***Culpability***

166. The Partners were experienced solicitors. They had full control, and therefore bear full responsibility, for their own actions. The misconduct was systemic, continued for many years, across a large number of transactions, and involved large sums of money. In at least one respect, namely the use of client account to make the First Respondent appear a more serious potential purchaser than his competitors, the misconduct involved using the Respondents' privileges as solicitors to promote the First Respondent's own self-interest.
167. The Firm was unusual in that, save in respect of a small number of relatively minor transactions conducted on a *pro bono* basis, its only clients were the First Respondent, his family, and their associated companies. This did not exempt the Firm from compliance

with the rules that are incumbent upon all regulated entities. However, the unusual nature of the Firm is nevertheless a relevant factor to take into account in assessing the seriousness of the misconduct.

168. The misconduct involved breaches of compliance standards rather than breaches of fundamental tenets of the profession.
169. The misconduct was the result of an incorrect understanding of the relevant requirements.
170. In assessing culpability in cases involving the use of client account as a banking facility, three reasons are usually cited for the principle that client account should not be used as a banking facility: (i) it is capable of facilitating money laundering; (ii) it can lend a veneer of respectability to otherwise illegitimate schemes; and (iii) it is inconsistent with the division in the statutory regulatory regimes governing financial services on the one hand and legal services on the other. There is no evidence of any risk of the first two in this case. However, the third reason was present. Moreover, the conduct extended over a long period of time, over a large number of transactions, and involved significant sums of money. There was no financial gain as the Firm did not accept fees for its work.



*Harm*

171. As far as the SRA is aware, there was no loss of any client funds and no money laundering.
172. The risk of harm to client funds was mitigated by the fact that most of the funds passing through client account ultimately belonged either to the First Respondent or his brother with whom he was in business. Funds in relation to Company A were associated with another relative (although a distant one) of the First Respondent, whom the First Respondent had represented for approximately twenty years.
173. There is an inherent harm to the reputation of the profession when solicitors breach their regulatory rules.

*Aggravating factors*

174. The misconduct was aggravated by the fact that the Partners were experienced practitioners, that the misconduct continued over a long period of time, and that it was repeated. None of the other aggravating factors listed in the SDT's Guidance Note on Sanctions are engaged.
175. Mitigating factors have been addressed above.
176. It is agreed that this is not a case where either no order or a reprimand would be an appropriate outcome.
177. The Respondents' professional misconduct is assessed (taking into account the suggested mitigation outlined above) as justifying a fine falling towards the top end of "level 3", i.e. "conduct assessed as more serious". There is no tariff and each case turns on its own particular facts. Nevertheless, misconduct involving "pure" Rule 14.5 breaches is usually sanctioned by way of fine between the lower to middle of Level 4. In the instant case, there was no risk of harm, which reduce the seriousness to Level 3. However, the length of time for which the misconduct continued, and the amounts involved, mean that the appropriate sanction is towards the top end of Level 3.
178. The parties have had regard to the case of *SRA v Robyn Moira Lynch* 12256/2021, a case in which the central issue was also the systemic use of client account as a banking facility to manage the personal wealth of the Respondent and her family members. In that case, the SDT endorsed an agreed outcome with a fine in the sum of £15,000, i.e. the top end of Level 3. *Lynch* was in some respects more serious than the instant case in that: (a) in addition to the core allegations, it also involved large amounts of residual third party client funds left on client account for many years; (b) a number of payments to the Respondent and her family members had resulted in substantial, if temporary, shortages on client account; and (c) this combination of factors meant that, in effect, the Respondent had on a number of occasions personally borrowed against the residual balances in client account for her own purposes. The present case involves breaches of AML rules which were not present in *Lynch*, but the parties consider that these additional breaches were less serious than the additional breaches in *Lynch* and that in any event those issues are adequately addressed by the proposed practising conditions. For all these reasons the parties consider that, by comparison, a fine of £12,000 in the present case would be appropriate.

179. The parties consider that the total fine be £12,000 notwithstanding the fact that it involved three respondents rather than one. The Firm has been included because of the systemic nature of the breaches. However, this was a two-partner firm and both partners are also included as respondents. As described in the body of this document, the Firm takes no fees and thus is not a profit-making business. The Firm is, in effect, the *alter ego* of the Partners. As between the Partners, the sanction has been agreed having regard to the seriousness of this course of misconduct itself and would be the appropriate sanction if there were only one respondent. On the particular facts of this case, in that it was a two-partner Firm, and the Partners worked jointly and inseparably on the matters described above, the parties do not consider it appropriate that the fine be increased by virtue of the fact that two individuals were involved in the same course of misconduct rather than one.
180. For similar reasons, the parties have not proposed any particular apportionment of the fine as between the three Respondents. The Respondents should be jointly and severally liable for payment of the fine. The parties consider it more proportionate for the Respondents to decide between themselves, having regard to their own means and knowledge of their respective levels of responsibility, how much of a share each should contribute.
181. In addition, as regards the AML issues, the parties agree that the Partners' practising certificates should be subject to a condition requiring them to attend a training course on each of (i) AML and (ii) the Accounts Rules within no more than three months of the date of the Order being filed with the Law Society. The matters which have been admitted, and the explanations provided for this misconduct, have disclosed gaps in the Partners' knowledge in these areas. The safety of client funds, and the reputation of the profession, requires that solicitors who have identified deficiencies in such areas should be required to receive training in order to address them.
182. The parties agree that this is not a case which requires the Partners' temporary or permanent removal from the Roll of Solicitors.
183. The parties consider and submit that in light of the admissions set out above, and taking due account of the mitigation put forward by the Partners, the proposed outcome represents a proportionate resolution of the matter, consistent with the Tribunal's Guidance Note on Sanctions (10<sup>th</sup> edition).

John Hippert-Cooper

Legal Director at Capsticks Solicitors LLP, on behalf of the SRA

Dated: 30 July 2024

Ayub Bhailok

Dated: 31-7-2024

Robert Fielding

Dated: 31-7-2024

Robert Fielding, on behalf of Bhailok Fielding Solicitors

Dated: 31-7-2024

**BEFORE THE SOLICITORS DISCIPLINARY TRIBUNAL  
IN THE MATTER OF THE SOLICITORS ACT 1974 (AS AMENDED)  
BETWEEN:**

**SOLICITORS REGULATION AUTHORITY LIMITED**

**Applicant**

**- and -**

**(1) AYUB BHAILOK  
(2) ROBERT FIELDING  
(3) BHAILOK FIELDING LLP**

**Respondents**

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**APPENDIX 1: SCHEDULE OF RELEVANT RULES AND PRINCIPLES**

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**2011 Principles**

**Principle 7: You must comply with your legal and regulatory obligations...**

**Principle 8: You must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles.**

**SRA Code of Conduct 2011**

**Outcome 7.5: you comply with legislation applicable to your business, including anti-money laundering and data protection legislation**

**SRA Code of Conduct for Solicitors 2019**

**Rule 7.1: You keep up to date with and follow the law and regulation governing the way you work.**

**SRA Code of Conduct for Firms 2019**

**Rule 2.1(a): You have effective governance structures, arrangements, systems and controls in place that ensure you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you;**

**Rule 3.1: You keep up to date with and follow the law and regulation governing the way you work.**

**Rule 8.1: If you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.**

**SRA Accounts Rules 2011**

**Rule 14.3: Client money must be returned to the client (or other person on whose behalf the money is held) promptly, as soon as there is no longer any proper reason to retain those funds.**

**Rule 14.5: You must not provide banking facilities through a client account. Payments into, and transfers or withdrawals from, a client account must be in respect of instructions relating to an underlying transaction (and the funds arising therefrom) or to a service forming part of your normal regulated activities.**

**SRA Accounts Rules 2019**

**Rule 2.5: You ensure that client money is returned promptly to the client, or the third party for whom the money is held, as soon as there is no longer any proper reason to hold those funds.**

**Sensitivity: General**

**Rule 3.3: You must not use a client account to provide banking facilities to clients or third parties. Payments into, and transfers or withdrawals from a client account must be in respect of the delivery by you of regulated services.**