

Enforcement Decision Notice

The CLC provided **Stratega Law Limited (Stratega)** with a Warning Notice dated 21 May 2021 (the **Warning Notice**) setting out its intention and reasons for imposing sanctions.

It has carefully considered the response to the Warning Notice, received on 29 June 2021 and additional information provided by James Keogh on 12 July 2021, as well as the individual responses of the Directors.

The CLC has decided to impose the sanctions below, for the reasons set out in the Warning Notice and Annex 1 below.

The below table is a summary provided for your assistance.

Respondent Name: Stratega Law Limited

#	Breach of the CLC Code of Conduct	Sanction imposed by CLC
Breaches to the CLC's Handbook		
1.	Rules 2, 6, 7, 8 and 9 of the Conflicts of Interest Code	<p>A financial penalty of £7,875 representing a collective penalty, as outlined in the Warning Notice, is imposed.</p> <p>Additionally, a condition will be imposed as follows:</p> <p><i>"The Licensed Body is prohibited from taking new instructions to act on both sides of transactions for a period of up to three years from 25 February 2021."</i></p> <p>From 25 February 2022 the Licensed Body may apply to the CLC to remove the licence condition prohibiting the Licensed Body from acting on both sides of transactions.</p>
2.	Rules 8, 9, 16 and 17 of the Complaints Code	No financial penalty or other imposed.
3.	Rules 2, 3, 4, 6, 8 and 9 of the Estimates and Terms of Engagement Code	<p>A financial penalty of £19,500 representing a collective penalty, as outlined in the Warning Notice, is imposed.</p> <p>An additional financial penalty in the sum of £98,931.40 (VAT exclusive) to remove any financial gain obtained as a result of overcharging the client, as follows:</p> <ul style="list-style-type: none"> • 68162: £76,470 (VAT exclusive) • 68163: £11,005.70 (VAT exclusive) • 68164: £11,455.70 (VAT exclusive)
4.	Rules 6, 7, 8, 9, 10 and 12 of the Anti-Money Laundering and Combating Terrorist Financing Code	A financial penalty of £1,437.50 based on Penalty Bracket 2 (Medium Conduct and Low Impact assessments) representing a collective penalty for numerous breaches to the AML & CTF Code and uplifted by 15% from the median for aggravating factors (non-compliance with required actions 27, 30, 32 and 33 of the Inspection Report), is imposed.
5.	Rule 11 of the Anti-Money Laundering and Combating Terrorist Financing Code	A financial penalty of £19,500 representing a collective penalty, as outlined in the Warning Notice, is imposed.
6.	Rules 9 and 12 of the Accounts Code	A financial penalty of £3,850 based on Penalty Bracket 3 (Medium Conduct and Medium Impact assessments)

#	Breach of the CLC Code of Conduct	Sanction imposed by CLC
Breaches to the CLC's Handbook		
		representing a collective penalty for numerous breaches to the AML & CTF Code and uplifted by 10% from the median for aggravating factors as outlined in the Warning Notice), is imposed.
7.	Rules 7, 8, 9, 10, 11 of the Supervision and Management Code	A financial penalty of £3,850 representing a collective penalty, as outlined in the Warning Notice, is imposed.
Breaches to the CLC's Code of Conduct and Overriding Principles		
8.	A Reserved Legal Activity is not carried out by an Authorised Person entitled to carry out that activity.	A financial penalty as outlined in the Warning Notice and included under 1 above, is imposed.
9.	The Licensed Body, or one of its Authorised Person managers/employees, breached its / their regulatory responsibilities by: a) Failing to supervise and maintain proper supervision and management arrangement and controls; b) Failing to act with independence; c) Failing to act with integrity; d) Failing to deal with regulators (the CLC) in an open and co-operative way.	a) A financial penalty as outlined in the Warning Notice and included under 7 above, is imposed. b) A financial penalty of £7,500 , as outlined in the Warning Notice, is imposed. c) A financial penalty of £19,500 as outlined in the Warning Notice, is imposed. d) A financial penalty of £19,500 as outlined in the Warning Notice, is imposed.
10.	The Licensed Body is the subject of an allegation or complaint which, if substantiated, is likely to have serious implications for that body	Related to the conduct resulting in final bills being far higher than were estimated, and where no updated costs estimates were provided, a financial penalty as outlined in the Warning Notice under 3 above, is imposed. Related to the conduct associated with seeking another Regulated body provide an undertaking not to share information with the CLC, and noting the concerns about integrity, a financial penalty of £3,500 as outlined in the Warning Notice, is imposed.
Total Sanctions Imposed:		Financial Penalties: <u>£106,012.50</u> + <u>£98,931.40</u> (VAT exclusive, in respect of overcharging on files under prefixes 68162, 68163, 68164) totalling <u>£204,943.90.</u> <u>Condition: <i>The Licensed Body is prohibited from taking new instructions to act on both sides of transactions for a period of up to three years from 25 February 2021.</i></u>

Under paragraph 15.1 of the ABS Framework a Licensed Body who is dissatisfied with any CLC enforcement determination may appeal against the determination. Should you wish to appeal against this

determination, you must submit a Notice of Appeal to the CLC within 28 days of being notified of this determination.

A Notice of Appeal should comply with Rule 20 of the Adjudication Panel Procedure Rules and should include:

- (a) the name and address of the appellant;
- (b) the name and address of the appellant's representative (if any);
- (c) an address where documents for the appellant may be sent or delivered;
- (d) the statutory provision to which the proceedings relate;
- (e) details of the decision or act, or failure to decide or act, to which the proceedings relate;
- (f) the result the appellant is seeking; and
- (g) the grounds on which the appellant relies.

Appeals to CLC enforcement determinations are considered by the Adjudication Panel who may decide on sanctions which are more or less severe than those proposed in this Enforcement Decision Notice and award costs to follow the event.

Under Rule 16 of the Adjudication Panel Procedure Rules a person who wishes the Adjudication Panel to decide whether the substantive decision should be stayed or suspended must make a written application to the Adjudication Panel which must include the grounds on which the person making the application relies.

ANNEX 1

After carefully considering the Respondent’s responses to the Warning Notice, the CLC’s reasons for deciding to impose the above sanctions are outlined below:

Code	Breaches	CLC’s reasons for sanction
Conflicts of Interest Code	Rules 2, 6, 7, 8 and 9 of the Conflicts of Interest Code	<p>Stratega’s response is, “<i>We do not accept that this firm has breached the Conflict of Interests Code as, where the firm acted for both buyer and seller in the same transaction, the work was supervised adequately by authorised persons. We do not accept that a conflict of interest occurred which placed clients’ money at risk</i>”. This response responds to the breach of rule 6 of the Conflicts of Interest Code.</p> <p>It is noted that Stratega have chosen not to respond to the breaches of rules 2, 7, 8 and 9 of the Conflicts of Interest Code as outlined in the Warning Notice. Stratega’s breaches of rules 2, 6, 7, 8 and 9 of the Conflicts of Interest Code are however linked to required actions 6 through 12 of the Monitoring Inspection Report and to the allegations directed to the individual directors. Accordingly, Stratega have responded indirectly within their response to the unresolved required actions arising from the monitoring inspection (Mr Marshall’s email of 29 June 2021 timed at 17:04), and via the directors’ own responses each received on 29 June 2021.</p> <p>Although Stratega has now come into compliance by responding adequately to the Conflicts of Interest Code required actions, Stratega were found to be non-compliant with rules 2, 6, 7, 8 and 9 of the Conflicts of Interest Code at the time of the monitoring inspection. Indeed there is evidence to suggest that Stratega remained non-compliant with rule 6 until at least 10 March 2021 and possibly until 26 April 2021 (see comments at Table 2 below).</p> <p>Rule 6 does not permit un-Authorised Persons, supervised by Authorised Persons, to act in circumstances where the entity represents parties with different interests in a transaction. Any interpretation of rule 6 to suggest that this is permitted is erroneous.</p> <p>In relation to breaches to rules 7 and 8, the directors each refute that the reported breaches occurred, aside from in relation to file 62408.002, and state that acting on both sides letters were sent on certain dates. The CLC accepts the acting on both sides letters were sent, however such letters were sent long after the instructions to act on both sides were accepted by Stratega, in contravention of rules 7 and 8.</p> <p>Stratega have not provided responses which satisfy the CLC that the breaches never occurred and some required actions remain unresolved.</p>

Code	Breaches	CLC's reasons for sanction
		<p>Furthermore, the CLC found evidence that work was not adequately supervised during the inspection and are not persuaded that there is an appropriate level of supervision at the practice. This gives the CLC cause for concern, particularly with regard to unauthorised persons acting where the practice acts on both sides of transactions. Additionally, we found instances where the same un-Authorised Person acted on both sides of the same transaction on files 67694.002 and 67968.002, during November 2019.</p> <p>Accordingly, in addition to the comments above the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>
<p>Estimates and Terms of Engagement Code</p>	<p>Rules 2, 3, 4, 6, 8 and 9 of the Estimates and Term of Engagement Code</p>	<p>Stratega's response is, "<i>We do not accept that this firm has breached the Estimates and Terms of Engagement Code as all bills were agreed with clients, paid by clients and no client complaints were made. No client was, therefore, overcharged and this firm did not achieve any other financial gain other than through charging a bone fide bill which clients agreed to</i>".</p> <p>Stratega have not provided the CLC with evidence of having agreed the final bills with clients on any/or all files under the prefixes 68162, 68163 and 68164, as part of its response. In any event, there is no requirement under the Estimate and Terms of Engagement Code for clients to agree bills of costs. The requirements are rather, to provide an estimate of proposed fees, disbursements and other expenses, which if expected to be exceeded, is</p>

Code	Breaches	CLC's reasons for sanction
		<p data-bbox="748 197 2076 256">promptly advised to the client with an explanation and revised estimate. Additionally, the absence of a client complaint does not confirm that clients were not overcharged, nor that they agreed to the final bills.</p> <p data-bbox="748 296 2076 499">We note that Stratega's Terms of Engagement include a table of additional work that is not envisaged under the estimates or the Completion Statements provided on 9 June 2020, 1 July 2020 and 6 July 2020 (the Completion Statements). It is also important to note that in the matters under prefix 68162, there are a number of emails sent to the client that refer back to the estimate and costs generally. This shows that Stratega were well aware of the costs estimate and their obligation to provide revised estimates during the transaction, which there is no evidence they did.</p> <p data-bbox="748 539 2076 671">Stratega's Terms of Engagement also state that if the matter becomes substantially more time consuming or complex then they reserve the right to invoice for the work performed and send a fresh estimate for the balance of the transaction. We note Stratega have not provided evidence in its response that updated estimates in the vicinity of the final sums billed to clients were provided to the clients.</p> <p data-bbox="748 711 2076 914">Additionally, the bill of costs dated 2 September 2020 on matter 68162.005 has been totalled incorrectly as has the bill of costs dated 9 September on matter 68163.006. The breakdown outlined in bills of costs on matters 68163.006 and 68164.003, both totalling £15,588 (including VAT), are made up of time costs, not disbursements. The bills of costs on matters 68163.006 and 68164.003 are exact replicas notwithstanding that there were three property transactions associated with the matter 68163.006 and only two property transactions associated with matter 68164.003. One or both bills of costs are inaccurate on this basis.</p> <p data-bbox="748 954 2076 1013">Additionally, given that Stratega charged on the basis of time spent, per the Terms of Engagement, it is highly doubtful that all work streams listed in the bills of cost would have taken exactly the same amount of time.</p> <p data-bbox="748 1053 1491 1082">Furthermore, the bills under prefixes 68162, 68163 and 68164:</p> <ul data-bbox="748 1086 2076 1305" style="list-style-type: none"> <li data-bbox="748 1086 1854 1115">• inconsistently duplicate fees on some matters but not on others (i.e. for AML search fees) <li data-bbox="748 1120 2076 1149">• charge fees for work which was never performed (i.e. for simultaneous exchange and completion setup fees) <li data-bbox="748 1153 2076 1212">• refer to disbursements which were never incurred as fees charged on a time basis where no time was recorded (i.e. telegraphic transfers) <li data-bbox="748 1217 2076 1305">• charged fees on a time basis 1) in circumstances where no time was recorded, for 2) work which is not recoverable due to their being inherent to conveyancing transactions and accordingly, expected to be included in the Standard Conveyancing Fee quoted (i.e. dealing with 3rd party lawyers). <p data-bbox="748 1345 2076 1402">Notwithstanding all of these points, the full amounts outlined in the bills of costs were charged to the clients on each matter.</p>

Code	Breaches	CLC's reasons for sanction								
		<p>On each matter under prefixes 68162, 68163 and 68164, the CLC have concluded that Stratega should be limited to relying on the estimates provided in the Completion Statements. In circumstances where the matters did not reach the point of exchange, the CLC does not consider the bills of costs in these matters amount to “<i>a reasonable charge...made in respect of work carried out, together with any expenses incurred on your behalf and VAT</i>”, as stated within Stratega’s Terms of Engagement.</p> <p>In any event conveyancing is charged on a fixed fee basis and if a transaction is not straightforward then additional costs should be discussed with the client at the time the matter becomes not straightforward. Any extra work in addition to the basic fee should be reflected in a revised quote and importantly. Stratega are also bound by the Informed Choice Rules.</p> <p>In fixed fee conveyancing transactions the CLC considers that it is typical and reasonable for a conveyancing practice to charge abortive fees in the vicinity of the following table:</p> <table border="1" data-bbox="752 628 2007 829"> <tbody> <tr> <td data-bbox="752 628 1621 671">Searches ordered and initial setup completed</td> <td data-bbox="1621 628 2007 671">40% of legal fee</td> </tr> <tr> <td data-bbox="752 671 1621 743">Local or environmental search results reviewed and initial enquiries raised</td> <td data-bbox="1621 671 2007 743">50% of legal fee</td> </tr> <tr> <td data-bbox="752 743 1621 786">Title reviewed and exchange achieved</td> <td data-bbox="1621 743 2007 786">75% of legal fee</td> </tr> <tr> <td data-bbox="752 786 1621 829">Purchase completed</td> <td data-bbox="1621 786 2007 829">100% of legal fee</td> </tr> </tbody> </table> <p>Based on the stage the matters under prefixes 68162, 68163, 68164 had reached when Stratega ceased to act, the CLC considers that Stratega should have charged no more than 60% of the Standard Conveyancing Fee quoted in the estimates provided in the Completion Statements. For the avoidance of doubt, the CLC considers that Stratega should be limited to the charges set out in the Completion Statements such that the additional fees (of which some are actually disbursements) charged in the bills of costs, are not recoverable.</p> <p>The CLC considers that the client in matters under prefix 68162 should have been charged a maximum fee of £8,000 plus VAT (representing 60% of the Standard Conveyancing Fee of £16,000 (inclusive of VAT and disbursements) as quoted in the Completion Statement). In circumstances where the client was charged £84,470 plus VAT, this amounts to an overcharge of £76,470 (VAT exclusive).</p> <p>The CLC considers that the client in matters under prefix 68163 should have been charged a maximum fee of £1,984.30 plus VAT (representing 60% of the Standard Conveyancing Fee of £3,968.60 (inclusive of VAT and disbursements) as quoted in the Completion Statement). In circumstances where the client was charged £12,990 plus VAT, this amounts to an overcharge of £11,005.70 (VAT exclusive).</p> <p>The CLC considers that the client in matters under prefix 68164 should have been charged a maximum fee of £1,534.30 plus VAT (representing 60% of the Standard Conveyancing Fee of £3,068.60 (inclusive of VAT and</p>	Searches ordered and initial setup completed	40% of legal fee	Local or environmental search results reviewed and initial enquiries raised	50% of legal fee	Title reviewed and exchange achieved	75% of legal fee	Purchase completed	100% of legal fee
Searches ordered and initial setup completed	40% of legal fee									
Local or environmental search results reviewed and initial enquiries raised	50% of legal fee									
Title reviewed and exchange achieved	75% of legal fee									
Purchase completed	100% of legal fee									

Code	Breaches	CLC's reasons for sanction
		<p>disbursements) as quoted in the Completion Statement). In circumstances where the client was charged £12,990 plus VAT, this amounts to an overcharge of £11,455.70 (VAT exclusive).</p> <p>The CLC do not accept that the bills on matters under prefixes 68162, 68163 and 68164 were agreed with clients as asserted by Stratega and Stratega have not provided evidence which confirms to the CLC that rules 2, 3, 4, 6, 8 and/or 9 of the Estimates and Terms of Engagement Code have not been breached. Accordingly, in addition to the comments above, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>Anti-Money Laundering and Combatting Terrorist Financing (AML & CTF) Code-</p>	<p>Rules 6, 7, 8, 9, 10, and 12 of the Anti-Money Laundering and Combatting Terrorist Financing Code</p>	<p>Stratega's breaches of rules 6, 7, 8, 9, 10, and 12 of the Anti-Money Laundering and Combatting Terrorist Financing Code (AML & CTF Code) are linked to required actions 27 through 37, 45, 53 and 56 through 58 of the Monitoring Inspection Report.</p> <p>It is noted that Stratega have chosen not to respond directly to the breaches of rules 6, 7, 8, 9, 10 and 12 of the AML & CLTF Code as outlined in the Warning Notice, except to confirm they "<i>do not accept that this firm</i> [Stratega] <i>breached the Anti-Money Laundering and Combatting Terrorist Financing (AML & CTF) Code</i>". Notwithstanding, Stratega have responded indirectly in their response to the CLC's email of 21 May 2021 timed at 09:25, relating to the unresolved required actions arising from the monitoring inspection.</p> <p>Although Stratega has now come into compliance by responding adequately to AML & CTF Code required actions 27, 28, 31, 32, 34, 35, 36, 37, 45 and 56 through 58, Stratega were found to be non-compliant with rules 6, 7, 8, 9, 10, and 12 of the AML & CTF Code at the time of the monitoring inspection. To date, Stratega have not provided responses which satisfy the CLC that the breaches never occurred.</p> <p>Additionally, some actions still remain unresolved. Having reviewed Stratega's responses dated 29 June 2021 to the CLC's email dated 21 May 2021 timed at 09:25, required actions 29, 30 and 33 are yet to be fully resolved. Separately, the CLC has decided not to pursue required action 53 and has partly withdrawn allegations in the separate proceedings against the Directors, related to non-compliance with this action.</p> <p>With the exception of required action 53, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and amends the sanction proposed by the Warning Notice dated 21 May 2021.</p>

Code	Breaches	CLC's reasons for sanction
	<p>Rule 11 of the Anti-Money Laundering and Combating Terrorist Financing Code in relation to files 64530.008, 64590.002, 60078.004, 68031.004, 67964.002, 64601.002, 64602.002, 67759.002, 56580.014, 56580.017, 67637.002, 68162.001 - 68162.005, 68163.001 - 68163.006, and 68164.001 - 68164.003.</p>	<p>Stratega's response is, "<i>We do not accept that this firm breached the Anti-Money Laundering and Combatting Terrorist Financing (AML & CTF) Code. We refute this allegation as the evidence has been provided to you. You have already had the opportunity to review this on the files. As a result of the clients declarations on the client engagement form and the identification provided we were not, and nor should we have been (acting reasonably) be forming any suspicion that the funds provided are the proceeds of crime, and therefore were not suspicious as to their source of wealth. As far as we are aware since completion of this matter there has been no criminal or civil investigations into this transaction or their source of wealth related thereto which has been proven by a court to be unlawful or illegal</i>".</p> <p>The documentation provided by Stratega with its response has already been viewed by the CLC. Stratega's verification of clients'/beneficial owners' identity and/or source of funds and/or source of wealth was inadequate on these files and it was on this basis, that the CLC alleged the breaches to rule 11 of the AML & CTF Code in the Warning Notice. No further evidence to satisfy the CLC that adequate checks were undertaken has been provided by Stratega. The CLC considers this is because no such evidence exists.</p> <p>Accordingly, in addition to the above comments, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>Accounts Code</p>	<p>Rules 9 and 12 of the Accounts Code</p>	<p>Stratega's response is, "<i>We do not accept that this firm breached the Accounts Code. A revised manual for our accounts function has, however, now been compiled and supplied to the CLC</i>".</p> <p>It is noted that Stratega have chosen not to respond specifically to the breaches of rules 9 and 12 of the Accounts Code as outlined in the Warning Notice, except to assert that breaches did not occur. No further explanations or evidence to support their assertion was provided in direct response to these breaches. Stratega's breaches of rules 9 and 12 of the Accounts Code are however linked to required actions 39 through 43 and 47 of the Monitoring Inspection Report.</p> <p>Although Stratega has now come into compliance by responding adequately to Accounts Code required actions 39, 42 and 47, Stratega were found to be non-compliant with rules 9 and 12 of the Accounts Code at the time of the monitoring inspection.</p> <p>Additionally, some actions still remain unresolved. Having reviewed Stratega's responses dated 29 June 2021 to the CLC's email dated 21 May 2021 timed at 09:25, required actions 40, 41, and 43 are yet to be fully resolved. An Accounts Manual was provided to the CLC on 29 June 2021, which although requires some further details, is</p>

Code	Breaches	CLC's reasons for sanction
		<p>generally compliant. The CLC intends to continue working with Stratega under the CLC's managed compliance model relation to the unresolved actions.</p> <p>Notwithstanding the above, Stratega have not provided responses which satisfy the CLC that the breaches never occurred and some required actions remain unresolved. It is accepted however that based on responses received from the directors and the information currently known to the CLC that no loss to client money has occurred as a result of non-compliance with the Accounts Code.</p> <p>Accordingly, in addition to the comments above the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and amends the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>Management and Supervision Code</p>	<p>Rules 7, 8, 9, 10 and 11 of the Supervision and Management Code</p>	<p>Stratega's response is, "<i>We do not accept that this firm breached the Management and Supervision Code. At all times adequate management and supervision has and is carried out and there have not been any client losses</i>".</p> <p>It is noted that Stratega have chosen not to respond specifically to the breaches of rules 7, 8, 9, 10, 11 of the Supervision and Management Code as outlined in the Warning Notice, except to assert that breaches did not occur. No further explanations or evidence to support their assertion was provided.</p> <p>Stratega's breaches of rules 7, 8, 9, 10 and 11 of the Supervision and Management Code are linked to required actions 27, 40, 41 and 45 through 48 of the Monitoring Inspection Report.</p> <p>Although Stratega has now come into compliance by responding adequately to Management and Supervision required actions 27, 45 and 47, Stratega were found to be non-compliant with rules 7, 8, 9, 10 and 11 of the Supervision and Management Code at the time of the monitoring inspection.</p> <p>Additionally, some actions still remain unresolved. Having reviewed Stratega's responses dated 29 June 2021 to the CLC's email dated 21 May 2021 timed at 09:25, required actions 40, 41 (crossover with Accounts Code breaches above), and 46 are yet to be fully resolved. As stated above, an Accounts Manual was provided to the CLC on 29 June 2021, which although requires some further details, is generally compliant. The CLC intends to continue working with Stratega under the CLC's managed compliance model relation to the unresolved actions.</p> <p>Notwithstanding the above, Stratega have not provided responses which satisfy the CLC that the breaches never occurred and some required actions remain unresolved.</p>

Code	Breaches	CLC's reasons for sanction
		Accordingly, in addition to the comments above the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.

Table 2: Breaches to the CLC Code of Conduct and Overriding Principles

Requirement	Breaches	CLC's Reason for Sanction
A Reserved Legal Activity is not carried out by an Authorised Person entitled to carry out that activity	We found evidence during our inspections that un-Authorised persons were working on opposite sides, for the buyer and for the seller of the same transaction. This is not permitted. Such activities are reserved for Authorised Persons only.	<p>Stratega's response is, "<i>We do not accept that allegation. All matters where this firm has acted for the buyer and seller in the same transaction have been supervised by, and in the control of an authorised person. There have not been any client losses in such matters</i>".</p> <p>Stratega have asserted in their response that all matters, where they have acted for the buyer and the seller in the same transaction, have been supervised and in the control of an Authorised Person. Supervision of an un-Authorised Person with conduct of such matters does not meet the requirements of the CLC's Code of Conduct.</p> <p>Additionally, in responding to required action 8 of the Monitoring Inspection Report, on 22 April 2021 Stratega Law provided the CLC with a list of matters where it has or is acting on both sides of the transaction, which includes details of the matter number, client name, property address and fee earner.</p> <p>The list, which Stratega confirmed was produced on 10 April 2021, confirmed that un-Authorised Persons acted on one side of transactions where the practice acted on both sides, both prior to and since the monitoring inspection. This was despite both Mr Marshall and Mr Kotze confirming to CLC inspectors at the inspections in February 2020 that they were aware that only Authorised Persons could act where Stratega acted on both sides.</p> <p>On 26 April the CLC asked Stratega for additional information in relation to the list, including which matters were completed and which were ongoing, and the date of the last update to the list. Stratega responded by providing an updated list. In the updated list provided on 26 April 2021, the un-Authorised Person with carriage of ongoing matters had been amended to an Authorised Person. The practice confirmed that "<i>two of the cases that were still live were re-allocated from [REDACTED] to [REDACTED] (AI) since the 10/03/21</i>". [REDACTED] is an un-Authorised Person and [REDACTED] is an Authorised Person.</p>

Requirement	Breaches	CLC's Reason for Sanction
		<p>Stratega's actions in reallocating the ongoing matters would indicated they have accepted the CLC's position, however is at odds with its response dated 29 June 2021.</p> <p>In any event, the list provided on 22 April 2021 provides evidence that un-Authorised persons acted on one side of transactions where the practice acted on both sides, in further support of the findings at the monitoring inspections. Separately, the CLC has provided further reasoning in relation to this breach at Table 1 above.</p> <p>Accordingly, in addition to the comments above, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>The Licensed Body, or one of its Authorised Person managers/employees, breached its / their regulatory responsibilities</p>	<p>Failing to supervise and maintain proper supervision and management arrangements and controls.</p>	<p>Stratega's response is, "<i>We do not accept this allegation. The HOFA & MLRO has not been able to attend his main place of work since March 2020 due to the Covid restrictions but has sufficient overall daily control of the Financial Administration and anti-money laundering compliance of the firm</i>".</p> <p>The CLC's concerns in relation to this breach are articulated in the Monitoring Inspection Report, particularly under the Accounts Code, AML & CTF Code and Management and Supervision Code findings.</p> <p>Although the Directors have taken steps towards remedying non-compliance associated with their regulatory responsibilities via Stratega's various responses to the Monitoring Inspection Report (as articulated within this Decision Notice), neither these responses nor Stratega's response to the Warning Notice, satisfy the CLC that the breaches never occurred.</p> <p>Accordingly, in addition to the comments contained elsewhere in this Decision Notice, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>

Requirement	Breaches	CLC's Reason for Sanction
	Failing to act with independence.	<p>The CLC has chosen not to pursue the alleged breaches relating to Stratega or one of its Authorised Persons failing to act with independence in relation to Mayfair Tax Consultants. However, the CLC are not satisfied that the Licensed Body or one of its Authorised Persons acted with independence in relation to Cornerstone Tax Advisors/Cornerstone Tax Ltd (Cornerstone).</p> <p>Stratega's response is, "<i>There are no conflicts of interest arising with the firms normal business relationships with Mayfair Tax Consultants and Cornerstone Tax Advisors</i>".</p> <p>The CLC's concerns in relation to this breach are articulated in the Monitoring Inspection Report, particularly under the Conflicts of Interest Code and Additional Comments section findings. Stratega has responded to the Monitoring Inspection Report (required action 12) in relation to its relationship with Cornerstone and the CLC accepts that Stratega have also provided explanations to the CLC in relation to its relationship with Cornerstone previously.</p> <p>In an email dated 17 December 2018 timed at 23:25, Mr Keogh advised the CLC that he had "<i>the status of an authorised representative of Cornerstone</i>". However, Mr Keogh, in his response dated 29 June 2019, asserts that he has consistently advised the CLC that his "<i>relationship with Cornerstone Tax Ltd was on an arm's length business relationship</i>". These two statements are contradictory.</p> <p>Additionally, Mr Keogh has not responded to the evidence which shows Mr Keogh being described by employees of Stratega (and/or one of the former names and/or trading styles) as Stratega's "<i>recommended tax consultant from Cornerstone</i>" with the email address, jkeogh@ctatax.uk.com. There is also evidence that two former employees of Stratega used both Stratega and Cornerstone email addresses. When previously queried about the Cornerstone email addresses during a meeting with the CLC on 27 February 2019, neither Mr Keogh nor Mr James Marshall were able to provide a satisfactory answer as to why these email addresses existed.</p> <p>The CLC considers that Mr Keogh and Mr Marshall failed to respond on this point because to do so truthfully would have required one or both of them to admit they had been dishonest with the CLC about Stratega's prior relationship with Cornerstone Tax. To do so would also confirm the relationship created a conflict of interest between Mr Keogh's role as an agent/recommended tax consultant of Cornerstone and his role as director of Stratega Law.</p> <p>Subsequently, during a meeting with the CLC on 10 July 2019, Mr Marshall advised that the use of Cornerstone email addresses was an IT issue, after the email addresses were established to assist in</p>

Requirement	Breaches	CLC's Reason for Sanction
		<p>consulting Cornerstone who were specialists in estate planning. The CLC is not persuaded on the balance of probabilities that Stratega acted independently and without conflict, particularly in light of Mr Keogh's comments that he was an authorised representative of Cornerstone and because Stratega's staff referred to him in emails to clients as Stratega's "recommended tax consultant from Cornerstone".</p> <p>Accordingly, in addition to the comments above (and with the exception of the alleged breaches relating to Stratega or one of its Authorised Persons failing to act with independence in relation to Mayfair Tax Consultants (which is not pursued)), the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
	Failing to act with integrity	<p>Stratega's response is, "All of the other alleged breaches have been dealt with in the responses to individuals". These responses are those of Mr Keogh, Mr Marshall and Mr Kotze dated 29 June 2021.</p> <p>Not providing the CLC with accurate and honest information in relation to the CLC's request for a list of matters where the Licensed Body acted on both sides.</p> <p>Mr Keogh's response is that, "This information is not available via a Proclaim report. In order to comply with the CLC's request in a timely manner in February 2020, the only way I could respond at that time was to ask colleagues to provide such information. I was advised that there were 2 current cases and, in the absence of any alternative information, and in particular in respect of the CLC's broad and generalised request, this formed my response to the CLC in good faith".</p> <p>The CLC does not accept Mr Keogh's response for the reasons that:</p> <ol style="list-style-type: none"> 1) His response is lacking in detail in that he states that he was advised by colleagues but does not state who those colleagues were. 2) If the request could not be responded to, Mr Keogh should have asked for more time to properly collate this information. Instead, Mr Keogh chose to provide information to the CLC which was incomplete. 3) The request was quite specific and not "broad and generalised" as is asserted by Mr Keogh. <p>Not being honest with the CLC on a number of occasions including but not limited to Mr Keogh's involvement in Mayfair Tax Consultants and Cornerstone Tax Advisors.</p> <p>The CLC repeats and relies on the comments directly above in relation to failure to act with independence.</p>

Requirement	Breaches	CLC's Reason for Sanction
		<p>The CLC has made various dishonestly allegations against Mr Keogh, Mr Marshall and Mr Kotze. The directors have responded to each of the allegations against them. With the exception of Allegation 3 against Mr Keogh, the CLC is not minded to withdraw any of the dishonestly allegations against the directors on the basis of their responses.</p> <p><i>Having accepted instructions to act in matters which are not regulated by the CLC.</i></p> <p>Mr Keogh's response is that, <i>"We are permitted under the Legal Services Act 2007 as an ABS to offer unregulated services under Stratega Law Ltd, or any associated trading names or styles. That does not come under the regulation of CLC, on the basis that any of these unregulated services make it clear that is the case and as a result, those engaging clients/customers are not entitled to rely on the CLC Compensation Fund. We are permitted, and has been verified since 2014 with the CLC that we may offer plumbing, removals, or estate agency without reference to the CLC, as long as those services comply with the firms risk assessment and delivery as above under the rules"</i>.</p> <p>Although it is correct that Alternative Business Structures (ABSs) can offer non-reserved legal activity, this cannot be <i>"without reference to the CLC"</i>. The Licensed Body (ABS) Licensing Framework (ABS Framework) (at 8.10) provides that an assessment is required to be undertaken by the CLC in order to determine the Licensed Body's capability and capacity to deliver the CLC's Code of Conduct in providing such services. This includes, amongst other factors, consideration of <i>"Competence to deliver non-reserved activities, including the resources, arrangements, sophistication or vulnerability of their Clients, its relatedness to the reserved legal activities the applicant proposes to provide and access to justice implications if the activities were not permitted"</i>. The ABS Framework (at 8.35) confirms that the Licence will specify <i>"All permissions that the CLC grants the body to provide non-reserved legal activities"</i>.</p> <p>It is noted that Stratega have not provided evidence that the CLC have verified since 2014 that they may offer plumbing, removals or estate agency without reference to the CLC. Further, the CLC has no record of having provided any such verification, confirmation or permission to provide non-reserved activity.</p> <p>The ABS Framework further states (at 8.39) that, <i>"Where non-reserved services are permitted we will adopt a co-regulatory approach with the relevant Approved Regulator as per our ABS Multidisciplinary Memorandum of Understanding. Where this is not appropriate it is likely we will require the applicant to ring-fence the services for which it has authorisations and permissions."</i> Ring-fencing of the services would include operating a separate office account and client account for any non-regulated services</p>

Requirement	Breaches	CLC's Reason for Sanction
		<p>(Rule 9.1.3 of the Accounts Code in force until 30 September 2020 and Rule 2.3 of the Accounts Code in force from 30 September 2020).</p> <p>The communications provided to clients of non-regulated services included information that, “<i>Stratega Advisory Services is a trading style of Stratega Law Ltd (company number: 7302852). Registered office: 1 Park Lane, Cheam, Surrey SM3 8BN</i>” and “<i>Please note: services provided by Stratega Advisory Services are not regulated by the Council of [sic] Licenced [sic] Conveyancers, are not covered by the CC approved professional indemnity insurance poly and are not covered by the CLC administered compensation fund</i>”.</p> <p>Although it is accepted that at least some clients were provided with the above information by Stratega, perhaps in attempts to ring-fence non-reserved services, permission to provide such services was not provided by the CLC and Stratega did not completely ring-fence these services by operating separate office and client accounts (file 55664.005).</p> <p><i>Having requested an undertaking with another practice to not involve the Licensed Body's regulator.</i></p> <p>Mr Marshall's response to allegations directed to him is, “<i>MFT Solicitors complained to CLC despite, a) having no right to do so (like SRA protocol, only clients may complain and be heard) and b) based on incorrect facts, which was designed to place further pressure and duress onto us to ignore our systematic requirements in such a situation. At such time this was resolved I, as part of a form of settlement, and acting in good faith, asked them for an undertaking not to continue with their unlawful approaches to CLC. They so undertook. By asking for such an undertaking, no further damage to any client, the CLC or both firms occurred, and it protected the client's monies in the event that these were able to be sent to a firm where there was no bona fide communications from the clients that this should occur.</i>” It is noted that no specific response was provided to this alleged breach in the practice's response to the Warning Notice.</p> <p>In circumstances where Mr Marshall had previously outlined a number of concerns with the transaction (email to MFT Solicitors dated 21 August 2020 timed at 13:25) and then later proceeded to send final bills which were far higher than were estimated, where no updated costs estimates were provided and where the CLC has concluded that the clients were significantly overcharged, it is the CLC's view that the undertaking was sought to conceal the misconduct associated with the practice's involvement in the transaction.</p>

Requirement	Breaches	CLC's Reason for Sanction
	<p>Failing to deal with Regulators (the CLC) in an open and co-operative way:</p>	<p>In his response, Mr Marshall has admitted that he, “asked them for an undertaking not to continue with their unlawful approaches to CLC”. Whether the other practice’s approaches to the CLC were lawful or not, is of no consequence to the allegation that there was a failure to act with integrity. The CLC considers that requesting another practice to enter an undertaking not to contact a regulator lacks integrity, particularly in the circumstances particular to this case.</p> <p>Accordingly, in addition to the above comments, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p> <p>Stratega’s response is, “All of the other alleged breaches have been dealt with in the responses to individuals”. These responses are those of Mr Keogh, Mr Marshall and Mr Kotze dated 29 June 2021.</p> <p>Not telling the CLC the truth on a number of occasions.</p> <p>There have been numerous instances where Stratega’s directors have not told the CLC the truth. The examples are set out in the dishonesty allegations directed to each of Stratega’s directors.</p> <p>The directors have responded to each of the allegations against them. With the exception of Allegation 3 against Mr Keogh, the CLC is not minded to withdraw any of the dishonestly allegations against the Directors on the basis of their responses.</p> <p>Not complying promptly with a CLC direction or request.</p> <p>There have been numerous instances where Stratega have not complied promptly with a CLC direction or request, or have sought to delay or obstruct the CLC’s investigations/enquires. The most notable example of this was in relation to the CLC’s request for remote access to Stratega’s case management system (CMS) following the inspections in February 2020.</p> <p>The CLC requested remote access to Stratega’s CMS on 2 March 2020. Access was finally granted by the practice on 5 October 2020. This caused a seven month delay in the CLC’s investigation and during that time, Mr Marshall made representations that the CLC had acted <i>ultra vires</i>. These representations were ultimately not pursued by the practice, however further obstructive behaviour continued. This including to assert the CLC’s position on requesting access to the CMS was “unreasonable and disproportionate to the circumstances” and requesting a full apology from the CLC (email from Mr Marshall dated 14 July 2020 timed at 11:04) and separately that the Regulatory Supervision Manager</p>

Requirement	Breaches	CLC's Reason for Sanction
		<p>(RSM) be removed and a new “<i>practice inspector</i>” (RSM) be allocated to regulatory oversight of Stratega (email dated 14 July 2021 timed at 11:30).</p> <p>Subsequently, the practice has failed to respond adequately to a number of the required actions in the Inspection Report. Some of these actions, including 33 and 43 are yet to be provided.</p> <p>The CLC is not satisfied based on Stratega’s response that the breaches never occurred. Together with the above comments, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>
<p>The Licensed Body is the subject of an allegation or complaint which, if substantiated, is likely to have serious implications for that body.</p>	<p>A complaint from a Regulated practice, MFT Solicitors, that the Licensed Body would not release its former client’s money to MFT Solicitors as the client’s new legal advisors prompted the CLC investigate and led to the discovery that:</p> <ol style="list-style-type: none"> 1) numerous clients purchasing in the same developments were significantly overcharged; and 2) on one of those matters Mr Marshall then sought another Regulated body to enter an undertaking not to share the information with the CLC. 	<p>Stratega’s response is, “<i>We do not accept that this firm breached overriding principle 1 of the Code of Conduct in acting with a lack of integrity not do we accept that this firm significantly overcharged clients</i>”.</p> <p>Stratega have not sought to explain how they arrived at charging the fees they did in respect of matters under prefixes 68162, 68163 and 68164. We also note that Stratega have not provided evidence with its response that updated costs estimates in the sums billed those clients, were provided. The CLC is of the view that such explanation and information cannot be provided because it does not exist.</p> <p>Additionally, the bill of costs dated 2 September 2020 on matter 68162.005 has been totalled incorrectly as has the bill of costs dated 9 September on matter 68163.006. Notwithstanding, the full amounts were charged to the clients. The CLC is not satisfied based on Stratega’s response that Stratega were justified, on the basis of work performed, in sending the final bills.</p> <p>The CLC are also of the view that whether or not MFT were lawfully permitted to approach the CLC is of no consequence and that requesting another practice to enter an undertaking not to contact a regulator is dishonest, particular in the circumstances particular to this case and lacks integrity.</p> <p>In circumstances where Mr Marshall had previously outlined a number of concerns with the transaction (email to MFT Solicitors dated 21 August 2020 timed at 13:25) and then later proceeded to send a final bill which was far higher than was estimated, where no updated costs estimates were provided and where the CLC has concluded that the clients were significantly overcharged, it is the CLC’s view that the undertaking was sought to conceal the misconduct associated with the practice’s involvement in the transaction.</p> <p>Together with the above comments, the CLC repeats and relies on the findings detailed in the Monitoring Inspection Report and the sanction proposed by the Warning Notice dated 21 May 2021.</p>