BEFORE THE ADJUDICATION PANEL

B E T W E E N

COUNCIL FOR LICENSED CONVEYANCERS

Applicant

and

(1) MR JAMES MARSHALL
(2) Mr JEREMY KOTZE

Respondents

ADJUDICATION PANEL DECISION
ON MISCONDUCT AND SANCTION

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1. Stratega Law Limited ("Stratega") is an Alternate Business Structure ("ABS"). During the period being considered by the Panel, it was authorised by the Council for Licensed Conveyancers ("CLC") to provide the reserved activities of conveyancing and probate, and permitted to perform the non-reserved activities of will-writing and estate-planning. Stratega ceased trading on 30 June 2022.
2. The directors of Stratega at all material times being considered by the Panel were James Marshall, Jeremy Kotze and James Keogh. The Panel was not considering allegations against Mr Keogh or Stratega at this hearing.
3. The Money Laundering Reporting Officer ("MLRO") before March 2021 was Jeremy Kotze. From March 2021 until 30 June 2022 it was James Marshall. The Head of Legal Practice ("HOLP") at all material times was James Marshall. The Head of Finance and Accounts ("HOFA") at all material times was Jeremy Kotze.
4. Stratega had two staffed offices, both recorded as head offices – one at Buckhurst Hill in Essex and the other at Cheam in Surrey. Stratega had approximately 10 employees during the period under consideration by the Panel. The only authorised persons at Stratega were James Marshall, Jeremy Kotze and an employed Licensed Conveyancer, AI.

5. Stratega Advisory Services ("SAS") was another trading name of Stratega. James Keogh also provided tax avoidance advice through two companies – Cornerstone and Stratega Limited. Both Cornerstone and Stratega Limited went into liquidation.
6. The CLC carried out inspections at Stratega's two offices on 17,18 and 26 February 2020. Both James Marshall and Jeremy Kotze were interviewed during the course of those inspections.
7. The Panel noted that there had been four previous inspections undertaken by the CLC at Stratega's offices, without significant concerns being raised. However, the 2020 inspections raised concerns about anti-money laundering and facilitating stamp duty avoidance. During the course of the inspection, the CLC's Regulatory Supervision Manager assigned to Stratega reported difficulties in obtaining access to some files. There were complaints being reported to the CLC about Stratega's conduct, and concerns that the Respondents were becoming involved in further misconduct whilst the investigation was ongoing.
8. In February 2021, the CLC concluded their investigation into their concerns about the Respondents, and a report in February 2021 (a year after the inspections) identified widespread non-compliance with the Code of Conduct and set out sixty required actions. The CLC submitted to the Panel that the Respondents' response to the report which the CLC allege was superficial and which failed to address all of the CLC's concerns.
9. The Panel heard evidence and deliberated over five consecutive days, beginning on 30 January 2023.

PRELIMINARY ISSUES

10. The Applicant applied at the outset of the hearing to make amendments to the allegations, to withdraw some allegations and adduce late evidence. The application in itself was late. Counsel for the Applicant apologised for its lateness.
11. The Applicant sought to withdraw those allegations which related to permitting unauthorised persons from the same firm to represent each side of a transaction, where the seller client is not a developer or a builder, so long as those unauthorised persons are supervised by an authorised person. Whilst maintaining this would be a technical breach of the Conflict of Interests Code, the CLC no longer considered it to be sufficiently serious to warrant disciplinary action against the Respondents.
12. The Respondents did not object, and the Panel found no injustice in allowing the withdrawal of those allegations, namely 6(a)(i), 6(a)(ii), 6(a)(vi) and 10 against

Mr Marshall, allegations 3(a)(i), 3(a)(ii), 3(a)(vi) and 4 against Mr Kotze. The application to withdraw those allegations was granted.

13. The Applicant also sought to withdraw allegation 15 against Mr Marshall and allegation 12 against Mr Kotze on the basis that there was insufficient prospect of success. The Respondents did not object to the application, and the Panel could see no injustice in allowing it. Those allegations were therefore also withdrawn.
14. The Applicant then sought to amend allegation 11 against Mr Marshall, from reading *"You allowed Stratega Law Limited to fail meet the deadline"* to *"You allowed Stratega Law to fail to meet the deadline"*. This was clearly an administrative or typographical error and the Panel saw no prejudice to the Respondents in granting the application. Allegation 11 was therefore amended accordingly.
15. The Application sought to amend allegation 1(a) of the allegations served on 28 January 2022 against both Mr Marshall and Mr Kotze, to remove reference to *"SDLT mitigation"* and to refer only to "*SDLT avoidance schemes".* The Respondents did not object and the Panel considered the amendment appropriate, as it focussed the issue for the Panel to decide and better reflected the Applicant's case. The application was granted and allegation 1(a) of 28 January 2022 was so amended.
16. Similarly allegation 2(b) of 28 January 2022 against both Mr Marshall and Mr Kotze was amended to remove the words "*mitigation and/or*". Both amendments reflected the fact that tax mitigation is sometimes permissible. The Panel considered the application in essence to be to withdraw part of the allegation, and so there was no prejudice to the Respondents.
17. The Applicant then sought to amend allegation 2(a) against Mr Marshall to include the words "*which was not true"*. The Applicant submitted that this was simply clarification of their position. The Panel were concerned that in fact it added a further element of alleging that the Respondent had lied to the CLC when sending an email dated 1 May 2019 denying offering tax advice to clients. Counsel for the Applicant conceded that the allegation, if so amended, would allege both acting for clients who entered into schemes to avoid SDLT, and separately and later lying to the CLC about that. He submitted that the addition of the proposed wording would simply clarify the mischief reflected in the allegation. The Panel bore in mind that this was the first time that it was explicit that there were two types of misconduct in

the allegation, the application was made extremely late in the context of the history of the case and without sufficiently good reason, and the Respondents were not legally represented. The Panel considered that there could be procedural unfairness if the application was allowed, as it could materially impact on the way the Respondents wanted to present their case in relation to that allegation, and they had not had sufficient time to prepare for that (the amendment only having been sent to them on two working days earlier). Therefore, the application to amend allegation 2(a) of the June 2022 allegations was refused.

18. The Applicant then sought to admit late evidence, in the form of an email relating to a CLC Stamp Duty Land Tax avoidance complainant and dated 1 June 2018. It was sought to be admitted as relevant to the allegations against the Respondents and to their credibility in relation to the involvement of James Keogh with Cornerstone Tax, and as relevant to allegations 1 and 2 of January 2022 in relation to SDLT avoidance schemes.
19. The Applicant submitted that the evidence was served late because it was only received on 14 October 2022 and therefore could not have been included in the material served and filed in August 2022 in accordance with directions. It was also submitted that it was a very short document so could be considered even when provided late. The Respondents objected to its admission, because of its lateness and had they had more notice of the evidence they would have sought to adduce evidence to rebut it.
20. The Panel concluded that it would be unfair to allow the late evidence to be admitted, noting particularly that the Applicant had known about the evidence since October 2022, could have made an application to adduce it at any time prior to the hearing, and to do so now could amount to an ambush of the Respondents. Therefore, that application was refused.
21. The Applicant then sought to amend the hearing bundle to include an earlier listing of the matter in June 2020. This was agreed as it was a fact relevant to the proceedings, the Respondents did not object to its admission, and in itself was uncontroversial.
22. The Applicant then sought to admit as a fact James Keogh's withdrawal of a separate Appeal matter. The Applicant conceded that it was not directly relevant to the

matters to be decided by the Panel, and the Panel concluded that it was not admissible as it was not considering allegations against Mr Keogh, he was not going to be present during the hearing, and the bare fact of his withdrawal of an appeal would not assist the Panel but may lead to unfair inference.

23. Finally the Applicant sought to admit unredacted meeting notes from a meeting between Ms Hayes, Regulatory Supervision Manager at the CLC, and the Respondents. The Respondents objected to their admission as being too late and still selectively redacted. The Panel accepted those objections, and refused the application.
24. At the outset, and bearing in mind that the Respondents were not legally represented, the Panel Chair agreed with the Respondents that Mr Marshall would speak primarily on their behalf, but Mr Kotze would be afforded the opportunity to answer questions or make any submissions he wanted to.
25. Mr Marshall gave evidence to the Panel, but Mr Kotze elected not to do so. The Panel was invited to draw an adverse inference from his failure to give evidence, as per the case of *Kuzmin v General Medical Council* [2019] EWHC 2129 (Admin). In particular the Panel considered whether
    a. a prima facie case to answer had been established,
    b. Mr Kotze had been given appropriate notice and warning that such an inference might be drawn if he did not given evidence, and given an opportunity to explain why it would not be reasonable for him to give evidence, and if it were then found that he had no reasonable explanation for not giving evidence, another opportunity to give evidence,
    c. that there were no other circumstances in his case which would make it unfair to draw an inference.

    The Panel followed those steps, and Mr Kotze, after being given time to consider and offer any explanations as to his decision not to give evidence, maintained that he would not give evidence.
26. In deciding whether to draw an inference from his decision not to give evidence, the Panel bore in mind the guidance in *Kuzmin* and the submissions made on behalf of the Applicant. The Panel was satisfied that a prima facie case to answer had been established, but concluded that in the particular circumstances of this case and of

Mr Kotze's own personal health circumstances, it would be unfair to draw an inference from him not giving evidence, and it therefore did not do so.

ALLEGATIONS

CONSOLIDATED ALLEGATIONS - JAMES MARSHALL

A. ALLEGATIONS SERVED ON 21 MAY 2021

Whilst a Licensed Conveyancer, Director, and the Head of Legal Practice of Stratega Law Limited, you acted in such a way as to amount to a breach of the Council for Licensed Conveyancers Code of Conduct:

ALLEGATION 1

a. In an email of 1 September 2020 timed at 22:26 to Matt Tam of MFT Solicitors, you stated that Stratega Law Limited would only release funds to MFT Solicitors "on the strict basis that…your [MFT Solicitors] undertaking that you [MFT Solicitors] shall not involve our regulator (the CLC) in this matter from here on." *Admitted*

b. In sending that Email, you:

i. Breached overriding principles 1 (in that your conduct lacked integrity) and/or 3 and/or 5 of the Code of Conduct; *and/or. Denied*

ii. Failed to achieve outcome 5.1 of the Code of Conduct. *Denied*

ALLEGATION 2

a. On 21 December 2020 you sent the CLC a copy of an email that was purportedly from you to Ives and Co, dated 11 December 2020. *Admitted*

b. You did not send that email to Ives and Co on 11 December 2020, as you claimed you did. *Denied*

c. In forwarding the email of 11 December 2020 to the CLC on 21 December 2020, you:

i. Were dishonest; *and/or. Denied*

ii. Breached overriding principles 1 (in that your conduct lacked integrity) and/or 5 of the Code of Conduct; *and/or. Denied*

iii. Failed to achieve outcome 5.1 of the Code of Conduct. *Denied*

ALLEGATION 3

a. On 15 July 2020, you sent an email to the CLC, in which you wrote, "I cannot see that this was successfully sent as it was in a drafts folder, on my phone, so apologies if it was not received when intended on 25/06/20." *Admitted*

b. The email of 15 July 2020 was not in your drafts folder. *Denied*

c. In sending the email of 15 July 2020 to the CLC, you:

i. Were dishonest; *and/or.* *Denied*

ii. Breached overriding principles 1 (in that your conduct lacked integrity) and/or 5 of the Code of Conduct; *and/or.* *Denied*

iii. Failed to achieve outcome 5.1 of the Code of Conduct. *Denied*

ALLEGATION 4

a. On 9 June 2020, on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005, you provided the client with a Completion Statement which provided an estimate of £16,000 for conveyancing work (costs, VAT and disbursements). *Admitted*

b. On 2 September 2020, you sent a bill to the client on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005 for £101,364, for the same conveyancing work. *Admitted*

c. The client on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005 was not sent an updated estimate from Stratega Law Limited to reflect the final bill sent to them on 2 September 2020. *Admitted*

d. On 1 July 2020, on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006, you provided the client, with a Completion Statement which provided an estimate of £3,968.60 for conveyancing work (costs, VAT and disbursements). *Admitted*

e. On 9 September 2020, you sent a bill to the client, on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006, for £15,588 for the same conveyancing work. *Admitted*

f. The client on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006 was not sent an updated estimate from Stratega Law Limited to reflect the final bill sent to them on 9 September 2020. *Admitted*

g. On 6 July 2020, on files 68164.001 and/or 68164.002 and/or 68164.003, you produced the Completion Statement which provided an estimate of £3,068.60 for conveyancing work (costs, VAT and disbursements). *Admitted*

h. On 10 September 2020, you produced a bill to the client on files 68164.001 and/or 68164.002 and/or 68164.003, for £15,588 for the same conveyancing work, *Admitted*

i. The client on 68164.001 and/or 68164.002 and/or 68164.003 was not sent an updated estimate from Stratega Law Limited to reflect the final bill produced on 10 September 2020. *Admitted*

j. In providing the Completion Statements which included the estimates of 9 June 2020 and/or 1 July 2020 and/or 6 July 2020 you:

i. Were dishonest (in that you deliberately under-estimated your fee for conveyancing work); *and/or.* *Denied*

ii. Breached overriding principle 1 (in that your conduct lacked integrity) and/or 3 of the Code of Conduct; *and/or.* *Denied*

iii. Failed to comply with specific requirement 8.5 of the Estimates and Terms of Engagement Code. *Denied*

k. In the alternative to (j), in sending the bill of 2 September 2020 and/or 9 September 2020 and/or 10 September 2020 you:

i. Were dishonest (in that you did not complete the conveyancing work which was billed); *and/or.* *Denied*

ii. Breached overriding principle 1 (in that your conduct lacked integrity) and/or 2 and/or 3 of the Code of Conduct; *and/or.* *Denied*

iii. Failed to achieve outcome 2.1 and/or 2.2 and/or 2.3 and/or 3.2 of the Code of Conduct; *and/or* *Denied*

iv. Breached paragraph 12.1.4 of the Accounts Code (in force until 30 September 2020); *and/or.* *Denied*

v. Failed to comply with specific requirement 8.5 and/or 8.6.3 and/or 9 of the Estimates and Terms of Engagement Code. *Denied*

ALLEGATION 5

a. You worked on the other side of the same transaction as Jeremy Kotze, who was Stratega Law Limited's Money Laundering Reporting Officer, on files:

i. 68063.002; and/or. *Admitted*

ii. 67916.004: *Admitted*

b. In doing so there was a risk of a conflict arising. *Denied*

c. In working on this matter, in this way, you:

i. Breached overriding principles 1 and/or 2 and/or 3 of the Code of Conduct; *and/or.* *Denied*

ii. Failed to achieve outcome 3.1 of the Code of Conduct; *and/or.* *Denied*

iii. Failed to adhere to specific requirement 6 and/or 9 of the Conflicts of Interest Code. *Denied*

ALLEGATION 6

a. You allowed Stratega Law Limited to act on both sides of the same transaction, and an unauthorised person was acting on one side of the same transaction, on files:

[redacted]

iii. 64601.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020; and/or *Admitted*

iv. 64602.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020; and/or. *Admitted*

v. 64604.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020; and/or. *Admitted*

vi. [redacted]

vii. 64590.002: purchase of five properties at [redacted] from on or about May 2017 up to and including 6 February 2020. *Admitted*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching both or alternatively any of overriding principles 1 and/or 2 and/or 3 of the Code of Conduct; and/or. *Denied*

ii. Failing to achieve outcome 3.1 of the Code of Conduct; *and/or Denied*

i. Failing to adhere to specific requirement 6 of the Conflicts of Interest Code; *and/or. Denied*

ii. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 7

a. You allowed Stratega Law Limited to act on both sides of the same transaction and allowed an unauthorised person to act on both sides of the transaction on files, on files:

i. 67694.002: purchase of [redacted] on 22 November 2019; and *Admitted*

ii. 67968.002: sale of [redacted] from on or about November 2019 to June 2020. *Admitted*

b. In doing so you caused or substantially contributed to Stratega Law Limited:

iii. Breaching all or alternatively any of overriding principles 1 and/or 2 and/or 3 of the Code of Conduct; a*nd/or Denied*

iv. Failing to achieve outcome 1.1 and/or 3.1 of the Code of Conduct; *and/or Denied*

v. Failing to adhere to specific requirement 6 and/or 9 of the Conflicts of Interest Code; *and/or Denied*

vi. Failing to adhere to specific outcome 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 8

a. You allowed Stratega Law Limited to fail to advise its clients of the issues and risks associated with it acting on both sides of transactions, on files:

i. 62408.002; purchase of Unit 66 from on or about July 2015 to about late 2018 or early 2019, the purchase became the subject of an insurance claim under file C62408.004/1; and/or. *Admitted*

ii. 64601.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or. *Denied*

iii. 64602.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

iv. 64604.002 purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

v. 64590.002: purchase of five properties at [redacted] from on or about December 2016 to 13 June 2019. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching both or alternatively any of overriding principles 2 and/or 3 of the Code of Conduct; *and/or* *Denied*

ii. Failing to achieve outcomes 2.1 and/or 3.1 of the Code of Conduct; *and/or* *Denied*

iii. Failing to adhere to specific requirement 7 of the Conflicts of Interest Code; *and/or* *Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 9

a. You allowed Stratega Law Limited not to obtain written consent that it could operate on both sides of the same transaction, on files:

i. 64601.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

ii. 64602.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

iii. 64604.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

iv. 64590.002: purchase of five properties at [redacted] from on or about December 2016 to 13 June 2019. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching both or alternatively any of overriding principles 2 and/or 3 of the Code of Conduct; *and/or* *Denied*

ii. Failing to achieve outcomes 2.1 and/or 3.1 of the Code of Conduct; *and/or* *Denied*

iii. Failing to adhere to specific requirement 8 of the Conflicts of Interest Code; *and/or* *Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

[redacted]

ALLEGATION 11

a. You allowed Stratega Law Limited, to fail to meet the deadline for submitting Land Tax Returns, on files:

i. 64590.002: purchase of five properties at [redacted], in relation to which the following penalties were applied by HMRC:

1. £200 on 13 January 2020 (transaction reference 26163853247705000N);
Admitted
2. £800 on 14 January 2020 (transaction references 29163431723435000N, 03163431695121000N, 06170919030402000N and 08163432454512000N).
Admitted

ii. 64702.002 in relation to which the following penalties were applied by HMRC:

1. £200 on 14 January 2020 (transaction reference 60113139075369000N);
2. £200 on 15 January 2020 (transaction reference 49023158294108000N);
3. £200 on 16 January 2020 (transaction reference 41164328115949000N);
4. £200 on 20 January 2020 (transaction reference 47144055602565000N).
All admitted

iii. 64602.002 [transaction details unknown] in relation to which the following penalties were applied by HMRC:

1. £200 on 15 January 2020 (transaction reference 42165912820326000N);
2. £200 on 16 January 2020 (transaction reference 02164328190860000N).

All admitted

iv. 67371.002 in relation to which the following penalties were applied by HMRC:

1. £100 on 16 January 2020 (transaction reference 43164328150831000N);
2. £100 on 17 January 2020 (transaction reference 29165438830203000N);
3. £100 on 20 January 2020 (transaction reference 62144056191812000N);
4. £100 on 21 January 2020 (transaction reference 34162801316245000N);
5. £100 on 21 January 2020 (transaction reference 33162801246056000N);
6. £100 on 21 January 2020 (transaction reference 56162801151296000N);
7. £100 on 22 January 2020 (transaction reference 07170104538583000N). *All admitted*

v. 64519.002: purchases in relation to which the following penalties were applied by HMRC:

1. £200 on 16 January 2020 (transaction reference 39164328096938000N);
2. £200 on 20 January 2020 (transaction reference 49144055622120000N);
3. £200 on 21 January 2020 (transaction reference 59162801650287000N);
4. £200 on 21 January 2020 (transaction reference 35162801318666000N);
5. £200 on 22 January 2020 (transaction reference 42170104964170000N). *All admitted*

vi. 65325.002: purchase of Unit CPB01028 in relation to which a penalty of £200 was applied by HMRC on 16 January 2020 (transaction reference 21164328359510000N). *All admitted*

vii. 64812.003: purchase of various units in relation to which the following penalties were applied by HMRC:

1.£100 on 15 January 2020 (transaction reference 42165912636800000N);
2. £100 on 16 January 2020 (transaction reference 40164328113959000N);
3. £100 on 30 January 2020 (transaction reference 33164816336986000N).

All admitted

viii. 65572.002: purchase of various units in relation to which the following penalties were applied by HMRC:

1. £200 on 16 January 2020 (transaction reference 23164328378946000N);
2. £200 on 20 January 2020 (transaction reference 07144056209839000N);
3. £200 on 21 January 2020 (transaction reference 50104308305279000N). *All admitted*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching overriding principle 2 of the Code of Conduct; *and/or.* *Admitted*
ii. Failing to achieve outcomes 2.1 and/or 2.2 and/or 2.3 of the Code of Conduct; *and/or.* *Admitted*
iii. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Admitted*

ALLEGATION 12

a. You allowed Stratega Law Limited to not obtain any or any adequate documentation verifying the client's source of funds and or source of wealth, on files:

i. 64530.008: purchase of [redacted] between on or about September 2019 and on or about February 2020; and/or *Denied*
ii. 64590.002: purchase of five properties at [redacted] between on or about May 2017 and March 2020; and/or *Denied*
iii. 60078.004: purchase of [redacted] between on or about May 2019 and on or about July 2020; and/or *Denied*
iv. 68031.004: [redacted] purchase of [redacted] and [redacted] between on or about January 2020 and on or about September 2020; and/or *Denied*
v. 67964.002: purchase of [redacted] between on or about November 2019 and on or about July 2020; and/or *Denied*
vi. 67759.002: [redacted] purchase of [redacted] between on or about August 2019 and on or about July 2020; and/or *Denied*
vii. 56580.014: [redacted] purchase of [redacted] between on or about April 2018 and on or about October 2018; *Denied*
viii. 56580.017: [redacted] purchase of [redacted] between on or about October 2019 and on or about July 2020; *Denied*
ix. 67637.002: purchase of [redacted] between on or about June 2019 and on or about September 2019; and/or *Denied*
x. 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005: purchase of various offices and/or units between on or about March 2020 and September 2020, within:

a. [redacted]; and/or *Denied*
b. [redacted]; and/or *Denied*
c. [redacted]. *Denied*

xi. 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006: purchase of various offices and/or units

between on or about March 2020 and September 2020, within:

a. [redacted]; and/or *Denied*

b. [redacted]. *Denied*

xii. 68164.001 and/or 68164.002 and/or 68164.003: purchase of various offices and/or units within [redacted], between on or about March 2020 and September 2020. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively any of overriding principles 1 and or 2 of the Code of Conduct; *and/or* *Denied*

ii. Failing to achieve outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or failing to adhere to specific requirements 6 and/or 7 and/or 10(b) and/or 11 of the Anti-Money Laundering and Combatting Terrorist Financing Code (in force until April 2018); *and/or* *Denied*

iii. Failing to achieve outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or failing to adhere to specific requirements 6 and/or 7 and/or 10(b) and/or 12 of the Anti-Money Laundering and Combatting Terrorist Financing Code currently in force; *and/or* *Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 13

a. You have failed to ensure that Stratega Law Limited satisfactorily complied with actions required by the Inspection Report dated 25 February 2021, in particular;

i. Action 8 which was due for completion on or before 18 March 2021; *Denied*

ii. Action 27; *Denied*

iii. Action 30; *Denied*

iv. Action 32; *Denied*

v. Action 33; *Denied*

vi. Action 38; *Denied*

vii. Action 40; *Denied*

viii. Action 43; *Denied*

ix. Action 46; *Denied*

x. Action 52; *Denied*

xi. Action 59; *Denied*

b. The actions listed a ii-xi above were due for completion on or before 8 April 2021 *Denied*

c. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively any of overriding principle 5 of the Code of Conduct; *and/or* *Denied*

ii. Failing to adhere to specific requirements 6 *and/or* 7 and/or 9(a) *and/or* 9(d) of the Anti-Money Laundering and Combatting Terrorist Financing Code; *Denied*

iii. Failing to achieve outcomes 7 and 8 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 14

a. You allowed Stratega Law Limited, to fail to have a written referral agreement in place to set out the referral arrangement Stratega had with Hill and Standard Developments. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited breaching outcome 12 of the Disclosure and Profits Advantage Code. *Denied*

[redacted]

ALLEGATION 16

(a) You allowed Stratega Law Limited to fail to put appropriate management arrangements, systems and controls in place to comply with money laundering regulations. *Denied*

(b) Stratega Law Limited did not have:

(i) An appropriate AML policy; and/or *Denied*
(ii) Regular training for employees; and/or *Denied*
(iii) Internal reporting procedures; and/or *Denied*
(iv) A system for management and retention of SARs received; and/or *Denied*
(v) A Money Laundering Reporting Officer who took responsibility to receive suspicion reports and make reports to the NCA. *Denied*

(c) In doing so, you caused or substantially contributed to Stratega Law Limited failing to achieve outcome 2 *and/or* failing to adhere to specific requirement 6 *and/or* 8 *and/or* 9a *and/or* 9b *and/or* 9c *and/or* 9d *and/or* 9e of the Anti-Money Laundering and Combating Terrorist Financing Code. *Denied*

ALLEGATION 17

(a) You allowed Stratega Law Limited to not obtain, and/or certify, and/or verify the identification of donors and/or beneficial owners in these matters:

(i) 68031.004; purchase by [redacted]; and/or *Denied*
(ii) 64530.008; purchase of [redacted]; and/or *Denied*
(iii) 60078.004; purchase of [redacted] and Sale of [redacted]; and/or *Denied*

(iv) 56580.014 and 56580.017; purchases by [redacted]. *Denied*

(b) In doing so, you caused or substantially contributed to Stratega Law Limited breaching specific requirement 6 *and/or* 9e of the Anti-Money Laundering and Combating Terrorist Financing Code. *Denied*

(ALLEGATIONS 18, 19 AND 20 OMITTED)

ALLEGATION 21

(a) You allowed Stratega Law Limited's Practice Wide Risk Assessment not to properly assess the risk of Money Laundering. *Denied*

(b) Stratega Law Limited assessed its overall risk as low. *Admitted*

(c) The work undertaken by Stratega Law Limited, was not low risk, it included acting:

(i) For developers. *Admitted*

(ii) For overseas investors of multiple off plan flats where Stratega Law Limited operated on both sides of the transaction. *Admitted*

(iii) On high value residential transactions when the funds and/or clients originated from overseas. Admitted

(d) In doing so, you caused or substantially contributed to Stratega Law Limited breaching specific requirement 7 of the Anti-money Laundering & Combating Terrorist Financing Code & Guidance. *Denied*

ALLEGATION 22

(a) You allowed Stratega Law Limited to have insufficient accounting systems, and/or procedures in place:

(i) the process for reconciling the office and client account is under the complete control of an unauthorised person. *Denied*

(ii) the reconciliation records were not reviewed by an authorised person. *Denied*

(iii) there was no role separation between staff who:

(A) authorise payments; and

(B) make payments in the internal accounting processes *Denied*

(iv) the practice's internal accountant has complete and unsupervised access to the internet banking, to set up, process and approve all transactions for the client (and office) account. *Denied*

(v) Stratega Law Limited failed to adequately document its accounting procedures and internal controls adequately in response to required action 40 of the Monitoring Inspection Report. *Denied*

(b) In doing so, you caused or substantially contributed to Stratega Law Limited:

(i) breaching both or alternatively either of overriding principles 2 and/or 5 of the Code of Conduct; *and/or* *Denied*

(ii) breaching principles 2(i) and/or 5(c) of the Code of Conduct; *and/or* *Denied*

(iii) Breaching specific requirements 9.1.4, and/or 12.8.1 and/or 12.8.2 of the

Accounts Code (in force until 30 September 2020) and/or paragraph 1.3 of the Accounts Code currently in force. *Denied*

ALLEGATION 23

(a) You allowed Stratega Law Limited's client account and/or office account to be used for the provision of services not regulated by the CLC, on file 55664.005. *Admitted*

(b) In doing so, you caused or substantially contributed to Stratega Law Limited:

(i) *Allegation not referred*

(ii) failing to adhere to specific requirement 1(n) of the Code of Conduct; *and*/or *Denied*

(iii) failing to adhere to paragraph 9.1.3 of the Accounts Code (in force until 30 September 2020). *Denied*

B. ALLEGATIONS SERVED ON 28 JANUARY 2022

Whilst a Licensed Conveyancer, a Director, and the Head of Legal Practice of Stratega Law Limited, you acted in such a way as to amount to a breach of the Council for Licensed Conveyancers Code of Conduct and/or cause or substantially contribute to Stratega breaching of the Council for Licensed Conveyancers Code of Conduct:

ALLEGATION 1

a.You allowed Stratega and/or one or more of its trading styles to enable and/or facilitate the use of stamp duty land tax (SDLT) [redacted] avoidance schemes. *Denied*

b. In doing so, you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct lacked integrity) and/or 3 of the Code of Conduct; *and/or Denied*

ii. failing to achieve Outcome 1.2 and/or 3.1 of the Code of Conduct [referred only "in relation to instructions in SDLT mitigation schemes accepted by Stratega after 5 December 2018"]; *and/or Denied*

iii. breaching Principle 1(c) and/or 3(a) of the Code of Conduct. *Denied*

ALLEGATION 2

a. In an email dated 1 May 2019 Stratega advised the CLC that, "I repeat, for the avoidance of doubt, that Stratega has not promoted or given any tax advice to clients in respect of the involvement of an Annuity in a purchase arrangement". *Admitted*

b. Stratega and/or its directors and/or one or more of its trading styles including SAS acted for clients who entered into sub-sale (annuity) schemes designed to avoid [redacted] SDLT. *Denied*

c. Stratega and/or its directors and/or one or more of its trading styles acted for [redacted] who were a second purchaser in SDLT sub-sale (annuity) schemes. *Admitted*

d. In doing so, you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or

lacked integrity) and/or 5 (including that the conduct was misleading) of the Code of Conduct; *and/or Denied*
ii. failing to achieve Outcome 5.1 of the Code of Conduct; *and/or Denied*
iii. breaching Principle 1(b) and/or 1(c) and/or 5(a) and/or 5(e) of the Code of Conduct. *Denied*

ALLEGATION 3

a.On 15 March 2018 the CLC emailed Stratega stating, "…given the approach taken to 'enablers' in HMRC Guidance at [Identify who is classed as an enabler of tax avoidance - GOV.UK (www.gov.uk)], it seems to me that Stratega should immediately cease involvement in any such Schemes". *Admitted*

b. On 19 March 2018 the CLC emailed Stratega stating, "Could you…advise that you have ceased to use this arrangement [the schemes]". *Admitted*

c. On 6 March 2019 the CLC emailed Stratega noting that, "The CLC shares your concerns about the risks associated with this type of work [SLDT mitigation], as well as the moral and ethical concerns. We would therefore strongly suggest that this is a line of business that is dropped with immediate effect". *Admitted*

d. On 1 May 2019 Stratega emailed the CLC and advised that, "…we have carried out a risk assessment in relation to the regulatory framework and taken the decision (ratified in a Board resolution), that as from 1 April 2019 Stratega will not accept any client referrals from Cornerstone. This means that this firm will not engage with clients who are taking tax advice from Cornerstone and, in particular, where such advice may involve the use of agreements involving an Annuity". *Admitted*

e. Between on or about 23 February 2021 and on or about 4 May 2021 Stratega engaged with and/or provided advice to the client on matter 55397.005. *Denied*

f. The client in matter 55397.005 had entered into one or more SDLT [redacted] avoidance schemes, including a sub-sale (annuity) scheme, which involved Cornerstone. *Admitted*

g. In doing so you caused or substantially contributed to Stratega:
i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity) and/or 5 (in that the conduct was misleading) and/or 5 of the Code of Conduct; *and/or Denied*
ii. failing to achieve Outcome 5.1 of the Code of Conduct; *and/or Denied*
iii. breaching Principle 1(b) and/or 1(c) and/or 5(a) of the Code of Conduct. *Denied*

(ALLEGATION 4 NOT REFERRED TO THE PANEL)

ALLEGATION 5

a. On matter 57880.002 you allowed Stratega to charge a client £125 plus VAT for electronic access to and/or a (online) copy of their file. *Admitted*

b. In doing so you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct lacked integrity) and/or 3 of the Code of Conduct; *and/or* *Denied*

ii. failing to achieve Outcome 3.1 of the Code of Conduct; *and/or* *Denied*

iii. breaching Principle 1(c) and/or 1(l) and/or 3(b) of the Code of Conduct; *and/or* *Denied*

iv. failing to adhere to Specific Requirement 6 of the Transaction Files Code. *Denied*

c. On the same matter on 18 June 2021 Stratega informed the client, "Your file has been destroyed already, we are only obliged to keep a file for 7 years". *Admitted*

d. On 18 January 2022 you informed CLC "The file is available and has been under the same login details since 20/08/2013."*Admitted*

e. In doing so you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest *and/or* lacked integrity and/or was misleading) and/or 3 of the Code of Conduct; *and/or* *Denied*

ii. failing to achieve Outcome 1.2 and/or 3.1 of the Code of Conduct; *and/or*

iii. breaching Principle 1(b) and/or 3(h) of the Code of Conduct; *Denied*

ALLEGATION 6

a.On numerous occasions between 14 June 2016 and September 2019 Stratega and/or one or more of its trading styles indicated to the clients on matter 55664.002 (otherwise referred to as matter 55664.005) that it held £8,970 in client account and/or in escrow on their behalf. *Admitted as to escrow, denied as to client account*

b. On 13 July 2018 and 29 October 2018 Stratega and/or one or more of its trading styles indicated to the client on matter 55742.002 (otherwise referred to as matter 55497.002) that it held £7,650 in client account and/or in escrow on their behalf. *Admitted as to escrow, denied as to client account*

c. On or about 12 November 2019 a ledger was created for matter 55664.005 and the sum of £8,970 was paid:

i. from office account to client account (reference 55664.005); and *Admitted*

ii. from client account to one or both of the clients by Faster Payment (reference 55664.005). *Admitted*

d. On or about 17 December 2021 a ledger was created for matter 55742.002 and the sum of £7,650 was paid:

i. from office account to client account (reference 55742.002); and *Admitted*

ii. from client account to the client (reference 55742.002). *Admitted*

e. The funds referred to at 6(a) had not been held in client account since at least November 2017 in accordance with the assurances made to the clients on matter 55664.002 (otherwise referred to as matter 55664.005). *Admitted as to escrow only*

f. The funds referred to at 6(b) had not been held in client account since at least July 2018 in accordance with the assurances made to the client on matter 55742.002 (otherwise referred to as matter 55497.002). *Admitted as to escrow only*

g. In allowing this to happen, you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity and/or was misleading) and/or 3 of the Code of Conduct; *and/or Denied*

ii. failing to achieve Outcome 1.3 and/or 3.1 of the Code of Conduct; *and/or Denied*

iii. breaching Principle 1(b) and/or 1(h) and/or 1(k) of the Code of Conduct. *Denied*

CONSOLIDATED ALLEGATIONS - JEREMY KOTZE

ALLEGATIONS SERVED ON 21 MAY 2021

Whilst a Licensed Conveyancer, a Director, the Head of Finance and Administration, the Money Laundering Reporting Officer (MLRO) and a manager of Stratega Law Limited, you acted in such a way as to amount to a breach of the Council for Licensed Conveyancers Code of Conduct:

ALLEGATION 1

a. In an email to the CLC dated 29 April 2019 you stated, "we no longer deal with any foreign client's [sic] due to the effects of Brexit and new Stamp Duty regime". *Admitted*

b. This comment was not true. *Admitted but not known at the time*

c. Stratega Law Limited continued to act for foreign clients between on or about March 2020 and on or about September 2020 on the following files:

i. 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005: purchase including offices and/or units within:

1. [redacted]; and/or *Admitted*
2. [redacted]; and/or *Admitted*
3. [redacted]. *Admitted*

ii. 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006: purchase including offices and/or units within:

1. [redacted]; and/or *Admitted*
2. [redacted]. *Admitted*

iii. 68164.001 and/or 68164.002 and/or 68164.003: purchase including offices and/or units within [redacted] *Admitted*

d. In sending the email dated 29 April 2019 and/or in acting for foreign clients between on or about March 2020 and on or about September 2020, you:

i. Were dishonest; *and/or Denied*

ii. Breached all, some or one of overriding principles 1 and 5 of the Code of Conduct; *and/or Denied*

iii. Failed to achieve outcome 5.1 of the Code of Conduct. *Denied*

ALLEGATION 2

a. You worked on the other side of the same transaction as James Marshall when you were the MLRO, on files:

i. 68063.002: and/or *Admitted*

ii. 67916.004. *Admitted*

b. In doing so there was a risk of a conflict arising. *Denied*

c. In working on this matter, in this way, you:

i. Breached all or alternatively any of overriding principles 1 and/or 2 and/or 3 of the Code of Conduct; *and/or Denied*

ii. Failed to achieve outcome 3.1 of the Code of Conduct; *and/or Denied*

iii. Failed to adhere to specific requirement 6 and/or 9 of the Conflicts of Interest Code. *Denied*

ALLEGATION 3

a. You allowed Stratega Law Limited to act on both sides of the same transaction, and an unauthorised person was acting on one side of the same transaction, on files:

[redacted]

iii. 64601.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020; and/or *Admitted*

iv. 64602.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020 ; and/or *Admitted*

v. 64604.002: purchase of properties at [redacted] from on or about May 2017 up to and including 6 February 2020 ; and/or *Admitted*

[redacted]

vii. 64590.002: purchase of five properties at [redacted] from on or about May 2017 up to and including 6 February 2020. *Admitted*

b. In doing so you caused or substantially contributed to Stratega Law Limited:

i. Breaching both or alternatively any of overriding principles 1 and/or 2 and/or 3 of the Code of Conduct; *and/or Denied*

ii. Failing to achieve outcome 3.1 of the Code of Conduct; *and/or Denied*

iii. Failing to adhere to specific requirement 6 of the Conflicts of Interest Code; *and/or* *Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

[redacted]

[redacted]

ALLEGATION 5

a. You allowed Stratega Law Limited to act on both sides of the same transaction and allowed an unauthorised person to act on both sides of the transaction, on files:

i. 67694.002: purchase of [redacted] on 22 November 2019; and *Admitted*

ii. 67968.002: sale of 9 Oakdene Mews from on or about November 2019 to June 2020. *Admitted*

b. In doing so you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively any of overriding principles 1 and/ or 2 and/or 3 of the Code of Conduct; *and/or Denied*

ii. Failing to achieve outcome 1.1 and/or 3.1 of the Code of Conduct; *and/or Denied*

iii. Failing to adhere to specific requirement 6 and/or 9 of the Conflicts of Interest Code; *and/or Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 6

a. You allowed Stratega Law Limited not to advise its clients of the issues and risks associated with it acting on both sides of transactions, on files:

i. 62408.002: purchase of Unit 66 from on or about July 2015 to about late 2018 or early 2019, which became the subject of an insurance claim, stored under file C62408.004/1; and/or *Admitted*

ii. 64601.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*

iii. 64602.002: purchase of properties at [redacted] from on or

[redacted]

about December 2016 to 15 July 2019; and/or *Denied*
iv. 64604.002 purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*
v. 64590.002: purchase of five properties at [redacted] from on or about December 2016 to 13 June 2019. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:
i. Breaching all or alternatively any of overriding principles 2 and/or 3 of the Code of Conduct; *and/or Denied*
ii. Failing to achieve outcome 2.1 and/or 3.1 of the Code of Conduct; *and/or*
iii. Failing to adhere to specific requirement 7 of the Conflicts of Interest Code; *and/or Denied*
iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 7

a. You allowed Stratega Law Limited to not obtain written consent that it could operate on both sides of the same transaction, on files:
i. 64601.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*
ii. 64602.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*
iii. 64604.002: purchase of properties at [redacted] from on or about December 2016 to 15 July 2019; and/or *Denied*
iv. 64590.002: purchase of five properties at [redacted] from on or about December 2016 to 13 June 2019. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:
i. Breaching all or alternatively any of overriding principles 2 and/or 3 of the Code of Conduct; and/or *Denied*
ii. Failing to achieve outcomes 2.1 and/or 3.1 of the Code of Conduct; and/or *Denied*
iii. Failing to adhere to specific requirement 8 of the Conflicts of Interest Code; and/or *Denied*
iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 8

a. You allowed Stratega Law Limited, to fail to meet the deadline for submitting Land Tax Returns, on files:
i. 64590.002: purchase of five properties at [redacted], in relation to which the following penalties were applied by HMRC:
1. £200 on 13 January 2020 (transaction reference 26163853247705000N); and *Admitted*
2. £800 on 14 January 2020 (transaction references 29163431723435000N, 03163431695121000N, 06170919030402000N and 08163432454512000N). *Admitted*

ii. 64702.002 in relation to which the following penalties were applied by HMRC:

1. £200 on 14 January 2020 (transaction reference 60113139075369000N); *Admitted*
2. £200 on 15 January 2020 (transaction reference 49023158294108000N); *Admitted*
3. £200 on 16 January 2020 (transaction reference 41164328115949000N); and *Admitted*
4. £200 on 20 January 2020 (transaction reference 47144055602565000N). *Admitted*

iii. 64602.002 in relation to which the following penalties were applied by HMRC:

1. £200 on 15 January 2020 (transaction reference 42165912820326000N); and *Admitted*
2. £200 on 16 January 2020 (transaction reference 02164328190860000N). *Admitted*

iv. 67371.002 in relation to which the following penalties were applied by HMRC:

1. £100 on 16 January 2020 (transaction reference 43164328150831000N); and *Admitted*
2. £100 on 17 January 2020 (transaction reference 29165438830203000N); and *Admitted*
3. £100 on 20 January 2020 (transaction reference 62144056191812000N); and *Admitted*
4. £100 on 21 January 2020 (transaction reference 34162801316245000N); and *Admitted*
5. £100 on 21 January 2020 (transaction reference 33162801246056000N); and *Admitted*
6. £100 on 21 January 2020 (transaction reference 56162801151296000N); and

AB.22 *Admitted*

7. £100 on 22 January 2020 (transaction reference 07170104538583000N). *Admitted*

v. 64519.002: purchases in relation to which the following penalties were applied by HMRC:

1. £200 on 16 January 2020 (transaction reference 39164328096938000N); and *Admitted*
2. £200 on 20 January 2020 (transaction reference 49144055622120000N); and *Admitted*
3. £200 on 21 January 2020 (transaction reference 59162801650287000N); and *Admitted*
4. £200 on 21 January 2020 (transaction reference 35162801318666000N); and *Admitted*
5. £200 on 22 January 2020 (transaction reference 42170104964170000N). *Admitted*

vi. 65325.002: purchase of Unit CPB01028 in relation to which a penalty of £200 was applied by HMRC on 16 January 2020 (transaction reference 21164328359510000N). *Admitted*

vii. 64812.003: Mohammed purchase of various units in relation to which the following penalties were applied by HMRC:

1. £100 on 15 January 2020 (transaction reference 42165912636800000N); and *Admitted*
2. £100 on 16 January 2020 (transaction reference 40164328113959000N); and *Admitted*
3. £100 on 30 January 2020 (transaction reference 33164816336986000N). *Admitted*

viii. 65572.002: purchase of various units in relation to which the following penalties were applied by HMRC:

1. £200 on 16 January 2020 (transaction reference 23164328378946000N); and *Admitted*
2. £200 on 20 January 2020 (transaction reference 07144056209839000N); and *Admitted*
3. £200 on 21 January 2020 (transaction reference 50104308305279000N). *Admitted*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching overriding principle 2 of the Code of Conduct; *and/or Admitted*

ii. Failing to achieve outcomes 2.1 and/or 2.2 and/or 2.3 of the Code of Conduct; *and/or Admitted*

iii. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Admitted*

ALLEGATION 9

a. You allowed Stratega Law Limited to not obtain any or any adequate documentation verifying the client's source of funds and/or source of wealth, on files:

i. 64530.008: purchase of [redacted] between on or about September 2019 and on or about February 2020; and/or *Denied*

ii. 64590.002: purchase of five properties at [redacted] between on or about May 2017 and March 2020; and/or *Denied*

iii. 60078.004: purchase of [redacted] between on or about May 2019 and on or about July 2020; and/or *Denied*

iv. 68031.004: [redacted] purchase of [redacted] and [redacted] between on or about January 2020 and on or about September 2020; and/or *Denied*

v. 67964.002: purchase of [redacted] between on or about November 2019 and on or about July 2020; and/or *Denied*

vi. 67759.002: [redacted] purchase of [redacted] between on or about August 2019 and on or about July 2020; and/or *Denied*

vii. 56580.014: [redacted] purchase [redacted] between on or about April 2018 and on or about October 2018; *Denied*

viii. 56580.017: [redacted] purchase [redacted] between on or about October 2019 and on or about July 2020; *Denied*

ix. 67637.002: purchase of [redacted] between on or about June 2019 and on or about September 2019; and/or *Denied*

x. 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005: purchase of various offices and/or units between on or about March 2020 and September 2020, within:

a. [redacted]; and/or *Denied*

b. [redacted]; and/or *Denied*

c. [redacted]. *Denied*

xi. 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006: purchase of various offices and/or units between on or about March 2020 and September 2020, within:

a. [redacted]; and/or *Denied*

b. [redacted]. *Denied*

xii. 68164.001 and/or 68164.002 and/or 68164.003: purchase of various offices and/or units within [redacted], between on or about March 2020 and September 2020. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively any of overriding principles 1 and/or 2 of the Code of Conduct; *and/or Denied*

ii. Failing to achieve outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or failing to adhere to specific requirements 6 and/or 7 and/or 10(b) and/or 11 of the Anti-Money Laundering and Combatting Terrorist Financing Code (in force until April 2018); *and/or Denied*

iii. Failing to achieve outcomes 1 and/or 2 and/or 3 and/or 4 and/or 5 and/or failing to adhere to specific requirements 6 and/or 7 and/or 10(b) and/or 12 of the Anti-Money Laundering and Combatting Terrorist Financing Code currently in force; *and/or Denied*

iv. Failing to adhere to specific requirement 9 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 10

a. You have failed to ensure that Stratega Law Limited satisfactorily complied with actions required by the Inspection Report dated 25 February 2021, in particular;

i. Action 8 which was due for completion on or before 18 March 2021;

ii. Action 27;

iii. Action 30;

iv. Action 32;

v. Action 33;

vi. Action 38;

vii. Action 40;

viii. Action 43;

ix. Action 46;

x. Action 52;

xi. Action 59; *All Denied*

b. The actions listed at ii-xi above were due for completion on or before 8 April 2021. [redacted] *Denied*

c. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively any of overriding principle 5 of the Code of Conduct; and/or *Denied*

ii. Failing to adhere to specific requirements 6 and/or 7 and/or 9(a) and or 9(d) of the Anti-Money Laundering and Combatting Terrorist Financing Code;

and/or *Denied*

iii. Failing to achieve outcomes 7 and 8 of the Management and Supervision Arrangements Code. *Denied*

ALLEGATION 11

a. You allowed Stratega Law Limited, to fail to have a written referral agreement in place to set out the referral arrangement Stratega had with Hill and Standard Developments. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited breaching outcome 12 of the Disclosure and Profits Advantage Code. *Denied*

[redacted] ~~breaching outcomes 9 and/or specific requirement 17 of the Complaints Code.~~

ALLEGATION 13

a. You allowed Stratega Law Limited to fail to put appropriate management arrangements, systems and controls in place to comply with money laundering regulations. *Denied*

b. Stratega Law Limited did not have:

i. An appropriate AML policy; and/or *Denied*

ii. Regular training for employees; and/or *Denied*

iii. Internal reporting procedures; and/or *Denied*

iv. A system for management and retention of SARs received; and/or *Denied*

v. A MLRO who took responsibility to receive suspicion reports and make reports to the NCA. *Denied*

c. In doing so, you caused or substantially contributed to Stratega Law Limited failing to achieve outcome 2 and/or failing to adhere to specific requirement 6 and/or 8 and/or 9a and/or 9b and/or 9c and/or 9d and/or 9e of the Anti-Money Laundering and Combating Terrorist Financing Code. *Denied*

ALLEGATION 14

a. You allowed Stratega Law Limited to not obtain, and/or certify, and/or verify the identification of donors and/or beneficial owners in these matters:

i. 68031.004: purchase by [redacted]; and/or *Denied*

ii. 64530.008: purchase of [redacted]; and/or *Denied*

iii. 60078.004: purchase of [redacted] and Sale of [redacted]; and/or *Denied*

iv. 56580.014 and 56580.017: purchases by [redacted]. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited breaching specific requirement 6 and/or 9e of the Anti-Money Laundering and Combating Terrorist Financing Code. *Denied*

(ALLEGATIONS 15 and 16 NOT REFERRED TO THE PANEL)

ALLEGATION 17

a. You allowed Stratega Law Limited's Practice Wide Risk Assessment not to properly assess the risk of Money Laundering. *Admitted*

b. Stratega Law Limited assessed its overall risk as low. *Admitted*

c. The work undertaken by Stratega Law Limited, was not low risk, it included acting:

i. For developers. *Admitted*

ii. For overseas investors of multiple off plan flats where Stratega Law Limited operated on both sides of the transaction. *Admitted*

iii. On high value residential transactions when the funds and/or clients originated from overseas. *Admitted*

d. In doing so, you caused or substantially contributed to Stratega Law Limited breaching specific requirement 7 of the Anti-Money Laundering & Combating Terrorist Financing Code & Guidance. *Denied*

ALLEGATION 18

a. You allowed Stratega Law Limited to have insufficient accounting systems, and/or procedures in place:

i. the process for reconciling the office and client account is under the complete control of an unauthorised person. *Denied*

ii. the reconciliation records were not reviewed by an authorised person. *Denied*

iii. there was no role separation between staff who:

(A) authorise payments; and

(B) make payments in the internal accounting processes *Denied*

iv. the practice's internal accountant has complete and unsupervised access to the internet banking, to set up, process and approve all transactions for the client (and office) account. *Denied*

v. Stratega Law Limited failed to adequately document its accounting procedures and internal controls adequately in response to required action 40 of the Monitoring Inspection Report. *Denied*

b. In doing so, you caused or substantially contributed to Stratega Law Limited:

i. Breaching all or alternatively either of overriding principles 2 and/or 5 of the Code of Conduct; *and/or* *Denied*

ii. Breaching principles 2(i) and/or 5(c) of the Code of Conduct; *and/or* *Denied*

iii. Breaching paragraph 9.1.4 and/or 12.8.1 and/or 12.8.2 of the Accounts Code *Denied*

(in force until 30 September 2020) and/or paragraph 1.3 of the Accounts Code currently in force. *Denied*

ALLEGATION 19

a. On 9 June 2020, on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005, Stratega Law Limited provided the client with a Completion Statement which provided an estimate of £16,000 for conveyancing work (costs, VAT and disbursements). *Admitted*

b. On 2 September 2020, Stratega Law Limited sent a bill to the client on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005for £101,364, for the same conveyancing work. *Admitted*

c. The client on files 68162.001 and/or 68162.002 and/or 68162.003 and/or 68162.004 and/or 68162.005 was not sent an updated estimate from Stratega Law Limited to reflect the final bill sent to them on 2 September 2020. *Admitted*

d. On 1 July 2020, on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006, Stratega Law Limited provided the client, with a Completion Statement which provided an estimate of £3,968.60 for conveyancing work (costs, VAT and disbursements). *Admitted*

e. On 9 September 2020, Stratega Law Limited sent a bill to the client, on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006, for £15,588 for the same conveyancing work. *Admitted*

f. The client on files 68163.001 and/or 68163.002 and/or 68163.003 and/or 68163.004 and/or 68163.005 and/or 68163.006was not sent an updated estimate from Stratega Law Limited to reflect the final bill sent to them on 9 September 2020. *Admitted*

g. On 6 July 2020, on files 68164.001 and/or 68164.002 and/or 68164.003, Stratega Law Limited produced the Completion Statement which provided an estimate of £3,068.60 for conveyancing work (costs, VAT and disbursements). *Admitted*

h. On 10 September 2020, Stratega Law Limited produced a bill to the client on files 68164.001 and/or 68164.002 and/or 68164.003, for £15,588 for the same conveyancing work, *Admitted*

i. The client on 68164.001 and/or 68164.002 and/or 68164.003was not sent an updated estimate from Stratega Law Limited to reflect the final bill produced on 10 September 2020. *Admitted*

j. In providing the Completion Statements which included the estimates of 9 June 2020 and/or 1 July 2020 and/or 6 July 2020 Stratega Law Limited:

i. Were dishonest (in that you deliberately under-estimated your fee for conveyancing work) *Denied*; *and or*

ii. Breached overriding principle 1 (in that your conduct lacked integrity) and/or

3 of the Code of Conduct *Denied*;; *and/or*
iii. Failed to comply with specific requirement 8.5 of the Estimates and Terms of Engagement Code. *Denied*;

k. In the alternative to (j), in sending the bill of 2 September 2020 and/or 9 September 2020 and/or 10 September 2020 Stratega Law Limited:

i. Were dishonest (in that Stratega Law Limited did not complete the conveyancing work which was billed) *Denied*; *and/or*
ii. Breached overriding principle 1 (in that your conduct lacked integrity) and/or 2 and/or 3 of the Code of Conduct *Denied*; *and/or*
iii. Failed to achieve outcome 2.1 and/or 2.2 and/or 2.3 and/or 3.2 of the Code of Conduct *Denied*; *and/or*
iv. Breached paragraph 12.1.4 of the Accounts Code (in force until 30 September 2020) *Denied*; *and/or*
v. Failed to comply with specific requirement 8.5 and/or 8.6.3 and/or 9 of the Estimates and Terms of Engagement Code. *Denied*;

ALLEGATION 20

a. You allowed Stratega Law Limited's client account and/or office account to be used for the provision of services not regulated by the CLC, on file 55664.005. *Admitted*

i. In doing so, you caused or substantially contributed to Stratega Law Limited
ii. *Allegation not referred to the Panel*
iii. failing to adhere to specific requirement 1(n) of the Code of Conduct *Denied*; *and/or*
iv. failing to adhere to paragraph 9.1.3 of the Accounts Code (in force until 30 September 2020). *Denied*

B. ALLEGATIONS SERVED ON 28 JANUARY 2022

Whilst a Licensed Conveyancer, a Director, and the Head of Finance and Administration, and a manager of Stratega Law Limited (Stratega), you acted in such a way as to amount to a breach and/or cause or substantially contribute to Stratega breaching of the Council for Licensed Conveyancers Code of Conduct:

ALLEGATION 1

a. You and/or Stratega and/or one or more of its trading styles enabled and/or facilitated the use of stamp duty land tax (SDLT) ~~mitigation and/or~~ avoidance schemes. *Denied*;

b. In doing so your conduct:

i. breached Overriding Principle 1 (in that your conduct lacked integrity) and/or 3 of the Code of Conduct *Denied*; *and/or*
ii. failed to achieve Outcome 1.2 and/or 3.1 of the Code of Conduct [referred only "in relation to instructions in SDLT matters accepted by Stratega after 5 December 2018]" *Denied*; *and/or*
iii. breached Principle 1(c) and/or 3(a) of the Code of Conduct. *Denied*;

ALLEGATION 2

a. In an email dated 1 May 2019 Stratega advised the CLC that, "I repeat, for the avoidance of doubt, that Stratega has not promoted or given any tax advice to clients in respect of the involvement of an Annuity in a purchase arrangement". *Admitted*

b. You and/or Stratega and/or one or more of its trading styles including SAS acted for clients who entered into sub-sale (annuity) schemes designed to avoid ~~or mitigate~~ SDLT. *Denied*;

c. You and/or Stratega and/or one or more of its trading styles acted for [redacted] who were a second purchaser in SDLT sub-sale (annuity) schemes. *Admitted*

d. In doing so, your conduct:

i. breached Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity) and/or 5 (including that the conduct was misleading) of the Code of Conduct *Denied*; *and/or*

ii. failed to achieve Outcome 5.1 of the Code of Conduct *Denied*; *and/or*

iii. breached Principle 1(b) and/or 1(c) and/or 5(a) and/or 5(e) of the Code of Conduct. *Denied*;

ALLEGATION 3

a. On 15 March 2018 the CLC emailed Stratega stating, "…given the approach taken to 'enablers' in HMRC Guidance at [Identify who is classed as an enabler of tax avoidance - GOV.UK (www.gov.uk)], it seems to me that Stratega should immediately cease involvement in any such Schemes." *Admitted*

b. On 19 March 2018 the CLC emailed Stratega stating, "Could you…advise that you have ceased to use this arrangement [the schemes]". *Admitted*

c. On 6 March 2019 the CLC emailed Stratega noting that, "The CLC shares your concerns about the risks associated with this type of work [SLDT mitigation], as well as the moral and ethical concerns. We would therefore strongly suggest that this is a line of business that is dropped with immediate effect". *Admitted*

d. On 1 May 2019 you, on behalf of Stratega, emailed the CLC and advised that, "…we have carried out a risk assessment in relation to the regulatory framework and taken the decision (ratified in a Board resolution), that as from 1 April 2019 Stratega will not accept any client referrals from Cornerstone. This means that this firm will not engage with clients who are taking tax advice from Cornerstone and, in particular, where such advice may involve the use of agreements involving an Annuity". *Admitted*

e. Between on or about 23 February 2021 and on or about 4 May 2021 you and/or Stratega engaged with and/or provided advice to the client on matter 55397.005. *Denied*;

f. The client in matter 55397.005 had entered into one or more SDLT mitigation and/or avoidance schemes, including a sub-sale (annuity) scheme, which involved Cornerstone. *Admitted*

g. In doing so you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity) and/or 5 (in that the conduct was misleading) and/or 5 of the Code of Conduct *Denied*; *and/or*

ii. failing to achieve Outcome 5.1 of the Code of Conduct *Denied and/or*

iii. breaching Principle 1(b) and/or 1(c) and/or 5(a) of the Code of Conduct *Denied*;.

(ALLEGATION 4 NOT REFERRED TO THE PANEL)

ALLEGATION 5

a. On matter 57880.002 you allowed Stratega to charge a client £125 plus VAT for electronic access to and/or a (online) copy of their file. *Admitted*

b. In doing so, your conduct:

i. breached Overriding Principle 1 (in that your conduct lacked integrity) and/or 3 of the Code of Conduct *Denied*; *and/or*

ii. failed to achieve Outcome 3.1 of the Code of Conduct *Denied*; *and/or*

iii. breached Principle 1(c) and/or 1(l) and/or 3(b) of the Code of Conduct *Denied*; *and/or*

iv. failed to adhere to Specific Requirement 6 of the Transaction Files Code *Denied*; and/or

c. In doing so you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct lacked integrity) and/or 3 of the Code of Conduct *Denied*; *and/or*

ii. failing to achieve Outcome 3.1 of the Code of Conduct *Denied*; *and/or*

iii. breaching Principle 1(c) and/or 1(l) and/or 3(b) of the Code of Conduct *Denied*; *and/or*

iv. failing to adhere to Specific Requirement 6 of the Transaction Files Code *Denied*;.

d. On the same matter on 18 June 2021 you informed the client, "Your file has been destroyed already, we are only obliged to keep a file for 7 years". *Admitted*

e. On 18 January 2022 Stratega informed CLC "The file is available and has been under the same login details since 20/08/2013." *Admitted*

f. In doing so, your conduct:

i. breached Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity and/or was misleading) and/or 3 of the Code of Conduct *Denied*; *and/or*

ii. failed to achieve Outcome 1.2 and/or 3.1 of the Code of Conduct *Denied*; *and/or*

iii. breached Principle 1(b) and/or 3(h) of the Code of Conduct *Denied*; *and/or*

iv. failed to adhere to Specific Requirement 9 of the Transaction Files Code *Denied*;

and/or

g. In doing so, you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity and/or was misleading) and/or 3 of the Code of Conduct *Denied*; *and/or*

ii. failing to achieve Outcome 1.2 and/or 3.1 of the Code of Conduct *Denied*; *and/or*

iii. breaching Principle 1(b) and/or 3(h) of the Code of Conduct *Denied*; *and/or*

iv. failing to adhere to Specific Requirement 9 of the Transactions File Code *Denied*.

ALLEGATION 6

a. On numerous occasions between 14 June 2016 and September 2019 Stratega and/or one or more of its trading styles indicated to the clients on matter 55664.002 that it held £8,970 in client account and/or in escrow on its behalf. *Admitted*

b. On 13 July 2018 and 29 October 2018 Stratega and/or one or more of its trading styles indicated to the client on matter 55742.002 (otherwise referred to as matter 55497.002) that it held £7,650 in client account and/or in escrow on their behalf. *Admitted*

c. On or about 12 November 2019 a ledger was created for matter 55664.005 and the sum of £8,970 was paid:

v. from office account to client account (reference 55664.005) *Admitted*; and

vi. from client account to one or both of the clients by Faster Payment (reference 55664.005) *Admitted*.

d. On or about 17 December 2021 a ledger was created for matter 55742.002 and the sum of £7,650 was paid:

i. from office account to client account (reference 55742.002) *Admitted;* and

ii. from client account to the client (reference 55742.002) *Admitted*

e. The funds referred to at 6(a) had not been held in client account since at least November 2017 in accordance with the assurances made to the clients on matter 55664.002 (otherwise referred to as matter 55664.005). *Admitted as to escrow only*

f. The funds referred to at 6(b) had not been held in client account since at least July 2018 in accordance with the assurances made to the client on matter 55742.002 (otherwise referred to as matter 55497.002). *Admitted as to escrow only*

g. In allowing this to happen, you caused or substantially contributed to Stratega:

i. breaching Overriding Principle 1 (in that the conduct was dishonest and/or lacked integrity and/or was misleading) and/or 3 of the Code of Conduct *Denied*; *and/or*

ii. failing to achieve Outcome 1.3 and/or 3.1 of the Code of Conduct *Denied*; *and/or*

iii. breaching Principle 1(b) and/or 1(h) and/or 1(k) of the Code of Conduct *Denied*.

PANEL FINDINGS

In making its findings, the Panel took care to consider the actions of each of the Respondents individually, as well as collectively where stated.

ALLEGATION 1 against Mr Marshall

27. The background to this allegation was that Stratega had been instructed by a client in Qatar to act on a number of transactions relating to purchases of flats being built in the UK. The instructions were delivered via a third-party agent. They involved the Qatari client depositing a large sum of money into Stratega's client account, in anticipation of a transaction. Before any actual transaction began, the client instructed Stratega to transfer those funds to another firm, MFT Solicitors, who would be taking over their transactions.
28. There was no dispute between the parties that James Marshall sent the email in question to MFT, the second instructed conveyancer, on 1 September 2020, and no dispute that the email indicated that Stratega would transfer the funds they requested on condition that MFT did not involve the CLC as the regulator of Stratega. The CLC submitted that Mr Marshall did this because he knew Stratega was involved in wrongdoing that his regulator would not approve of, namely that he deliberately ignored the obvious 'red flags' indicating increased risk of a money laundering transaction, and agreed to the client's request to send very large sums of money (less a significant sum to be retained by Stratega) to a different account from which Stratega had received the funds.
29. Mr Marshall told the Panel that the client's decision to transfer to another practice was prompted by his (Mr Marshall's) insistence that anti-money laundering enquiries were conducted. He therefore accepted that the proposed transactions raised "red flags". He denies that he sent the email to MFT with the intention of ensuring that the CLC was unaware of the arrangement he was proposing between Stratega and MT. He told the Panel that if MFT had agreed not to involve the CLC then there would be no delay in the transfer of the funds, which would have been in the client's best interests as it would not delay the anticipated transactions.

30. The Panel did not find Mr Marshall's account credible. By this time, the CLC had already raised concerns about Stratega's conduct, had completed the inspections (in February 2020) and was in the processing of investigating their concerns. It would have been evident to Mr Marshall that Stratega, he and Mr Kotze were under scrutiny from the CLC, and the Panel interpreted this email as evidence of him seeking to hide this conduct from their regulator.
31. The Panel considered that there should be no circumstances in which a regulated practice made it a condition of business that another party would not refer to their regulator or make their regulator aware of their conduct.
32. The Panel found that Mr Marshall's actions in sending the email to MFT Solicitors, intending them to agree to his proposal, were lacking in the integrity expected of a Licensed Conveyancer and found this allegation proved in its entirety.

ALLEGATION 2 against Mr Marshall

33. This allegation was concerned with whether Mr Marshall sent an email to Ives and Co on 11 December 2020 as he asserted, when Ives and Co say they did not receive it. Ives and Co had contacted Mr Marshall in relation to a transaction he had previously undertaken. When Ives and Co had not received a response from Mr Marshall, they contacted the CLC to report their concerns.
34. The Panel noted and accepted the evidence obtained by the CLC from Ives and Co which showed that they did not receive the 11 December 2020 email on the date it was purportedly sent. Mr Marshall did not take any steps to prove that the email was sent on 11 December 2020, but the Panel reminded itself that the burden of proof is on the Applicant. The Panel therefore relied only on the evidence before it, and considered whether the Applicant had proved that the email was not sent.
35. The Panel also bore in mind that this was an allegation of dishonesty and therefore very serious. The more serious the misconduct alleged, the more cogent the evidence required to prove the allegation.
36. The Panel looked for evidence from the Applicant that the email had never been sent but found there was no cogent evidence to prove the allegation. It therefore

concluded that whilst there was clear evidence of it not being received on 11 December 2020, the allegation that it was not sent was not found proved.

ALLEGATION 3 against Mr Marshall

37. This allegation was concerned with whether Mr Marshall lied to the CLC in his email to them on 15 July 2020 when he said that the email to Ives and Co was in his drafts folder.

38. The Panel noted that Mr Marshall's responses to questions both from the Panel and rom Counsel for the Applicant were at times vague, however the burden of proof, as in all the allegations, was on the Applicant.

39. The Applicant submitted that Mr Marshall had a motive to lie, namely to explain away what was obstruction of his regulator's attempt to investigate his and the practice's conduct, and if the lie had been successful it would have given a reason for his not having responded to the request for three weeks. The Applicant also drew attention to the wording of the email, which it suggested made no sense in the context of the stage of the communications. The Applicant submitted that Mr Marshall had not sufficiently explained why, if the email was genuinely in his drafts folder, he had not just sent it rather than copying and pasting it into the text of another email, and that the Panel should conclude that Mr Marshall's general credibility was poor. The Applicant also submitted that there was no independent IT evidence to support Mr Marshall's account.

40. Mr Marshall maintained that the email had been drafted on 25 June 2020 and remained in the drafts folder, whilst he mistakenly believed he had sent it.

41. The Panel bore in mind all the points raised by the Applicant but noted that the burden of proof was on the Applicant, and concluded that there was no evidence that the email was not in the drafts folder, rather the Applicant was relying on circumstantial evidence. Given that this was again a dishonesty allegation, and the more serious the allegation the more cogent the evidence the Panel should require, the Panel concluded that the Applicant had not produced evidence to satisfy the evidential burden, and therefore the allegation was not found proved.

ALLEGATION 4 against Mr Marshall and ALLEGATION 19 against Mr Kotze

42. This allegation related to dishonesty to clients. The Applicant submitted that the Respondents deliberately and dishonestly underestimated the value of the work to be completed for each client, or alternatively that they dishonestly charged for work not completed. The Panel bore in mind that whilst Mr Marshall appeared to be more closely involved in the arrangements, both Respondents as directors of the practice were equally responsible for the decisions made.
43. The Panel noted that this allegation was centred on an arrangement between the Respondents and a client who was purchasing a number of units within blocks of flats, and that the Respondents had believed that they would receive £1,000 per case as originally quoted and expected to be instructed on a very large number of such transactions in the near future. They had gone so far as to make plans for expansion of the practice around those transactions. However by 9 September 2020, that position had changed and they knew that instead it was for only a handful of transactions.
44. There is no factual dispute between the parties as to the sending of the completion statements and bills, nor as to the sums estimated and charged. The dispute arises around whether the Respondents' behaviour breached rules and principles.
45. The Respondents submitted that they were clear in their terms and conditions on engagement that the completion statement figures could vary and increase, and that they were charging in line with the amounts set out in those terms and conditions.
46. The panel found that there was no systematic approach to the Respondents' billing of these files, and there was no evidence to support the additional work billed. It also found that in places the Respondents had not charged in line with the amounts set out in the terms and conditions, for example in relation to Mr Marshall's chargeable hourly rate. It concluded that the Respondents had planned on being paid £1000 on each separate file, and when it became clear that was not to happen, they sought to charge as much as they could on the cases on which they had been instructed. The Panel was therefore satisfied that the Respondents had significant motivation to be dishonest.

47. The Panel noted that Mr Marshall's evidence was that he assessed the bills himself, and therefore concluded that the decision to charge the inflated amounts was his.
48. The Panel looked carefully at the Respondents' terms of engagement, and noted that they set out that the practice will submit a bill where a transaction is aborted (as here), and in those circumstances would bill a proportion of the estimate fee. In the transactions in this allegation, however, they charged over a hundred times more than the original estimate. The Panel heard no credible explanation as to how the figures in the final bills were reached.
49. Mr Marshall sought to explain that there was a large volume of documentation and a lot of work involved in the aborted transactions, telling the Panel that there were 16 different titles to check across the three developments involved. The Panel did not find that evidence credible.
50. In one of the cases (68164) the Panel saw evidence that the practice had received no instructions but had received money on account. There was evidence that some of the bills were identical, and the Panel concluded it more likely than not that the bills had been "cut and pasted".
51. Mr Marshall told the Panel these transactions had been subject to a bespoke specific engagement letter, which (despite asking the parties to take them to it) neither the parties nor the Panel were able to find in the evidence before the Panel. The Panel therefore concluded that the transactions were subject to the usual engagement letter issued by the practice.
52. The Panel again bore in mind the seriousness of the allegation against the Respondents, and that therefore particularly cogent evidence was required. Here, however, the Panel was satisfied that there was sufficiently cogent evidence to prove that the Respondents knew that they were billing for work not completed, charging multiple fees for work which only needed to be completed once, and instead of charging a proportion of the original estimate for abortive transactions, they were charging several multiples of those estimated figures. The terms of engagement were clear as to what a client should expect on an aborted transaction, yet with no credible explanation as to why, the Respondents took a completely different approach with these clients which meant that they were very significantly overcharging.

53. Importantly, the Panel saw no evidence in each of these cases to support the additional billed work.
54. It also saw no evidence to suggest that the original completion statements were under-estimates or unfeasibly low estimates for the work to be done.
55. Having made those findings, the Panel looked at the two separate parts of the allegation and particularly on the dates that the completion statements and bills were rendered. It concluded that it was unlikely that they would have deliberately under-estimated the work at the time of issuing the completion statements, and that it was more likely that at that time, the Respondents were making a commercial decision on the value of the work to the practice. It therefore did not find that the Respondents had been dishonest as alleged at allegation 4(J).
56. However, the Panel was satisfied that, once the transactions had aborted and the Respondents knew they were not going to make the money they had hoped for, they deliberately over inflated the bills to wholly unreasonable and unsupported figures, in order to make as much money as they could. The Panel was satisfied, applying the test in *Ivey v Genting Casinos (UK) Ltd t/a Crockfords* [2017] UKSC 67, the Respondents knew at the time of billing these abortive transactions that they were billing for work not done, and that their actions would have been considered dishonest by the objective standards of ordinary decent people.
57. Therefore, the Panel found allegation 4(k) and allegation 19(k) both proved against both Respondents in their entirety.

ALLEGATION 5 against Mr Marshall

58. This allegation concerned whether Mr Marshall acted on the other side of transactions in breach of the Conflict of Interests Code.
59. Mr Marshall admitted that he conducted files where Mr Kotze was acting on the other side of the transactions. He denied that this presented a risk to clients and that it was in breach of the rules and principles.
60. The Panel noted that in his evidence, Mr Marshall showed a clear lack of understanding of the rules around conflicts of interests. It also noted that the CLC's Code in relation to conflicts of interests was clear in its terms.

61. Mr Kotze was, at the relevant times, the MLRO as well as being the person undertaking the other side of the transactions. This in itself meant that there would be a conflict of interests if Mr Marshall had concerns about potential money laundering, as he would effectively have to notify the person representing the other side of his concerns, which he would not be able or authorised to do if that person worked in another practice.
62. The Conflict of Interests Code, at paragraph 6, sets out

> "*Where the entity represents parties with different interests in any transaction each party is at all times represented by different Authorised Persons conducting themselves in the matter as though they were members of different entities"*

63. At paragraph 9 the Code sets out

> *"You do not act, or do not continue to act for a Client where your ability to give independent advice is in any way restricted. This may arise if …..*
> *… (b)… there is a significant risk that it may conflict with your own interests in relation to that or a related matter"*

64. The Panel was satisfied that, by virtue of the legal requirement of Mr Marshall to raise any concerns about potential money laundering with his MLRO, there were potential consequences if he failed to do so, but also potential consequences for the transaction if he did so in circumstances where the MLRO was also representing the other side of the transaction.
65. The Panel therefore concluded that there was a clear and significant risk of conflict arising, and found allegation 5(b) proved.
66. Having made that finding, it found that allegation 5(c) was also found proved, and that this demonstrated a lack of integrity on the part of James Marshall .

ALLEGATION 6 (as amended) against Mr Marshall and ALLEGATION 3 (as amended) against Mr Kotze

67. These allegations related to Mr Marshall supervising an unauthorised caseworker in transactions where a property developer was one of the parties and he was acting for the developer on multiple sales.

68. Mr Marshall submitted that to do so was not a breach of the principles on conflicts of interests until an actual conflict arose. The Panel found that this highlighted a lack of understanding of the principles of conflicts of interests and the Conflict of Interests Code, which made it clear that the trigger point was where there was a significant *risk* of conflict.
69. It is plain that where the supervisor is acting for the developer on multiple transactions, if an issue arises on the supervised file which may not be in the interests of the developer to pursue, the supervisor will be in a clear conflict. By virtue of the various checks and searches the transaction would require, there must be a significant risk that such a situation would arise. The Panel struggled to see how Mr Marshall could not conclude that to supervise the person acting on the other side of transactions he was conducting would not amount to a conflict.
70. The Panel also found that Mr Kotze, as co-director and MLRO, had a clear responsibility to ensure that the practice did not act in a situation of conflict.
71. The Panel therefore found, in respect of both Respondents, this allegation proved in its entirety, concluding that there were clear breaches of the Conflict of Interests Code and the Code of Conduct, a lack of integrity and a failure of proper supervision.

ALLEGATION 7 against Mr Marshall and ALLEGATION 5 against Mr Kotze

72. This allegation relates to a transaction where the same caseworker was said to be acting on both sides of the transaction. The Respondents denied the allegation and submitted that in fact the documentary evidence showed that it was misinterpreted by the Applicant. The Panel bore in mind that both Respondents as directors of the practice were equally responsible for the management of the practice and the decisions made, and both denied the allegation on the same basis.
73. Mr Marshall explained that the spreadsheet on which the Applicant relied, taken from the practice's case management system (Proclaim), showed the relevant files being opened and attributed to a caseworker (EH) initially by administration staff, then after four days was changed to a different caseworker (AI), who conducted the transaction.
74. The Panel carefully scrutinised the documentary evidence and considered the Applicant's submissions about it.

75. The Panel concluded that what the spreadsheet showed was that two files were opened for the seller (one for the sale and one for a future notional purchase) in the name of EH, and another for the purchase (which was attributed to EH for a period of four days, then transferred to AI). The Panel did not see any evidence that there was any action on the transaction during those four days and the work only began after it had been transferred to AI.
76. Therefore, the Panel concluded that this allegation, in respect of both Respondents, was not found proved.

ALLEGATION 8 against Mr Marshall and ALLEGATION 6 against Mr Kotze

77. This allegation relates to acting on both sides of five separate transactions but failing to advise the clients of the consequent risks. The transactions involved the property developer for whom Mr Marshall was acting at all relevant times (in 2016 and 2017). The Panel bore in mind that both Respondents as directors of the practice were equally responsible for the management of the practice, and during the hearing both Respondents submitted that their actions (other than as admitted) were appropriate.
78. The Respondents admit that they failed to advise one of those clients of the risk in acting on both sides of the transaction, because they were unable to locate a letter to that client which addresses the issue.
79. However, in relation to the other four clients, they deny the allegation because they later (in July 2019) wrote to the clients in those terms, after completion of the work and at a time when they could take no action to mitigate the risk.
80. The Applicant submitted that the allegation should be taken to mean that the Respondents failed to advise "at the relevant time", although it did not specifically say so.
81. The Panel carefully considered whether the allegation could be meaningfully taken to suggest that there was a failure to advise those clients of the risk at any time. It concluded that, in the context of these allegations it simply did not make sense to suggest that you could properly advise a person of a risk at a time when that risk no longer existed and could not be mitigated. In these cases the Respondents wrote to the clients at least two years after the transactions were concluded.

82. The Panel therefore rejected the Respondents' defence to this allegation, and found it proved in respect of both Respondents.

ALLEGATION 9 against Mr Marshall and ALLEGATION 7 against Mr Kotze

83. These allegations relate to the same matters as those at allegations 8 for Mr Marshall and 6 for Mr Kotze, but in relation to whether they carried out the relevant transactions with written consent for the practice to act on both sides.
84. The same evidence was relevant to this allegation as was relevant to allegations 8 and 6 respectively.
85. The Panel was satisfied that consent means informed consent, because otherwise it would be meaningless to consent to something about which you did not have sufficient information to decide to consent.
86. In these cases, the Respondents relied in their defence on the letters they sent in July 2019. Clearly by July 2019 any consent would be irrelevant as the transactions had concluded two years previously, and the Panel concluded it would be nonsensical to suggest that providing the clients with the necessary information for them to consent, some two years later when the matters had concluded, was sufficient.
87. The Panel bore in mind that both Respondents as directors of the practice were equally responsible for the management of the practice and the decisions made.
88. In respect of both Respondents, the Panel found the allegation proved in its entirety. Such conduct was clearly in breach of the Conflict of Interests Code and the Code of Conduct, and was significant because it deprived the clients of their right to be informed and to object to an arrangement which could have resulted in the practice not acting in their best interests. The Panel found this was evidence of a blasé attitude to the important issue of conflicts of interests.

ALLEGATION 11 against Mr Marshall and ALLEGATION 8 against Mr Kotze

89. These allegations relate to the Respondents allowing the practice to fail to meet the deadline for submitting Stamp Duty Land Tax returns. Mr Marshall and Mr Kotze both admitted the factual element of the allegation, but denied that they were in breach of the relevant Codes because the tax returns were not purposely delayed,

but more a lack of diarisation and poor administration. Again, The Panel bore in mind that both Respondents as directors of the practice were equally responsible for the decisions made and for the management of the practice.

90. The Panel noted that the relevant cases amounted to a large number of missed tax returns in January 2020, but the Applicants submitted this was reflective of a practice over a number of years. The Panel confined itself to the evidence before it.
91. However, the Panel agreed that there was clearly a pattern to the behaviour rather than one-off errors, and there were clear failures on the part of the Respondents.
92. It also agreed with the Applicant that the number of missed deadlines, as well as a failure of proper management and failure to act in the best interests of clients, amounted to a failure to properly supervise. Clearly appropriate standards were not maintained.
93. Whilst the Panel acknowledged that SDLT is a personal tax, and it is a matter for the individual whether they decide to fulfil their obligation to pay it, the terms of engagement of the practice say it will file the tax return on behalf of the instructing client. The clients were therefore entitled to rely on the Respondents to do so.
94. The Respondents suggested that some clients instructed them not to file the returns. The Panel saw no evidence of those instructions and considered that if they were so instructed, that may well amount to a conflict of interests between the practice's best interests and the client's instructions. Furthermore, the Panel noted that the practice paid the consequent penalties from the office account, which undermined the suggestion that they were acting on client instructions in incurring those penalties.
95. The Panel therefore did not find the Respondents' account credible as to why they were acting in their clients' best interests in not submitting the returns, and found this allegation proved in its entirety in respect of both Respondents.

ALLEGATION 12 against Mr Marshall and ALLEGATION 9 against Mr Kotze

96. These allegations relate to the Respondents not obtaining adequate documentation to verify the source of funds and wealth in relation to transactions undertaken by the practice between 2017 and 2020 when Mr Kotze was the MLRO.
97. Mr Marshall, in his oral evidence, was clear that he had read the Anti-Money Laundering and Combating Terrorist Financing Code ("the AML code") which had been in place since April 2018, and understood the role of the MLRO. He also demonstrated that he understood that the obligation to establish and obtain proof of a client's identity and source of funds and wealth began at the point of engagement but was an ongoing obligation throughout the life of the retainer.
98. In their written response to the allegations, the Respondents set out their defences to this allegation. In relation to allegations 12(i), 12(ii), 12(v), 12(vi) and 12(ix), the defence was that there were no grounds for suspicion that the funds provided by the client to the practice were the proceeds of crime, and therefore no need for further investigation once the client had signed a declaration on the client engagement form as to the source of their funds, and provided their identification proof.
99. The Panel saw in evidence signed declarations by the various clients whose transactions were the subject of this allegation. It noted that in one of the forms, the client had indicated that the source of their funds was "personal account Doha Qatar" with no further information. Mr Marshall told the Panel that in 2016 this was sufficient information to satisfy the practice's obligation in respect of anti-money laundering requirements. The Panel disagrees, and finds that such an answer should trigger further enquiry into the source of funds because it is insufficiently specific and gives no indication as to how those funds got into the Qatar account and from where they came. Having considered the requirements of the AML code, the Panel found the Respondents to be in breach of its requirements in respect of allegations 12(i), 12(ii), 12(v), 12(vi) and 12(ix).
100. In relation to allegations 12(iii), 12(iv), 12(vii) and 12(viii), the Respondents relied on the fact that these clients were family and friends, and therefore very well known to them, or referrals from longstanding clients. In their view that was sufficient to satisfy them that the clients were professionals and maintained careers

and jobs with high income levels. In those circumstances the Respondents told the Panel that the requirement to satisfy themselves of the source of funds and wealth had been met. The Panel again disagrees and finds that whilst the Respondents knew most of these clients informally, such knowledge does not equate to automatically knowing, understanding or verifying the source of their funds or wealth, and there could always be the situation where a friend or family member has financial arrangements unknown to those who are close to them.

101. The Panel particularly noted that in relation to one client who was a referral through another client, on a search it appeared the client's name was associated with a Politically Exposed Person. The Respondents acted on this by writing to him and asking whether he considered himself to be a Politically Exposed Person. He, unsurprisingly, responded that he did not. The Respondents considered that was sufficient enquiry. The Panel disagrees. The risk of money laundering and financing terrorism is significantly enhanced if a client is a Politically Exposed Person and much more rigorous checks would be required in those circumstances.

102. The Panel also noted that the Qatari clients, known as M1, M2 and M3 (allegations 12(x), 12(xi) and 12(xii), were all introduced by the third-party agency who was acting for various overseas buyers of multiple units in three developments.

103. The client engagement letter for M1 indicated that he was a retired ambassador and wished to spend over £3.5 million buying 16 units in various cities around England. The agency indicated that M1, M2 and M3 had appointed it as their representative to liaise with the practice on their behalf in relation to these transactions, because they did not speak or read English and did not understand the process in England. They were aware the agency were taking large commissions from the transactions. When the client's bank statements were received (such as they were), they raised more questions than they answered. Nonetheless the Respondents allowed the client M1 to deposit over £2 million in its client account on 7 April 2020, two days after he instructed the practice and before any identity documents had been received. The Respondents held on to those funds for over two months, without the documents being provided, including sending a completion statement to M1's representatives in June 2020. The Panel finds that this was a significant breach of the AML code in circumstances where it should have been clear

to the Respondents that they should not allow any money to be deposited with them until they were absolutely clear about its source.

104. On 12 May 2020 the Respondents submitted a Suspicious Activity Report ("SAR") to the National Crime Agency in relation to M1 and his dealings. They rely on that submission as evidence that they were acting in accordance with the AML code. In evidence Mr Marshall indicated that it was his understanding that if the person submitting the SAR did not hear from the National Crime Agency within 7 working days, they could continue to act for the client who was the subject of the SAR.

105. Unfortunately, the SAR submitted by the Respondents was not in the correct form, and therefore had no effect. The Panel found that concerning, as it would be particularly important for good management and compliance that those making such reports know the correct form to use and complete it correctly.

106. Furthermore, in relation to M1, on 13 August 2020 the Respondents were notified by email from M1 that he was ending his retainer with them and instructing another solicitor in their place. The following day, 14 August 2020, the newly instructed solicitor (MFT) emailed a letter of authority from M1 and asked that the relevant files be transferred to him along with the money held in client account on behalf of M1.

107. Nine minutes after the date and time of the email received on 14 August 2020, Mr Marshall sent an email to M1 withdrawing from acting for him. He accepted in evidence he had already read MFT's email of 14 August 2020 before sending his email on that date, and said he sent the email to M1 because he was his client, and the earlier email terminating the retainer had come from MFT not from M1 himself.

108. Mr Marshall, in his evidence, indicated that he did not believe he should have been concerned about transferring M1's funds from his client account to that of another practice, because that was in essence returning the client's funds back to them i.e. to the original source. The Panel disagrees. In fact, the money had been allowed to pass through two legitimate practice accounts without any underlying transaction being completed, in circumstances where the Respondents were sufficiently concerned to have lodged an SAR, yet continued to transfer over

£2 million pounds at the client's request and without sufficient documentation to satisfy themselves as to source of funds and wealth. This had the potential to launder a large sum of money for the client. The Panel bore in mind, however, that there was no evidence to indicate that the Respondents had in fact been party to actual money laundering, only the risk thereof.

109. The Panel found that, as MLRO, Mr Kotze had particular responsibility for overseeing any decisions relating to acting where there was a risk of money laundering or suspicious transactions, and that here he failed to meet that responsibility because he allowed the money to be transferred to MFT.

110. Taking into consideration all the evidence it had read and heard in relation to these allegations and reaching findings as set out above, the Panel concluded that the allegation, in respect of each Respondent, was all proved except for specific requirement 10(b) of the AML code, because there was a Money Laundering Reporting Officer in place at the time. The Panel found that the Respondents committed serious breaches of outcomes 1 and 2 of the Code of Conduct, and failed to have appropriate systems in place to comply with the AML code, the Code of Conduct and the Management and Supervision Arrangements Code.

ALLEGATION 13 against Mr Marshall and ALLEGATION 10 against Mr Kotze

111. These allegations related to whether the Respondents co-operated with their regulator in responding to the requirements for compliance arising from the inspection report in February 2021.

112. Again, the Panel bore in mind that both Respondents as directors of the practice were equally responsible for the management of the practice and the decisions made.

113. The panel noted that the inspection report had been sent to the Respondents over a year after the inspections had taken place, and was concerned at the delay. The Panel appreciated that the report was detailed, and a number of matters across a range of areas of non-compliance had to be examined further, but the Panel was not particularly satisfied that there was good reason for such a delay.

114. Nonetheless once the report was received, there were 60 requirements for further compliance, and it was agreed between the parties that the Respondents satisfactorily resolved 48 of them. That left 12 remaining.

115. Responses were given in relation to those 12, which the Panel carefully considered, and it bore in mind the Respondents' defence that in their view there were ongoing conversations even at the time of the allegations being put, as to how to resolve those 12 outstanding requirements.

116. In looking at those 12 responses, the Panel found some where the Respondents were not open or co-operative with the CLC.

117. For example, the Panel found that the Respondents had not been open or co-operative in relation to Action 59, which required them to "*advise the CLC of the current status of all legacy Cornerstone referred matters and provide a copy of the full files to the CLC".* It noted that in their response, the Respondents failed to provide any information on legacy Cornerstone matters, and it should have been clear to the Respondents that this was an area of concern for the CLC because Cornerstone had been involved in advising on tax avoidance schemes which had been the subject of litigation. The Panel therefore concluded that the Respondents deliberately did not comply with Action 59, which was a clear breach of their requirement to co-operate with their regulator.

118. In others the Panel found there had been an attempt at co-operation, albeit with answers which were not satisfactory to the CLC. Taken overall, however, the Panel found that the Respondents had breached outcome 5 of the Code of Conduct (act in accordance with your regulatory responsibilities), specific requirements 6,7 9(a) and 9(d) of the AML code, and specific requirements 7 and 8 of the Management and Supervision Arrangements Code. It therefore found the allegation against each of the Respondents proved.

ALLEGATION 14 against Mr Marshall and ALLEGATION 11 against Mr Kotze

119. These allegations related to the Respondents' representation of Hill and Standard Developers ("HSD"), and/or purchasers in their developments. The Applicant's view was that there was an arrangement that HSD would refer purchasers to the Respondents. If there was such an arrangement, there was a

requirement under the Disclosure of Profits and Advantage Code that the arrangement be recorded in writing.

120. The Panel bore in mind that both Respondents as directors of the practice were equally responsible for the management of the practice and the decisions made.

121. The Respondents denied that there was any such arrangement, and in evidence said that it was simply that HSD preferred if possible that purchasers instructed them to act on their purchase because they had a good understanding of the development, and transactions were therefore likely to conclude quicker. HSD were simply recommending the Respondents to any purchaser, without any reciprocal arrangement.

122. The Panel looked for any evidence of an arrangement, such as regular payments from the Respondents to HSD, or reduction in their fees, and took particular care to understand the Applicant's case on this allegation. In the Panel's questioning of Ms Hayes, it became clear that Ms Hayes had herself made the assessment that there was an arrangement between HSD and the Respondents. In her interview with Mr Marshall, during the inspection, he had told her that HSD were simply clients and there were no referral arrangements. Ms Hayes did not accept that account and asked for the referral agreement, which was never forthcoming. The Respondents say that is because it did not exist.

123. Ms Hayes told the panel, in answer to the question why she decided that HSD was a referrer and not a client.

> "*We don't dispute that they are a client. We just believe that they are also a referrer and that is because there is a number of client files where Hill and Standard are the client and a number of purchase files for clients in those developments as well. And so it sort of defies logic for the CLC for the Hill and Standard Developments to just be a client. It seems as though they are referring the purchasers to the practice as well, given the number of purchasers that the practice acted for within those developments. "*

124. Ms Hayes confirmed she had not seen any evidence that HSD had contacted the practice asking them to act for the purchasers, nor did she or the other inspectors see any evidence of HSD being paid a referral fee or gaining benefit from

the relationship. It appeared therefore that the allegation was founded on it being too much of a coincidence that a number of purchasers of the properties being developed by HSD had instructed the practice, who were also representing the developer.

125. The Panel concluded therefore that there was insufficient evidence to prove this allegation against either Respondent and therefore did not find it proved.

ALLEGATION 16 against Mr Marshall and ALLEGATION 13 against Mr Kotze

126. This allegation related to whether the Respondents had appropriate management arrangements, systems and controls in place to comply with money laundering regulations. As co-directors of the practice, they had equal responsibility to do so.

127. The Panel noted that Mr Kotze was the nominated MLRO.

128. The inspection report of February 2021 found that the practice's AML policy documentation was inadequate, there was insufficient training supervision and management so that there was no consistency in client due diligence and source of funds and wealth checks, the training provided by the practice was inadequate, and the practice wide risk assessment completed in 2019 did not accurately reflect the types of work undertaken or the associated level of risk.

129. The Panel heard evidence throughout the hearing about the Respondents attitude to anti-money laundering requirements, and had real concerns about the Respondents' individual approaches to the potential risks arising from clients using the practice for money laundering. The Panel concluded, particularly having heard evidence from Mr Marshall and statements from Mr Kotze, that they had a blasé attitude to compliance with the requirements, and consistently failed to properly apply anti-money laundering safeguards.

130. The Panel saw evidence of poor client due diligence and sources of funds and wealth checks and saw no evidence to contradict the conclusions set out in the inspection report. It did not accept the evidence from the Respondents as credible that they were compliant with the requirements upon them and were particularly concerned about their holding of £2million on behalf of client M1 before any transaction had reached the stage where money of that kind on account was

required, and where the appropriate and necessary due diligence checks had not been completed.

131. Whilst Mr Kotze had been the appointed MLRO at the relevant times, the Panel concluded that he was effectively only nominally in that post, and the Panel saw and heard evidence that he was not always conducting the role properly and with the required level of scrutiny and compliance.

132. The Panel therefore found, in respect of both Respondents, this allegation proved in its entirety.

ALLEGATION 17 against Mr Marshall and ALLEGATION 14 against Mr Kotze

133. These allegations relate to whether the Respondents carried out due diligence into the identification of donors and/or beneficial owners in relation to four companies.

134. These clients were all either referrals to the Respondents via friends, family or other longstanding clients, or in one of the cases, there was a signed declaration as to identity and source of funds and wealth. In relation to the case where there was a signed declaration, the Panel has already found that this was insufficient to meet the requirements of the AML Code.

135. In the case of the purchase by [redacted], the postal address for the client was in Portugal, but its bank account was In Hong Kong. The source of funds was said to be from a Director's personal bank account in Hong Kong, "accumulated monies from a trading company and the subsequent sale of that company". The transaction was to be completed in cash. The evidence before the Panel was that Mr Marshall had never obtained any evidence of what the trading company was, the sums of accumulated monies or information about the sale (i.e. when and to whom).

136. So far as the ownership of [redacted] was concerned, it was Mr Marshall's evidence that the company was owned by two shareholders, with equal amounts of shares. However, whilst he obtained a signed engagement form from one of the owners, he made no enquiries into the other owner. He treated the transaction as if the client was [redacted], and in his evidence said he did

not consider it important to identify or check the source of wealth and funds of the individuals behind the company.

137. Similarly, in relation to [redacted], Mr Marshall told the Panel that the company was owned by "*a family friend of 30 years and their extended family*". There was no evidence as to specifically who those individual owners were and what checks had been undertaken on them. Mr Marshall at the inspection meeting said that "*as a result of our engagement process and identification provided, we were satisfied that the client was a professional and maintained careers and jobs that sustained high income levels*" and then in his oral evidence he said that in those circumstances, a personal recommendation and information that they are professionals with high incomes is enough to satisfy the AML requirements.

138. Given that admission, the Panel concluded that Mr Marshall had allowed the practice to not obtain, certify or verify the identification of the donors and/or beneficial owners in these transactions, which placed them in breach of the AML Code. Mr Kotze, in his role as MLRO, was also culpable as had he been carrying out that role properly, he would have been aware of the lack of checks and directed that they be undertaken. That lack of oversight and responsibility was very concerning to the Panel. The Panel therefore found this allegation proved in respect of both Respondents.

ALLEGATION 21 against Mr Marshall and ALLEGATION 17 against Mr Kotze

139. These allegations relate to whether the Practice-Wide Risk Assessment was properly undertaken by the Respondents. An accurate and comprehensive Practice-Wide Risk Assessment is essential for proper management of the practice, and to protect the interests of clients. As co-directors, the Respondents were equally responsible for ensuring the risk assessment was properly undertaken.

140. It was accepted by the Respondents that they assessed the risk of being involved in money laundering as low.

141. It was also accepted that the practice was acting for developers, for overseas investors in multiple off-plan flats, that the practice was acting on both sides of those

transactions, and was acting in high value residential transactions where the clients and/or funds were overseas.

142. The sole issue between the parties in relation to these allegations prior to the hearing was whether these facts meant that the practice was not at a low level of risk of involvement in money laundering.

143. However, during the course of the hearing, the Respondents accepted that with the benefit of hindsight, the assessment should have been that there was at least a medium risk.

144. The Panel considers all the identified and agreed factors to be indicators of at least a medium but more likely high risk of involvement in potential money laundering, particularly when taken together in a number of cases, and where there was a proposal for large volumes of transactions for some clients who were overseas. Furthermore, conveyancing work is by its very nature at a higher risk of involvement in money laundering than most other areas of work, and so proper and effective assessments of risk are fundamentally important to the prevention of money laundering and funding of terrorism.

145. The Panel also noted that the risk assessments were not undertaken regularly, and there had been a four-year gap between the risk assessment presented to this Panel and the preceding assessment. It was also a woefully inadequate assessment, which took a very superficial view of the relevant factors. On any view, the profile of the work being undertaken by the practice could never be low risk.

146. Mr Marshall, in his oral evidence, was able to demonstrate a good understanding of what red flags are in relation to potential money laundering, and indeed in his email to MFT in relation to the Qatari clients in August 2020 he was able to set out 19 points of potential concern in relation to that client and the proposed transaction. The Panel therefore concluded that he knew what to look for in a practice-wide assessment of risk and the importance of that review being regular, but either chose not to or did not bother to comply with those important requirements,

147. Mr Kotze, as MLRO, also failed in his duty to oversee the risk and risk assessment.

148. The Panel therefore found that there was a clear breach of specific requirement 7 of the Anti-Money Laundering and Combating Terrorist Financing Code, which was serious and so found the allegation against each Respondent proved.

ALLEGATION 22 against Mr Marshall and ALLEGATION 18 against Mr Kotze

149. These allegations relate to whether the Respondents had sufficient accounting systems, and whether the accounts were under the control of an unauthorised person. As co-directors the Respondents had equal responsibility to oversee the financial arrangements of the practice.

150. The Respondents admitted that accounting practices were not reduced to writing, and that separate payment authorisations did not always occur. In the "Agreed Facts" document before the Panel, it is noted that:

"*Allegations 22 against Mr Marshall/ Allegation 18 against Mr Kotze: it is admitted that there was no role separation between staff who authorised payments and those whom made payments in the internal accounting processes. It is admitted that Stratega Law Limited failed to adequately document its accounting procedures and internal controls adequately in response to required action 40 of the Monitoring Inspection Report, which CLC were fully aware of as a result of the previous 6 inspections being confirmed as compliant"*

151. It was accepted that at times there was no director present at the Buckhurst Hill office, and that the Respondents trusted and relied upon the practice's internal accountant. It was noted during the inspections that there was no role separation between the staff who authorised payments and those who prepared the payments.

152. Mr Marshall, in his evidence, told the Panel that the practice's bookkeeper had been employed with them since 2011 or 2012, and during that time there had been four inspections without concerns. It was Mr Marshall's view that, as no concerns had been previously raised about the accounts arrangements, and the same arrangements were in place when Ms Hayes undertook the inspection in 2020, then there was no substance to this allegation. So far as that submission is

concerned, the Panel makes it clear that it is not looking back retrospectively at previous inspections or the position outside of the parameters of these allegations, and must make decisions based on the evidence before it now. Therefore, the fact that previous inspections did not raise concerns about the accounting processes does not assist the Panel in making its decision now.

153. From the evidence in the inspection report and that given by Mr Marshall, the Panel concluded that the practice's accounts were managed by the bookkeeper who was not an authorised person in the terms of the relevant Accounts Codes, and there was insufficient oversight of the accounts to ensure that client and the practice's monies were properly looked after. The lack of separation between the person authorising the payments and the person preparing the payments was particularly concerning, as was the lack of a written set of procedures for the managing of the accounts. The Panel found the processes to be inadequate, and in breach of requirements 1.3 and 9.1.4 of the relevant Accounts Code, as well as principles 2 and 5 of the Code of Conduct.

154. The Applicant also alleged that the Respondents had breached requirement 12 of the Accounts Code because the person administering the accounts was not an Approved Person. However, the Panel did not find this part of the allegation proved because there was no clear definition of what an Approved Person is or evidence that the book-keeper did not meet that definition.

155. Noting that Mr Kotze was the Head of Finance and Administration ("HOFA") for the practice, whilst finding the Respondents collective conduct as managers of the practice to be in breach of the accounts code, the Panel considered that the breach was more serious so far as Mr Kotze was concerned as the accounts arrangements were clearly within his remit in the role of HOFA.

156. The Panel therefore found that, save for the alleged breach of requirement 12 of the Accounts Code, the allegation proved in respect of both Respondents.

ALLEGATION 23 against Mr Marshall and ALLEGATION 20 against Mr Kotze

157. These allegations related to holding money in a regulated client account for the provision of services not regulated by the CLC, as Stratega Advisory Service ("SAS") carrying out work connected to tax avoidance advice provided by Cornerstone Tax. The Respondents' account was that SAS provided estate planning and tax advice. Cornerstone Tax was a company who the client would engage with to obtain assistance in mitigating tax and was a chartered tax adviser. SAS was created to give those clients ongoing support as a result of the advice of Cornerstone. This work was not regulated by the CLC.

158. This allegation was admitted by the Respondents again in the "Agreed Facts" document, with the addition that this occurred on one occasion only.

159. The only issue for the Panel to consider was whether, having admitted the factual allegation, this amounted to a breach of specific requirement 1(n) of the Code of Conduct, and paragraph 9.1.3 of the Accounts Code that was in force until 30 September 2020.

160. Specific requirement 1(n) sets out that *"when acting as a CLC licensee you accept instructions only to act in a matter which is regulated by the CLC"*. The Panel accepts that holding money in a CLC regulated client account is acting as a CLC licensee, and that the Respondents were therefore acting as a CLC licensee at the relevant time, while they were carrying out an activity that was not regulated by the CLC. Therefore it is clear that this allegation is proved. The Panel was also satisfied that there was a clear breach of paragraph 9.1.3 of the Accounts Code for the same reasons.

161. This allegation was therefore found proved in respect of both Respondents.

ALLEGATION B1 for both Mr Marshall and Mr Kotze

162. These allegations relate to whether the Respondents allowed the practice to enable and/or facilitate SDLT avoidance.

163. The Applicant submitted that Cornerstone and SAS, over which Stratega was the umbrella company, provided SDLT avoidance advice to conveyancing clients of Stratega. This was in the form of constructing sub-sales to a company called

Property Futures Limited ("PFL"), a shell company registered in the British Virgin Islands, which were in reality notional sales but meant the purchaser client of Stratega did not have to pay SDLT. The Panel saw evidence of this type of transaction for five separate clients.

164. The Respondents denied the allegation and said that SAS was simply assisting Cornerstone clients with any consequential work as a result of the tax mitigation advice they received from Cornerstone, and that tax mitigation is permissible. They denied enabling tax avoidance, and said they were simply acting on clients' instructions after they had received advice from a tax advisor.

165. The Panel heard that there had been substantial litigation around such sub-sale schemes, and saw evidence of letters from Mr Keogh, at the time a co-director of Stratega who then practiced tax advice as Cornerstone. It was clear from that evidence that Cornerstone and Stratega, as the umbrella company for SAS, were working closely together. Having seen the documentary evidence relating to Cornerstone and SAS, the Panel understood that Stratega acted on a purchase transaction for a client, then the client appears to have been referred to Cornerstone for tax advice. Cornerstone appear to have advised entering into a sub-sale arrangement with PFL, which involved sub-selling the same property on to PFL but without giving up the right to live in the property or treat it as their own, and with PFL having an option to take ownership at some point if they chose to. Such a sub-sale meant that SDLT would not have to be paid on the purchase of the property.

166. The Panel concluded that the Respondents must have known that the proposed sales to PFL were not genuine sub-sales, and that it was not intended that PFL take actual ownership of the properties they were supposedly buying, because of their close connection with Cornerstone and Mr Keogh, the fact that Mr Kotze acted as the conveyancer for PFL, and the nature of the arrangement.

167. Having reached that conclusion, the Panel found that this conduct was in fact intended to facilitate SDLT avoidance. The Applicant had sought to prove that the Respondents were 'enablers' in relation to tax avoidance. The Panel did not find that they were 'enablers' because the transactions under consideration were all conducted prior to 2018 when the term 'enabler' was defined by HMRC. Nonetheless the facilitation of SDLT avoidance is very serious.

168. The Panel found that this amounted to a lack of integrity and a failure to provide an honest and lawful service, and was not acting in the best interests of the clients as there is a high chance that the tax avoidance scheme would ultimately be defeated (as many others have been) and there would be subsequent adverse consequences for the clients.

169. Therefore, the Panel found, in respect of both Respondents as co-directors of the practice, the allegation proved in its entirety.

ALLEGATION B2 for Mr Marshall and Mr Kotze

170. These allegations relate to whether the Respondents promoted or gave tax avoidance advice.

171. The Respondents admit that Mr Keogh sent an email dated 1 May 2019 to the CLC saying that "Stratega has not promoted or given any tax advice to clients in respect of the involvement of an Annuity in a purchase arrangement". Mr Keogh copied both Mr Marshall and Mr Kotze into that email. They did not seek to retract the email or resile from it at the time. The Panel has therefore concluded that they agreed with the statement being made.

172. The dispute is whether SAS promoted or gave tax avoidance advice. The Panel has already concluded that SAS was the arm of the arrangement between Stratega and Cornerstone which carried out the required work which was consequent to the tax avoidance advice from Cornerstone. The Panel accepts that the advice in itself came from Cornerstone but finds that the three companies were inexorably intertwined in reality, and noted that the links between SAS and Stratega were set out in their business plan. The fact that the same client had work carried out by all three companies in relation to the same property in close succession and in order to avoid paying SDLT was sufficient to find, on the balance of probabilities, that Stratega (the umbrella company) was promoting tax avoidance advice.

173. The Panel found therefore that the Respondents would each have known that Mr Keogh's statement was misleading in what it did not say rather than what it did say, and it was likely that it was carefully worded to achieve that result. This amounted to a lack of integrity, but the Panel did not find it went so far as to amount to dishonesty, on either limb of the *Ivey* test.

174. The allegation was therefore, in respect of both Respondents, found proved so far as integrity was concerned but not dishonesty.

ALLEGATION B3 for Mr Marshall and Mr Kotze

175. This allegation relates to whether the Respondents acted for a client referred to them by Cornerstone after telling the CLC that they would no longer do so.

176. The Respondents made the statement in an email to the CLC on 1 May 2019, which said

""…we have carried out a risk assessment in relation to the regulatory framework and taken the decision (ratified in a Board resolution), that as from 1 April 2019 Stratega will not accept any client referrals from Cornerstone. This means that this firm will not engage with clients who are taking tax advice from Cornerstone and, in particular, where such advice may involve the use of agreements involving an Annuity".

177. The Applicant submit that the Respondents then acted for a client who had been referred by Cornerstone, between February and May 2021. The Respondents admit acting for that client but say that the matter concluded before the 2019 email was sent, and in fact they were simply contacting the client to provide information about Cornerstone being in voluntary liquidation and that Stratega would provide them with "assistance " to recover losses via an insurance policy.

178. The Panel has read and considered the email sent by Mr Kotze to the relevant client, dated 4 May 2021, which was within the evidence provided to the panel. Whilst the Panel accepts that as at that time, Stratega were not carrying out transactions for this client or receiving a referral from Cornerstone, they were "engaging" with the client which was in contravention of the commitment it had made to the CLC in May 2019. At the time, in May 2021, the Respondents knew that they had made the statement and commitment in 2019, and therefore to continue to engage with these clients amounted to a lack of integrity, but the Panel did not find on either limb of the *Ivey* test that it amounted to dishonesty.

179. Whilst the relevant email was sent by Mr Kotze, the Panel was satisfied that it was sent on behalf of Stratega by him, and with Mr Marshall's agreement, and that

they had equal responsibility for ensuring that the information that was provided by the practice to their regulator must be accurate.

180. The allegation was therefore, in respect of both Respondents, found proved so far as integrity was concerned but not dishonesty and was evidence of ongoing worrying behaviour by the Respondents towards their regulator.

ALLEGATION B5 for Mr Marshall and Mr Kotze

181. This was an allegation that the Panel found particularly concerning and serious. It related to the obstruction of access to a file by a client and lying to the client about the file having been destroyed, in the context of a client complaint.

182. The Respondents had represented the client to whom this allegation relates in the purchase of a property with her husband. Subsequently the client's marriage had broken down and the property was part of the settlement between her and her husband. The client initially contacted the Respondents to request a copy of the purchase file and for some information.

183. An employee of the Respondents (copying in Mr Kotze) replied to the client by email dated 13 December 2018 (a copy of which the panel has read) informing her that the fee for accessing an old file was £125.00 plus VAT.

184. Specific requirement 6 of the Transaction Files Code sets out that a CLC-regulated body must provide a copy of a client's file to them free of charge. There was therefore a clear breach of that specific requirement. To act in breach of that requirement amounts to a lack of integrity, as the client paid money to the Respondents when she did not need to, and the Respondents benefited when they were prohibited from doing so under that specific requirement. The Panel notes that the money was later reimbursed to the client, but this does not sufficiently mitigate the lack of integrity at that time because had the client not continued to complain, it is likely that she would not have had the money refunded.

185. Four days after the client paid the money to the Respondents, the client was provided with log-in details to access a digital case file through Touchpoint, a digital repository. The following day, after being able to access the case file, the client wrote again to the Respondents raising concern that Mr Kotze, who had acted on the sale of property, had "*instructed a company called Cornerstone to act with*

regards to stamp duty. There are no documents 'contracts on this within the file. Please could your firm provide me with the details concerning this instruction i.e. who instructed Stratega Law to provide Cornerstone with my personal details?" She was concerned that she was signed up to an SDLT avoidance scheme about which she had no knowledge, and claimed that there were at least two forged signatures in the file. She said that the signatures were noticeably different from her own, and on legally binding contract documentation.

186. It appears that the client did not receive a response to those concerns, but contacted the Respondents again in December 2019 when she found she could no longer access her digital case file through Touchpoint. The same employee replied that she had spoken to the electronic case management support team who would be in touch with the client in relation to her login details for Touchpoint no longer working.

187. Fourteen months later, with no contact in between, the client contacted the Respondents to ask for details of their complaints procedure. She repeated that request twice more and made a formal complaint on 18 June 2021. In that complaint she set out that on 18 June 2021 she had received a response that her file had in fact been destroyed, and a separate email which said "*you must be very careful about making allegations of dishonesty*" which she found to be threatening. She also makes allegations about an SDLT avoidance scheme being entered into for the property she jointly bought with her then husband, and that the completion statement falsely indicated that SDLT had been paid. She indicated that she was now being pursued by HMRC for the unpaid SDLT.

188. The Panel saw an email from Mr Kotze dated 18 June 2021 at 09:48 to the client telling her that the file had been destroyed, and a further email dated 18 June 2021 at 11L21, in which he said "*You must be very careful about making allegations of dishonesty to which we take the strongest objection…… if you want information we suggest you ask your partner with who I recall dealing with?*" . Mr Marshall, in his evidence to the panel, said that it was known that the marriage breakdown between the client and her former husband was acrimonious, and therefore the Panel found it concerning that Mr Kotze made that suggestion and declined to engage directly with his former client.

189. To make matters worse, in an email of 25 June 2021, Mr Marshall said "What actions and steps have you taken against your (former) partner to address your concerns?", in the knowledge of the difficult marriage breakdown and therefore that the client was likely to be vulnerable at that time.

190. The client then made a complaint to the CLC about the Respondents' conduct.

191. The Applicants allege that the Respondents acted dishonestly in telling the client on 18 June 2021 that her file had been destroyed, and then in an email dated 18 January 2022 telling Ms Hayes, who made enquiry about the file on the client's behalf, that the file was available and had been available under the same login details since August 2013.

192. The Respondents admit that the two different statements were made, but neither was said dishonestly, rather the second statement (on 18 January 2022) was correct and the first was said as a result of "an IT glitch" or a "search mistake".

193. The Panel found the Respondents' evidence on this not to be compelling and rather that it was more likely than not that the email of 18 June 2021 from Mr Kotze saying her file had been destroyed was an attempt to get her to desist from her complaint. This was a case which had involved a referral to Cornerstone for tax avoidance advice, and the client was raising serious concerns. There was a clear motive for the Respondents to prevent the client having access to her file. The Panel concluded that at the time of the email of 18 June 2021 Mr Kotze knew that the file had not been destroyed, and therefore was aware that what he was telling her was not the truth. It was clear that Mr Marshall was also aware of the issue unfolding and did nothing to remedy it at that time or correct the untruthful statement. Applying the objective test to that knowledge, the Panel found that the Respondents' conduct was dishonest.

194. The Respondents also lied to the CLC in saying on 18 January 2022 that the login code had worked since August 2013. The evidence from the client clearly shows that it had not, because she would not have continued with her complaint and emails for such a long period of time if had she been able to access the file. The promised support from the IT specialists was never forthcoming and it was only the

client's persistence in eventually turning to the CLC which resulted in the response from Mr Marshall.

195. The Panel therefore found, in respect of both Respondents, this allegation proved in its entirety. It found this conduct to be extremely serious, and very far below the standard expected of Licensed Conveyancers.

ALLEGATION B6 for Mr Marshall and Mr Kotze

196. This allegation relates to whether the Respondents made false representations to clients about money being held in "escrow" or in a client account.

197. There is no dispute that Mr Keogh, as Cornerstone, gave assurances to clients about their funds being held in Stratega's client account, and the Panel has seen evidence of those assurances. Mr Kotze was copied into emails from Mr Keogh to clients making those assurances. As HOFA Mr Kotze should have known that this was a false statement, as in fact the money was in an office account.

198. The Panel finds that, having been given that assurance by Mr Keogh, the client would assume that their money was 'ringfenced' for them. In fact, in his evidence Mr Marshall confirmed that the money was in office account with no protection for the client, but held 'in trust' for the client. He suggested that meant the money was 'in escrow'.

199. The Panel did not find Mr Marshall's evidence to be credible on that point, and if the practice became in financial difficulties (which it later was), there was no protection whatsoever for the client's money being, as it was in office account. The Panel therefore concluded that the assurance given to clients was false. The Panel finds that the Respondents would have known that was the state of affairs at the time Mr Keogh made the statement, because they were the directors of the practice, copied into the emails and Mr Kotze was the HOFA. Objectively, by the standards of the ordinary person, that conduct would be considered dishonest. The Panel therefore concluded that the Respondents were dishonest in allowing the false representation to be made to clients.

200. The Panel found, in respect of both Respondents, this allegation proved in its entirety.

ALLEGATIONS SPECIFIC TO MR KOTZE only

ALLEGATION 1

201. This relates to Mr Kotze informing the CLC on 29 April 2019 that he would no longer deal with foreign clients, and the practice then continuing to deal with foreign clients throughout their trading history.

202. Mr Kotze admits making the statement, which the Panel concludes was to be interpreted to reflect on the whole practice, and not just his own practice. The email of 29 April 2019 stated "*we no longer deal with any foreign client's due to the effects of Brexit and new Stamp Duty regime*".

203. Mr Kotze submits that he was referring to matters being dealt with by him and the residential property conveyancing team, and not commercial matters which were dealt with by Mr Marshall. However, the Panel notes that the email was sent in response to an enquiry to Mr Kotze as MLRO about the money laundering risks of the practice as a whole, and the use of the word "we" in that context clearly gave the impression that the practice as a whole no longer dealt with foreign clients.

204. Even if that had been Mr Kotze's intention, after sending the email the Panel saw evidence that he went on to act for clients in Saudi Arabia and Qatar between March 2020 and September 2020.

205. The Applicant alleges that Mr Kotze was dishonest in making his original statement on 29 April 2019, and/or in acting for foreign clients between March 2020 and September 2020 in the knowledge that he had made the statement on 29 April 2019.

206. The Panel has concluded that Mr Kotze knew that the statement he was making in 29 April 2019 was not true, because he knew at that time that Mr Marshall was continuing to represent foreign clients. He also knew between March and September 2020 that he had made the statement in April 2019, and that it continued not to be true, but he did not inform the CLC. The Panel has found that Mr Kotze knowingly and deliberately allowed others to believe something which was not true,

knowingly mislead his regulator and his conduct was dishonest by both limbs of the *Ivey* test.

207. The Panel has therefore found this allegation proved in its entirety.

ALLEGATION 2

208. This allegation relates to Mr Kotze working on the other side of the same transaction to Mr Marshall when Mr Kotze was the MLRO.

209. Mr Kotze accepted the facts of this allegation but denied that he was in breach of the Code of Conduct and the Conflicts of Interest Code in so doing.

210. He and Mr Marshall both suggested that the role of the MLRO changes and effectively ends once the client's identity and source of funds checks have been undertaken, and therefore there was no ongoing risk of conflict. The Panel disagrees wholeheartedly that the role of the MLRO changes throughout the life of a transaction.

211. The Panel had already considered these circumstances in allegation 5 as against Mr Marshall alone, and set out reasons why there would be a significant risk of conflict of interests if Mr Marshall had to report confidential or concerning matters in relation to funds or identity to Mr Kotze who was representing the other party in the transaction.

212. The Conflict of Interests Code is clear that it is only permissible to act on both sides of a transaction within a practice if the other lawyer can "conduct themselves as though they were a member of a different entity". That is simply not possible where the other lawyer is the MLRO, for the reasons set out above. Therefore, the Panel concluded that this allegation is found proved in its entirety.

SANCTION

213. The Panel then went on to consider the appropriate sanction to impose in this case. It took into consideration the evidence it had heard and read, and applied the Sanctions Guidance, looking to the least onerous sanction it could impose whilst complying with its overriding objective.

214. The Panel acknowledged that it did not find proved all the matters alleged, but concluded that those matters it had found proved were very serious, and one of the most serious cases it had considered. This was a case which involved a range of very serious breaches of the Codes where the public interest was best served by ensuring that this behaviour was never repeated.

215. Having looked at the range and breadth of the misconduct, including serious misconduct against a client, lying to their regulator, dishonesty in relation to assurances about client money and serious breaches of Anti-Money Laundering and Combating Terrorist Financing Code and the Code of Conduct, the Panel concluded that the only way to meet the seriousness of the matters found proved in relation to the public interest, the client interest (both past and future) and to uphold the reputation of the profession and the regulatory process itself, was to order permanent disqualification. The Panel also revoked the Respondents' existing licences.

216. The Panel were invited to also consider the imposition of a fine. It gave careful consideration to ensuring that there was no double-counting of those aggravating factors which led it to conclude that only a permanent disqualification sufficiently met the seriousness of the misconduct. However it concluded that, so far as the Respondents' misconduct in relation to the breaches of the requirements to prevent against money laundering were concerned, this is an area of risk within the conveyancing profession that is particularly severe, and the extent to which the Respondents disregarded their duties and the requirements upon them was so serious that the Panel decided to impose fines of £10,000 each on Mr Marshall and Mr Kotze.

COSTS

217. The Panel received costs schedules from the Applicant, and statements of means from the Respondents, which it took into consideration when looking at what cost order to make.

218. The Applicant sought an award of £123,244.61 plus VAT in total, being £61,622.30 plus VAT from each Respondent.

219. Having borne in mind the reasonableness of making such an order, and the means available, the Panel decided to make an award for costs against each Respondent separately in the sum of £44,000 inclusive of VAT.

Victoria Goodfellow	**Adjudication Panel Chair**
John Jones	**Licensed Conveyancer Panel Member**
Paul Brooks	**Lay Panel Member**

24 May 2023