

Laurence Lee & Co (Laurence Lee & Co)
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Recognised sole practitioner
044725

[Agreement Date: 13 June 2024](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 13 June 2024

Published date: 17 June 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Laurence Lee & Co (the Firm), a recognised sole practice agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

- a. it is fined £1,822.
- b. to the publication of this agreement.
- c. it will pay the costs of the investigation of £1,350.

2. Summary of Facts

2.1 On 23 November 2021, the SRA received a complaint from the Firm that its accounts manager and COFA misappropriated client and office money. The account manager's employment was immediately terminated and the police were notified.

2.2 On 26 August 2022, the Firm's account manager pleaded guilty to fraud in relation to improper payments from the Firm's client and office accounts, totalling £156,852.66. This consisted of £39,757.79 from the Firm's client account and £117,094.87 from the office account. On 9

October 2022, the SRA was notified of the death of the Firm's former accounts manager.

2.3 Mr Laurence Lee (Mr Lee) was the sole principal and COLP at the time of the misappropriation of client and office money. Mr Lee and another solicitor at the Firm were able to operate and access the Firm's online banking.

2.4 The SRA Investigation identified the following issues: Lack of appropriate systems and procedures in place governing payments from client account.

- a. The Firm was unaware that the Firm's accounts manager was making improper payments from the Firm's bank accounts.
- b. The accounts manager was assisting other fee earners on all matters in which improper payments were made.
- c. Between 2014 and 2021, the accounts manager made a series of improper payments from the firm's office and client account to bank accounts held by her and her son.
- d. The transfers led to a shortage which the firm rectified in full.
Breach of an undertaking
- e. The Firm gave an undertaking to retain the sum of £3,000 to settle a service charge.

Whilst the undertaking was current, the sum of £1,000 was improperly withdrawn by a person unknown at the Firm. The remaining balance was then improperly billed. This resulted in a client account shortage of £3,015.76, including interest.

2.5 The Firm have since put in place policies and procedures to prevent future breaches from occurring.

3. Admissions

3.1 Laurence Lee & Co makes the following admissions which the SRA accepts:

Lack of appropriate systems and procedures in place governing payments from client account.

- a. The Firm did not have the appropriate systems and procedures in place governing payments from the client account.
- b. The conduct occurred between 8 December 2014 and 4 November 2021 and resulted in the following breaches:
 - i. Rule 21.2 of the Accounts Rules 2011 - Firms must put in place appropriate systems and procedures governing payments from client account, including who should be permitted by the firm to sign on client account. A non-manager owner or a non-employee owner of a licensed body is not an appropriate



- person to be a signatory on client account and must not be permitted by the firm to act in this way.
- ii. Paragraph 2.1 of the Code of Conduct for Firms 2019- You have effective governance structures, arrangements, systems and controls in place that ensure:
 - 1. you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you;
 - 2. your managers and employees comply with the SRA's regulatory arrangements which apply to them;
 - 3. your managers and interest holders and those you employ or contract with do not cause or substantially contribute to a breach of the SRA's regulatory arrangements by you or your managers or employees;
 - 4. your compliance officers are able to discharge their duties under paragraphs 9.1 and 9.2 below.
 - iii. Paragraph 8.1 of the Code of Conduct for Firms 2019- If you are a manager, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other managers of the firm.
- c. We consider that the Firm have breached these standards because:
- i. Between 2014 and 2021, the accounts manager made a series of improper payments from the firm's office and client account to bank accounts held by her and her son.
 - ii. The Firm was unaware that the accounts manager was making improper payments from the Firm's bank accounts and therefore the Firm did not have adequate policies and procedures in place governing who had access to office and client money.”
 - iii. There was a lack of supervision of the accounts manager who was assisting other fee earners on all matters in which improper payments were made. Breach of undertaking
- d. The Firm breached an undertaking given on 24 December 2009 to retain the sum of £3,000 to settle a service charge. Whilst the undertaking was current, the sum of £1,000 was improperly withdrawn by a person unknown on 1 February 2018. The remaining balance was then improperly billed. This resulted in a client account shortage of £3,015.76, including interest. This has resulted in the following breaches:
- i. Outcome 11.2 of the 2011 SRA Handbook- you perform all undertakings given by you within an agreed timescale or within a reasonable amount of time.
 - ii. Paragraph 1.3 of the Code of Conduct for Solicitors 2019- You perform all undertakings given by you and do so within an agreed timescale or if no timescale has been agreed then within a reasonable amount of time.

4. Why a fine is an appropriate outcome



4.1 The SRA's Enforcement Strategy sets out its approach to the use of its enforcement powers where there has been a failure to meet its standards or requirements.

4.2 When considering the appropriate sanctions and controls in this matter, the SRA has taken into account the admissions made by Laurence Lee & Co and the following mitigation which it has put forward:

- a. The Firm have repaid all monies misappropriated back to the client account, some of which has been repaid using Mr Lee's personal funds.
- b. Mr Lee was experiencing personal difficulties during the time of some of the misconduct associated with the long-term illness and subsequent bereavement of a close family member. These personal difficulties resulted in him being unable to attend the Firm's offices during the Covid-19 pandemic and supervise his staff effectively.
- c. The accounts manager worked for the Firm for 25 years and the fee earner who she worked under worked for the Firm for 30 years. As such, Mr Lee placed a lot of trust in these individuals.
- d. The Firm promptly self-reported the matter and co-operated fully with the SRA investigation.
- e. The Firm has no previous regulatory history.
- f. The Firm complied with the requirements to have a yearly audit carried out by SRA approved accountants over the course of 2014 and 2021. The audits did not reveal the improper payments.

4.3 The SRA considers that a fine is the appropriate outcome because:

- a. Due to the lack of supervision and policies and procedures in place governing the payments from client and office account, the account manager was able to misappropriate £156,852.66 over a seven-year period.
- b. Whilst no clients were impacted as a result of the misappropriation of client money, there was a risk that they could have been.
- c. Undertakings play a significant part in legal practice. A member of the public or other legal professional is reasonably entitled to expect that any solicitor or firm providing an undertaking will appreciate the importance of the obligation it creates and ensure it is fulfilled.

4.4 A fine is appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons because any lesser sanction would not provide a credible deterrent to the Firm or others. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.

5. Amount of the fine



5.1 The amount of the fine has been calculated in line with the SRA's published guidance on its approach to setting an appropriate financial penalty (the Guidance).

5.2 Having regard to the Guidance, the SRA and Laurence Lee & Co agree that the nature of the misconduct was less serious because the Firm did not act intentionally or as a result of gross negligence. There has been no pattern of misconduct and there is no relevant and/or adverse regulatory history. The Guidance gives this type of misconduct a score of one.

5.3 The SRA considers that the impact of the misconduct was medium because there was a significant financial loss to office and client account.

However, the shortage has been replenished and there is no ongoing financial impact and no impact to clients. In addition, the Firm have stopped conveyancing work, probate and wills work, eliminating the need for a client account as the Firm now only does criminal legal aid work. The Guidance gives this level of impact a score of four. 5.4 The nature and impact scores add up to five.

The Guidance indicates a broad penalty bracket of between 0.4% and 1.2% of Laurence Lee & Co's annual domestic turnover.

The SRA considers a basic penalty towards the middle of the bracket to be appropriate. 5.5 The level of fine within this bracket has been determined by taking account of the aggravating and mitigating features of the conduct. In particular, the significant amount of money that has been repaid to the client account from Mr Lee's personal finances. Based on the evidence Laurence Lee & Co has provided of its annual domestic turnover for the most recent tax year, this results in a basic penalty of £2,277.36.

5.6 The SRA considers that the basic penalty should be reduced to £1,822. This 20% reduction reflects the Firm's subsequent remedial action and cooperation with the investigation.

6. Publication

6.1 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process. Laurence Lee & Co agrees to the publication of this agreement.

7. Acting in a way which is inconsistent with this agreement

7.1 Laurence Lee & Co agrees that it will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If Laurence Lee & Co denies the admissions, or acts in a way which is inconsistent with this agreement, the conduct which is subject to this

agreement may be considered further by the SRA. That may result in a disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

7.3 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of principles 2 and 5 of the Principles and paragraph 3.2 of the Code of Conduct for Firms.

8. Costs

8.1 Laurence Lee & Co agrees to pay the costs of the SRA's investigation in the sum of £1,350. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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