

Anthony David Kerman

Solicitor

103874

[Agreement Date: 7 November 2024](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 7 November 2024

Published date: 2 December 2024

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Armstrong Teasdale Limited

Address(es): 38-43 Lincoln's Inn Fields, London WC2A 3PE

Firm ID: 657002

Outcome details

This outcome was reached by agreement.

Reasons/basis

1. Agreed outcome

1.1 Mr Kerman, agrees to the following outcome to the investigation of his conduct by the Solicitors Regulation Authority (SRA):

- a. he is fined £35,280,
- b. to the publication of this agreement, and
- c. he will pay the costs of the investigation of £1,350.

2. Summary of Facts

Use of Client Account as a banking facility

2.1 Mr Kerman was admitted on 15 January 1971. Between 2019 and February 2021, he was a director and owner of a predecessor firm which merged with Armstrong Teasdale Limited (the firm) in 2021. During this time Mr Kerman acted for Company A, Company B and Establishment C, which were all owned by the same ultimate beneficial owner.



2.2 In April 2020, on a matter where Mr Kerman acted jointly for Company A and Company B, he requested and authorised the firm to make seven payments from the firm's client account to third parties, totalling around £1.1 million, on behalf of Company A and Company B. These included paying credit card bills, and paying for jewellery. The payments were requested by the client but were not connected to the legal transaction in respect of which Mr Kerman was instructed.

2.3 Between May 2020 and March 2021, on a matter where Mr Kerman acted for Company C, he requested and authorised the firm to make sixteen payments from the firm's client account totalling around £12.7 million on behalf of Establishment C. The payments were requested by the client, but were for investments and business expenses and did not relate to the transaction on which Mr Kerman was instructed.

Inadequate source of funds checks

2.4 In each of the matters referred to in paragraph 2.1, Mr Kerman failed to ensure that the firm conducted adequate source of funds checks.

3. Admissions

3.1 Mr Kerman makes the following admissions which the SRA accepts:

- a. that by making payments for Company A, Company B and Establishment C as set out in paragraphs 2.2 and 2.3 of this Agreement, he caused or allowed the firm's client account to be used as a banking facility in breach of:
 - i. Principle 2 of the SRA Principle 2019, and
 - ii. Paragraph 3.3 of the SRA Accounts Rules 2019.
- b. On each of the matters referred to at paragraph 3.1(a) he failed to ensure that the firm conducted adequate source of funds checks in breach of:
 - i. Principle 2 of the SRA Principles 2019, and
 - ii. Paragraph 8.1 of the Code of Conduct for Firms, for the transactions that occurred from 23 March 2020 to 5 February 2021 and Paragraph 7.1 of the Code of Conduct for Solicitors for the transactions that occurred from 6 February 2021 to 9 March 2021 (Mr Kerman ceased to be a director on 5 February 2021 and, as a result, was not therefore a manager after that date for the purposes of paragraph 8.1 of the SRA Code of Conduct for Firms).

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 Mr Kerman and the following mitigation which he has put forward:

- a. He has assisted and cooperated with the SRA's investigation.
- b. He has made admissions and demonstrated genuine insight.
- c. Although there is no harm for Mr Kerman to remedy, he has undertaken annual AML training since 2019.
- d. Mr Kerman proceeded on a misunderstanding of the interpretation of the banking facility rule, and that he did not regard his client as high risk.

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

- a. It will maintain professional standards and uphold public confidence deterring repetition.
- b. There were serious breaches of the SRA's rules, and Mr Kerman should have complied with the same.
- c. The use of client account as a banking facility is sufficiently serious and in contravention of the rule that a client account cannot be used in this way.

4.4 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 nature of the misconduct is more serious. The Guidance gives this type of misconduct a score of three.

5.3 A more serious score of three applies where the conduct demonstrates one or more of the listed factors, namely that it was intentional or arose as a result of recklessness or gross negligence, it continued after it was known to be improper, or it formed part of a pattern of misconduct.

5.4 The breaches, even though they relate to one client group and one fee earner, are enough to constitute a course of conduct, as there were a number of transactions spread over the course of several months and totalling a significant amount. We consider this to form a pattern of misconduct.

5.5 The SRA acknowledges Mr Kerman's conduct was not intentional or arose as a result of recklessness or gross negligence.

5.6 As one of the three specified factors apply in this case, the matter should therefore properly fall within the more serious category.

5.7 The SRA considers that the impact of the misconduct was medium. The Guidance gives this level of impact a score of four.

5.8 Although this is not the type of breach giving rise to real risks of direct loss to clients, the transactions were large in value and volumes and raised obvious risk factors for money laundering, which Mr Kerman failed to adequately address. This meant there was a risk that the firm facilitated money laundering. However, although there was potential for harm to be caused, this was not realised.

5.9 In addition, the firm was not regulated as a bank to provide banking facilities, and the funds it received and paid out of its client account were divorced from any legal or other professional work.

5.10 Mr Kerman's conduct therefore had the potential to cause moderate loss or to have a moderate impact. This gives an impact rating of medium and a score of four.

5.11 The nature and impact scores add up to seven. This places the penalty in Band C. The Guidance indicates a broad penalty bracket of between 16% and 49% of Mr Kerman's gross annual income is appropriate.

5.12 In deciding the level of fine within this bracket, the SRA has considered the mitigation at paragraph 4.2 above which Mr Kerman has put forward.

5.13 On this basis, the SRA considers that Mr Kerman's acceptance of the failings demonstrated by his conduct indicate a financial penalty at the lower end of the bracket. This has been balanced against Mr Kerman's level of experience and seniority, and that he should have had better knowledge and awareness of his regulatory obligations. The SRA consider a basic penalty at the bottom of the bracket to be appropriate.

5.14 Based on the evidence Mr Kerman has provided of his gross annual income for the most recent tax year, this results in a basic penalty of £50,400.

5.15 The SRA consider that the basic penalty should be reduced to £35,280. This reduction reflects Mr Kerman's early admissions during the investigation in relation to his conduct and the expressions of regret he has made.

5.16 Mr Kerman does not appear to have made any financial gain or received any other benefit as a result. Therefore, we recommend that no adjustment is made to the financial penalty of £35,280.

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. Mr Kerman agrees to the publication of this agreement.

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

7.1 Mr Kerman agrees that he will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If Mr Kerman 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 further disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal.

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 7.3 of the Code of Conduct for Solicitors, RELs and RFLs.

8. Costs

8.1 Mr Kerman 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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