

# Alexa Kordowicz

## Solicitor

### 452940

[Agreement Date: 25 September 2024](#)

## Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 25 September 2024

Published date: 25 September 2024

## Firm details

### Firm or organisation at time of matters giving rise to outcome

Name: Allium Law Ltd

Address(es): 21 Grosvenor Place, London, London, SW1X 7HN

Firm ID: 562170

### Firm or organisation at date of publication

Name: Child & Child Law Ltd

Address(es): One Strand, London, WC2N 5EJ

Firm ID: 667053

## Outcome details

This outcome was reached by agreement.

### Reasons/basis

#### 1. Agreed outcome

1.1 Alexa Kordowicz, a solicitor of Child & Child Law Ltd, agrees to the following outcome to the investigation of her conduct by the Solicitors Regulation Authority (SRA):

- a. she is fined £9,359.
- b. to the publication of this agreement
- c. she will pay the costs of the investigation of £600.



## 2. Summary of Facts

2.1 Ms Kordowicz was admitted on 15 January 2013. She worked at Child & Child Ltd from 22 February 2016 to 28 June 2019 and at Allium Law Ltd (the firm) from 10 July 2019 until 2 November 2022. Allium Law Ltd was incepted following a management buyout of Child & Child Ltd. The relevant firm for the purpose of the SRA investigation is therefore Allium Law Ltd.

2.2 During the relevant conduct for this matter Ms Kordowicz did not hold any compliance or managerial posts at either firm.

2.3 On 2 November 2022 Allium Law Ltd closed and was acquired by Child & Child Law Ltd. Ms Kordowicz has worked at Child & Child Law Ltd since this date. She does not hold any compliance or managerial roles at Child & Child Law Ltd.

2.4 At the time of the conduct Ms Kordowicz was a solicitor at Child & Child Ltd. The conduct relates to two matters. Both matters involve Mr A, a property developer and business owner who had been a client of the firm since 2016.

2.5 On 18 January 2022 the SRA received a report from a firm of solicitors acting on behalf of Mr B.

### Matter A

2.6 The firm acted for clients, Mr B and Ms C in relation to a loan agreement between them and a finance company (D Finance) for a loan of £112,500. At the time of the transaction Mr B and Ms C were estranged. Mr A was married to Mr B's sister.

2.7 This loan was to be secured by way of a second charge against the property which was registered in the names of Mr B and Ms C. Although the property was in their joint names, Ms C is said not to have had a financial interest in the property herself. Although the loan was obtained by Mr B and Ms C, the intention of the agreement was that the loan funds were to be entirely for the benefit of Mr A and his business. Ms Kordowicz was the recorded fee earner but a senior colleague and partner in the firm was the matter partner and was heavily involved and played a key role in the conduct of this matter.

2.8 Instructions were received by email on 2 August 2018 from a broker sent to the matter partner. Mr A was copied into this email, but Mr B and Ms C were not. There was nothing on the client file to confirm that Mr B and/or Ms C had provided authority for this broker or Mr A to provide instructions to the firm on their behalf.

2.9 The charge deed in favour of D Finance included a clause that Mr B and Ms C were entering into the agreement wholly or predominantly for



the purpose of a business carried on by them. However, there was no evidence on the client file to indicate that either Mr B or Ms C had connections to, or any financial interest in, Mr A's business, or that the funds were being used for a business carried on or intending to be carried on by Mr B and/or Ms C.

2.10 The client file showed a lack of clear instructions from Mr B and Ms C. It also showed a lack of consideration by Ms Kordowicz to the risk of a conflict of interest existing between Mr A, Mr B and Ms C including consideration of the fact that Mr B and Ms C were estranged and that their interests may not therefore be aligned. There was also no evidence of a client care letter being sent to Mr B and Ms C which should have clearly set out the scope of their instructions and the work the firm would be undertaking for them.

2.11 The matter completed on 11 October 2018 and loan funds were sent to Mr A.

2.12 It appears it was not in the best interests of Mr B and Ms C to agree to place a charge on their property to obtain a loan to benefit Mr A's business, a company they had no interest in themselves. Ms Kordowicz failed to act properly in relation to the risk this presented to Mr B and Ms C. The property belonging to Mr B and Ms C could have been at risk if Mr A failed to comply with the terms of the loan agreement.

2.13 While Mr B and Ms C appeared not to have benefitted from the arrangement, both Ms Kordowicz and her senior colleague subsequently advised that there was an aspect of the transaction that Mr B and Ms C received an extension to the lease of their property as a condition of giving of the loan from D Finance. This extension was given by Mr A's wife (Mr B's sister). This is said to have improved the value of the property and meant that once the loan was repaid Mr B and Ms C would then have gained a benefit from the extended lease. However, there are conflicting views in relation to this and Mr B disputes that he was either aware of this at the time and that it was a benefit to him. The evidence is not conclusive in relation to this point.

#### **Matter B**

2.14 The firm acted for Mr A in the purchase of a property for £785,000. This purchase was to be a joint venture with a limited company (Company E). This company was owned by Mr and Mrs F with Mr F being the sole director. Ms Kordowicz was the fee earner and had sole conduct of this matter.

2.15 On 7 September 2016 Mr F paid £80,000 into the firm's client account from his personal bank account for the deposit.



2.16 Exchange of contracts took place on 12 September 2016 with a deposit of £78,500 due. On 23 November 2016 the buyer changed from Mr A to Company E, a change which was permitted by the contract. The purchase, other than the deposit, was funded by a loan. The purchase completed on 9 December 2016.

2.17 A review of the client file showed that whilst identity checks had been carried out regarding Company E and Mr and Mrs F, there was no evidence that any source of funds check was completed regarding the £80,000 received into the client bank account from Mr F's personal account.

2.18 Ms Kordowicz confirmed during the forensic investigation that while Mr A was known to the firm, Mr F and Company E were new clients.

2.19 She was unable to locate any documentation regarding any source of funds check but recalled that the funding had derived from Company E's business profits. Ms Kordowicz accepted that there was no evidence of this check on the file and agreed that it should have been on the file.

### **3. Admissions**

3.1 Ms Kordowicz makes the following admissions which the SRA accepts. That she: Matter A

- a. Failed to obtain clear instructions from Mr B and Ms C, including failure to provide a client care letter.
- b. Failed to obtain clear authority from Mr B and Ms C in relation to who could communicate with the firm on their behalf.

In respect of admissions (a) and (b) she failed to achieve or breached:

- i. Outcome 1.2 of the Code of Conduct 2011 (the Code) - you provide services to your clients in a manner which protects their interests in the matter, subject to the proper administration of justice.
  - ii. Outcome 1.5 of the Code - the service you provide to clients is competent, delivered in a timely manner and takes accounts of your client's needs and circumstances
  - iii. Principle 4 of the SRA Principles 2011 (the Principles) - you must act in the best interests of each client.
  - iv. Principle 6 - you must behave in a way that maintains the trust the public places in you and in the provision of legal services.
  - v. Principle 10 - you must protect client money and assets.
- c. Failed to address the existence of a client conflict or significant risk of a client conflict in relation to the interests of Mr A, Mr B and Ms C.
  - d. Failed to address any potential conflict which arose from Mr B and Ms C being estranged and that their interests may not have been aligned.



In respect of admissions (c) and (d) she failed to achieve or breached:

- i. Outcome 3.5 of the Code – you do not act if there is a client conflict or a significant risk of a client conflict unless the circumstances set out in Outcomes 3.6 or 3.7 apply.
  - ii. Principle 4 of the Principles
  - iii. Principle 6 of the Principles
  - iv. Principle 10 of the Principles
- e. Failed to take steps to ensure compliance with a condition of the loan agreement that loan funds were to be used wholly or predominantly for the purpose of a business carried on by Mr B and Ms C and/or to record on the client file what steps had been taken to address this condition. In doing so she failed to achieve or breached:
- i. Outcome 1.5 of the Code
  - ii. Principle 6 of the Principles
- f. Failed to act in the best interests of Mr B and Ms C by failing to adequately address or discuss with them the risk the transaction posed to their own financial interests and to the security of their property. In doing so she failed to achieve or breached:
- i. Outcome 1.2 of the Code
  - ii. Outcome 1.5 of the Code
  - iii. Principle 4 of the Principles
  - iv. Principle 6 of the Principles
  - v. Principle 10 of the Principles

#### **Matter B**

- g. Failed to evidence that checks had been undertaken in respect of the source of funds for the sum of £80,000 received into the firm's client from Mr F, a new client to the firm. In doing she failed to comply with/failed to achieve/breached:
- i. Section 7.1 (a) and (b) and 8.1 of the Money Laundering Regulations 2007 – a relevant person must apply customer due diligence when he (a) establishes a business relationship; (b) carries out an occasional transaction
  - ii. Section 8.1 of the Money Laundering Regulations 2007 – a relevant person must conduct ongoing monitoring of a business relationship.
  - iii. Outcome 7.5 of the Code – you comply with legislation applicable to your business including anti-money laundering legislation and data protection legislation.
  - iv. Principle 6 of the Principles

#### **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 Ms Kordowicz and the following mitigation which she has put forward:

- a. She has expressed regret and remorse at the failings identified in relation to her conduct.
- b. She has co-operated throughout the investigation.
- c. She does not have any previous regulatory history.
- d. She was working with a senior colleague and following their approach to the possible conflicts of interest and handling of these matters.
- e. She has explained how improvements have been made to her working practices as a result of the lessons learned from these matters.
- f. In future she will ensure clear instructions and written authority regarding who can provide instructions is obtained from clients and that this is recorded clearly on the client file, including when acting for couples who are estranged.
- g. In future she will ensure that the potential for conflict of interest is considered and that this is clearly recorded on the file.
- h. That improved compliance processes and systems are now adopted by her current firm whereby further review and approval is required from the firm's Risk & Compliance function in any client instruction where there is any risk of potential conflict of interest.
  - i. She will ensure in future that source of funds checks are undertaken and clearly recorded on files to ensure compliance with anti-money laundering legislation.

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

- a. Ms Kordowicz had direct control and responsibility for her conduct. However, it is acknowledged that in relation to Matter A she was working alongside a more senior colleague and that she was less experienced.
- b. The conduct had potential to cause significant harm.

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 Ms Kordowicz and 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 Ms Kordowicz agree that the nature of the misconduct was low because, while Ms Kordowicz was the recorded fee earner, to some extent she followed the approach of a senior colleague who was also involved in the conduct of the file. The Guidance gives this type of misconduct a score of one.

5.3 The SRA considers that the impact of the misconduct in Matter A was medium because there was a failure by Ms Kordowicz to ensure that she was acting on the clear instructions of clients. There was a clear risk to Mr B and Ms C that they were securing a charge against their own property for the benefit of Mr A. This meant that there was a risk to their property if repayments for the loan were not maintained. The potential impact could have been loss of the property or financial impact on Mr B and Ms C. However, it has not been possible to ascertain for certain how far Mr B and Ms C were willing to accept this risk at the time or the extent of their actual knowledge or agreement. There is conflicting evidence regarding this issue. The conduct is therefore considered to have had the potential to cause moderate loss or have a moderate impact.

5.4 In relation to Matter B, Ms Kordowicz has stated that she did satisfy herself of the source of Mr F's funds but accepts that she did not evidence this on the file. The potential impact of this conduct was medium. Without evidence of the checks made, it cannot be known for sure that adequate steps were taken to check the source of the funds that Mr F paid to the firm. This could have presented a potential money laundering risk but there is no evidence that this was actually the case. The Guidance gives this level of impact a score of four.

5.5 The nature and impact scores add up to five. The Guidance indicates a broad penalty bracket of between 5% and 11% of Ms Kordowicz's gross annual income is appropriate.

5.6 In deciding the level of fine within this bracket, the SRA has considered the mitigation at paragraph 4.2 above which Ms Kordowicz has put forward:

- a. Her expressions of regret and remorse.
- b. Her confirmation that lessons have been learned and that her working practice now includes improved processes and procedure in relation to both ensuring clear instructions are obtained from clients, the identification of potential conflicts of interest and the importance of clearly recording on files how source of funds checks have been undertaken.
- c. Her co-operation and previously good regulatory history.

5.7 On this basis the SRA has considered that Ms Kordowicz was the fee earner for both matters so had responsibility for the conduct of both. However, balanced against this is the fact that, while she was not a new solicitor and was five years qualified, she was working with a more senior

colleague on Matter A and her own experience at the time was less. Her acceptance of the failings demonstrated by her conduct have also been taken into account. The SRA therefore considers a basic penalty at the top of the bracket to be appropriate.

5.8 Based on the evidence Ms Kordowicz has provided of her gross annual income for the most recent tax year, this results in a basic penalty of £10,399.00.

5.9 Ms Kordowicz does not appear to have made any financial gain or received any other benefit as a result of her conduct. Therefore, no adjustment is necessary to remove this and the amount of the fine is £10,399.00.

5.10 The SRA considers that the basic penalty should be reduced to £9,359.00. This reduction reflects Ms Kordowicz's admission during the investigation in relation to her conduct and the expressions of regret she has made.

## **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. Ms Kordowicz agrees to the publication of this agreement.

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

7.1 Ms Kordowicz agrees that she will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If Ms Kordowicz 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 Denying the admissions made or 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 Ms Kordowicz agrees to pay the costs of the SRA's investigation in the sum of £600. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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