

IN THE MATTER OF GUY BLACKWOOD, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

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Mr A N Spooner (in the chair)  
Mr A Gaynor-Smith  
Mr P Wyatt

Date of Hearing: 12th July 2007

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## **FINDINGS**

of the Solicitors Disciplinary Tribunal  
Constituted under the Solicitors Act 1974

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An application was duly made on behalf of The Law Society by George Marriott, solicitor and partner in the firm of Gorvins of 4 Davy Avenue, Knowlhill, Milton Keynes, MK5 8NL on 30<sup>th</sup> June 2006 that Guy Blackwood of 4 Law Solicitors Limited, 2 Providence Court, Pynes Hill, Exeter, Devon, EX2 5JL, solicitor, might be required to answer the allegations contained in the statement which accompanied the application and that such Order might be made as the Tribunal should think right.

The allegations were that the Respondent had been guilty of conduct unbecoming a solicitor in that he:

1. Dishonestly misappropriated client's monies;
2. Withdrew monies from client account contrary to Rule 22 of the Solicitors Accounts Rules 1998;
3. Failed to remedy breaches of the Solicitors Accounts Rules 1998 contrary to Rule 7.

The application was heard at the Court Room, 3<sup>rd</sup> Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS on 12<sup>th</sup> July 2007 when George Marriott appeared as the Applicant and the Respondent did not appear and was not represented.

The evidence before the Tribunal included the admissions of the Respondent contained in correspondence.

**At the conclusion of the hearing the Tribunal made the following Order:**

The Tribunal Orders that the Respondent, Guy Blackwood of 42 Culm Grove, Kings Heath, Exeter, Devon, EX2 7QX, (formerly of 4 Law Solicitors Limited, 2 Providence Court, Pynes Hill, Exeter, Devon, EX2 5JL) solicitor, be Struck Off the Roll of Solicitors and it further Orders that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £20,000.00 inclusive.

**The facts are set out in paragraphs 1 - 42 hereunder:**

1. The Respondent, born in 1958, was admitted as a solicitor in 1985. His name remained on the Roll of Solicitors. The Respondent was a partner in the firm of Curtis Solicitors practising from 87-89 Nutley Plane, Plymouth, Devon, PL4 6JJ. In May 2002 the Respondent left that firm and set up 4 Law Solicitors Limited practising from 2 Providence Court, Pynes Hill, Exeter, Devon, EX2 5JL.
2. An Investigation Officer (“the IO”) of The Law Society commenced an inspection of the books of account of 4 Law Solicitors Limited on 8<sup>th</sup> November 2004. The IO produced a Report dated 24<sup>th</sup> October 2005 which was before the Tribunal.
3. The following facts emerged from the IO’s Report.
4. Ms B died on 9<sup>th</sup> November 1998. Probate was granted in April 1999 and a partner in Curtis Solicitors was appointed as executor. At that time the Respondent acted for the partner. Ms B’s will provided for her residuary estate to be divided between five charities.
5. When the Respondent set up 4 Law and by agreement with the executor, the estate file of Ms B went with him. Two fee earners under the Respondent’s supervision progressed the matter.
6. Following an enquiry one of the fee earners sought clarification of some payments from the estate. Three of the payments had been paid into the account of the Respondent or the Respondent and his wife.
7. The IO discovered a further payment which brought the total transferred to the Respondent, or the Respondent and his wife, to £82,749.15.
8. The IO ascertained that 4 Law had traded at a loss for the years ending April 2003 and April 2004. At the end of April 2003 there was a loss of £20,000 and at April 2004 there was a loss of almost £100,000.

9. The total funds available for distribution in Ms B's estate were approximately £321,000. The estate account signed by the partner and dated December 2003 included in the "debts due at death" section payments to various bank accounts which following the investigation were found to be in the name of the Respondent or the name of the Respondent and his wife. Those payments were those totalling £82,749.15.
10. During the administration of the estate conducted by 4 Law residuary legatees wrote to Curtis Solicitors about the progress of the matter. Curtis in turn wrote to the Respondent who confirmed in November 2002 that he had written to all five charities informing them that 4 Law was now acting.
11. Sums of money had been paid from client funds to the Respondent while he was at Curtis Solicitors. The procedure at that firm to effect a client account payment was that a fee earner completed a cheque request; a partner would sign an authority and the cheque; a letter to the payee would usually have been attached to the cheque request.
12. The IO reported upon a number of transactions that gave cause for concern:-

Transaction A

13. HSBC confirmed on 24<sup>th</sup> May 2004 that £6,000 had been paid into the Respondent's account. Payment was made following completion of a requisition slip by the cashier at Curtis. On 12<sup>th</sup> November 2004 the Respondent confirmed that he had put £29,000 into a bank account although he had not paid over the monies to Curtis. He stated that he accepted what HSBC had said and on 6<sup>th</sup> October 2004 an amount of £14,000 was paid to Sproulls representing this transaction and transactions C and H below.

Transaction B

14. The Respondent made a handwritten request against which cheques were issued to deal with two payments dated 3<sup>rd</sup> March 2000, one to Lloyds TSB for £5,000 (this transaction) and a further one to RBS in the same sum representing transaction C. This amount was repaid to the estate by the Respondent on 5<sup>th</sup> January 2005.

Transaction C - £5,000

15. The Respondent paid £14,000 on 6<sup>th</sup> October 2004 to Sproulls incorporating this figure of £5,000 (referred to in Transaction B).

Transaction D - £12,000

16. A requisition dated 7<sup>th</sup> April 2002 was completed by the cashier for a cheque for £12,000 payable to Lloyds TSB dated 7<sup>th</sup> April 2002. The Respondent repaid this sum on 23<sup>rd</sup> December 2004.

Transaction E - £20,749.15

17. This followed a request from SH at Curtis issued by the Respondent following which a cheque signed by the Respondent, dated 30<sup>th</sup> August 2000, was paid into his account.
18. £20,749.15 was the total amount payable from three policies with Abbey. Abbey sent a letter to Curtis on 4<sup>th</sup> August 2000 asking for confirmation that the cheque be paid to Lloyds TSB which provoked a reply from Curtis under the Respondent's reference asking them to quote the correct reference. The letter from the Respondent requested that the settlement cheque be paid into the Lloyds TSB account. Accordingly Abbey sent to Curtis on 11<sup>th</sup> August 2000 a letter attaching their cheque payable in that account.
19. Curtis's client account ledger showed that on 30<sup>th</sup> August 2000 that sum was credited to the account with the narrative "Withdrawal from HSBC Dept AC". An entry on the same day showed that the sum was debited to LT SB and in October 2004 the Respondent confirmed that the same sum was credited to his account. The Respondent enclosed a cheque for that sum payable to Curtis with the letter.
20. When asked for his explanation on 12<sup>th</sup> November 2004 the Respondent stated that the cheque from Abbey Life must have been endorsed and paid into Curtis's accounts and whilst he accepted it was paid into his personal Lloyds TSB account, he did not understand the Abbey Life part of it.
21. JH stated that she had never picked up the wrong cheque book and that it was obvious that the money had come from the controlled trust account. The Respondent had never told her that he had any interest in the estate.
22. When asked for his explanation, the Respondent stated that he agreed that there would be no benefit to any cashier making a cheque payable to his bank account but that there could have been a mistake with a drawings cheque and that the monies had gone into his account by mistake or by a "purposeful direction of a third party".

Transaction F - £20,000

23. A requisition was issue by JH at Curtis. The authority was not signed by the Respondent although it bore the reference of the Respondent. A cashier concluded that the Respondent had simply gone into the accounts room to give instructions and not waited for the documents to be completed.
24. In October 2004 the Respondent remitted to Sproulls the sum of £20,000 subject to confirmation that he had received it.
25. In his explanation to The Law Society on 12<sup>th</sup> November 2004 the Respondent explained the delay in repaying the £20,000 was because he had been served with a statutory demand.

Transaction G - £11,000

26. This payment was identified by the IO. It had been paid through the estate account ledgers on 5<sup>th</sup> February 2001. During his discussion with The Law Society the Respondent accepted that £11,000 had gone into his account on 6<sup>th</sup> February 2001 and that he intended to pay it back. He had not on 2<sup>nd</sup> December 2004.

Transaction H - £3,000

27. This sum was paid back to the estate on 6<sup>th</sup> October 2004 as part of the sum of £14,000.
28. The IO established that the Respondent had funds available to repay the estate on 20<sup>th</sup> February 2004 as a result of re-mortgaging a property vested in the Respondent for £50,000. The funds available were transferred into a client's ledger entitled "For Directors" and were utilised in part to finance the purchase of the property from which 4 Law practised.
29. The property was purchased in the name of Countess Properties Limited. The Respondent and his wife each held one half of the shares. In May 2004 £288,333 was paid by the Respondent to the seller's solicitors, after correspondence relating to the shortfall had begun to materialise.
30. The re-mortgaged property was sold and in October 2004 the net proceeds of £75,000 were transferred into a ledger account in the name of the Respondent's mother-in-law.
31. On 9<sup>th</sup> July 2004 the same sum had been transferred from another of his mother-in-law's ledgers to a ledger in the name of the directors of Countess Properties Limited. The latter ledger related to a purchase by the Respondent and his wife of a property which was completed on 10<sup>th</sup> August 2004. On that date the firm sent £235,168.94 to the seller's solicitors.
32. In explaining this transaction to The Law Society, the Respondent agreed that he could have refunded the amounts to the estate when he wanted to although it was not a case of "funds sitting in an account waiting to go out". When it was suggested to him that he had chosen to carry out investment activities in the property market rather than repay the estate, he stated that he was contractually bound but had earmarked funds for repayment had he received the explanation he was asking for. When asked if it would have been the right thing to repay the estate he said that Curtis had repaid it so there was no loss, and that if he had paid Curtis he would not have received an explanation.
33. The Law Society established that the Respondent held the funds to his own order or that of himself and his wife for a minimum period of 1,396 days and a maximum period of 1,756 days.
34. In response to The Law Society's request for explanation, the Respondent in his letter dated 29<sup>th</sup> November 2005 stated that as far as he was aware the matter had

been concluded without loss to the beneficiaries. He sought confirmation as to which parties the report had been copied and stated that his substantive response could not be given without the disclosure requested.

35. After an exchange of correspondence, the Respondent made representations to The Law Society's Adjudicator dated 20<sup>th</sup> March 2006. He highlighted his difficulties when he left Curtis. He pointed out that a previous inspection in 2002 had revealed nothing wrong. The transactions identified by The Law Society resulted in his making prompt payment to Curtis once he had verified the position. The Respondent had had overall responsibility for all estate administration matters as the partner designated but he did not have day to day conduct or detailed knowledge of the administration itself. Clerical errors had been made by Curtis and the Respondent had some reservations about the efficiency of the "back office" at Curtis. The statutory demand against him was unnecessary.
36. With regard to transaction A, the transaction slip had not been disclosed to him. Payments with regard to transactions B, C and D had been repaid by him and with regard to transaction E the requisition was not in his hand. He had not made or authorised payment of transaction E into his own account. He did recognise what appeared to be his signature on the face of the cheque. With regard to transaction F the Respondent had not signed a requisition nor requested it. He disputed the way which the cashier stated the accounts department ran. With regard to transaction G the Respondent had made the repayment as soon as he verified the figures with his own bank. With regard to transaction H the Respondent made repayments upon verifying the matter with his own bank.
37. The property transactions in April and August 2004 were before the date he received notice of the irregularities relating to the estate. The Respondent had taken extraordinary steps to ensure that the estate funds were "repatriated". The Respondent had no intent to cause the financial irregularity nor the opportunity, nor the motive. He had been hampered by lack of disclosure.
38. There had been no loss to the client. That Respondent had suffered considerably. The Respondent's firm had complied with the Solicitors Accounts Rules, save for a few minor breaches, and there were no historic complaints against him.
39. Two solicitors had been required to be directors of the practice as it was an incorporated practice and his inability to be a partner would cause difficulty and have calamitous consequences with regard to clients and the livelihood of a number of individuals.
40. Although not forming part of the allegations, the Tribunal was notified that the Respondent had been convicted of criminal offences based on the same facts and had been sentenced to thirty months imprisonment on 12<sup>th</sup> June 2007.

### **The Submissions of the Applicant**

41. The Respondent had been guilty of a serious and dishonest misuse of clients' money.

42. The Respondent's conviction and the custodial sentence imposed upon him had been in respect of the same facts which have been placed before the Tribunal plus one additional matter which had been carried out in the same manner.
43. The Applicant sought the costs of and incidental to the application and enquiry. He handed up a schedule of costs for the Tribunal's consideration. The figure claimed by the Applicant was £21,802 inclusive. The Applicant pointed out that the Respondent had defended the allegations against him until the early part of 2007.

#### **The Submissions of the Respondent**

44. The Respondent made no submissions.

#### **The Findings of the Tribunal**

45. The Tribunal found the allegations to have been substantiated. Having applied the test in Twinsectra Ltd v Yardley and Others [2002] UKHL 12 the Tribunal found that ordinary members of the public, or indeed of the solicitors' profession, would regard the taking and use of clients' money as the Respondent had done to be dishonest. The Tribunal concluded that the Respondent himself knew that his taking and misappropriating of clients' money was dishonest exemplified by the methods he used to achieve that end and the fact that he made repayment when challenged.
46. The Tribunal noted that the Respondent had been convicted in the criminal court and a custodial sentence of 30 months had been imposed upon him.
47. Mindful of its duty to protect the public and the good reputation of the solicitors' profession the Tribunal considered it both appropriate and proportionate that the Respondent be struck off the Roll of Solicitors. The Tribunal further Ordered the Respondent to pay the costs of and incidental to the application and enquiry and it fixed those costs in the sum of £20,000 inclusive.

Dated this 9<sup>th</sup> day of November 2007

A N Spooner  
Chairman