

IN THE MATTER OF SAMUEL VICTOR KORANTENG, solicitor

- AND -

IN THE MATTER OF THE SOLICITORS ACT 1974

Mr R Nicholas (in the chair)
Mr A G Gibson
Mrs S Gordon

Date of Hearing: 11th August 2009

FINDINGS

of the Solicitors Disciplinary Tribunal
Constituted under the Solicitors Act 1974

An application was duly made on behalf of the Solicitors Regulation Authority ("SRA") by James Moreton, solicitor and partner in the firm of Bankside Law Solicitors, Thames House, 58 Southwark Bridge Road, London, SE1 OAS on 23rd January 2009 that Samuel Victor Koranteng, solicitor of Berkeley House, 18-24 High Street, Edgeware, Middlesex, HA8 7RP 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 against the Respondent were:

- (i) that he failed to notify mortgagee clients that vendors had not owned or had not been registered as owners of properties for more than six months contrary to Rule 1 and/or Rule 6(3)(c)(v) of the Solicitors Practice Rules 1990;
- (ii) that he failed to disclosed material information to his mortgagee clients contrary to Rule 1 of the Solicitors Practice Rules 1990;
- (iii) that he failed to act in his clients best interests contrary to Rule 1 of the Solicitors Practice Rules 1990.

The application was heard at the Court Room, 3rd Floor, Gate House, 1 Farringdon Street, London, EC4M 7NS on 11th August 2009 when James Moreton, solicitor, appeared for the Applicant and the Respondent appeared and was not represented.

Evidence before the Tribunal

The evidence before the Tribunal included a Rule 5 Statement dated 23rd January 2009, together with accompanying bundle, the undated statement of the Respondent and a personal reference for the Respondent.

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

The Tribunal Orders that the Respondent Samuel Victor Koranteng of Berkeley House, 18-24 High Street, Edgware, Middlesex, HA8 7RP, solicitor, do pay a fine of £3,000, such penalty to be forfeit to Her Majesty the Queen, and it further Orders that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £9,000.

The facts are set out in paragraphs 1-16 hereunder:

1. The Respondent, born in 1962, was admitted as a solicitor in 1977 and his name remained on the Roll of Solicitors.
2. At all material times the Respondent carried on practice under the style of Koranteng Hughes & Co, Berkeley House, 18-24 High Street, Edgware, Middlesex, HA8 7RP.
3. On 17th July 2007 an Investigation Officer ("IO") of the SRA attended the Respondent's firm. The IO found no issues in respect of the firm's compliance with the Solicitors Accounts Rules but during the inspection found irregularities in respect of nine residential conveyancing client matter files. The IO produced a Report dated 6th November 2007 which exemplified two of the nine transactions.
4. The IO discovered that in each of the nine transactions the vendor was E Limited of the Turks & Caicos Islands. The IO noted that in all transactions E Limited was represented by the same firm of solicitors.
5. In each transaction the Respondent was instructed to act for both the purchasers and for the lenders. ME provided mortgage advances to the purchasers in seven transactions and BM provided mortgage advances in the other two.
6. Both ME and BM subscribed to the Council of Mortgage Lenders Handbook ("CML Handbook"). Paragraph 5.1.1 of the CML Handbook requires, unless specified circumstances pertain, instructed solicitors to report to the lender if the owner or registered proprietor had been registered for less than six months or the person selling to the borrower is not the owner or registered proprietor.
7. The IO observed that E Limited had not owned any of the nine properties for more than six months prior to the respective sales to the Respondent's purchaser clients.

8. The IO could find no evidence on any of the client matter files that the Respondent had advised his lender clients that the vendor had owned the properties for less than six months.
9. The IO found that E Limited had purchased five of the properties and then simultaneously sold them on to the Respondent's clients in back to back transactions. In three transactions, the date on which E Limited purchased the properties, could not be established.
10. During examination of the client matter files the IO discovered that the Respondent's clients had paid purchase prices which were substantially greater than the prices paid by E Limited for the same properties. By way of example:
 - (i) Property (1) was purchased by E Limited on 16th December 2004 for £175,000. On the same day E Limited sold the property to the Respondent's client, the purchase price being £220,000.
 - (ii) Property (2) was purchased by E Limited on 1st March 2005 for £165,000. On the same day E Limited sold the property to the Respondent's client, the purchase price being £220,000.
11. The series of nine transactions took place between December 2004 and November 2005. During the course of his dealings with these purchases the Respondent received documentation which indicated that the purchase prices paid by E Limited were significantly less than the price paid by his client on the same day. Despite being in possession of this information the Respondent continued to act in five further transactions but failed to inform his lender clients of the significant variations in the purchase prices.
12. The client files were found to contain certificates of title for all but one of the nine properties. In each instance the certificates of title were signed as unqualified. By signing unqualified certificates of title in at least four instances when aware or on notice of material information which should have been disclosed to his lender clients, the Respondent breached the undertaking contained within The Law Society's certificate of title that the information provided was true and accurate.
13. The Respondent was interviewed by the IO on 24th July 2007 and made admissions in relation to his conduct.
14. The SRA wrote to the Respondent seeking his response to the allegations in a letter dated 13th December 2007.
15. The Respondent replied to the SRA on 23rd January 2008 in which he made admissions in relation to his conduct.
16. The matter was considered by an Adjudicator of the SRA on 6th May 2008 when a decision was made that the Respondent's conduct be referred to the Tribunal.

The submissions of the Applicant

17. The Applicant indicated that the Respondent admitted each of the three allegations before the Tribunal.
18. It was submitted by the Applicant that in having failed to report the variation in the purchase price to the lender clients, the Respondent failed to pay account to the guidance issued by The Law Society (Annex 25F - mortgage fraud - variation in purchase price) regarding a solicitor's duty in conduct when acting for a lender and borrower. It was further submitted that by failing to pay account to the guidance set out in The Law Society's 'Green Card' warning on property fraud (Annex 25G) the Respondent was grossly reckless as to his duties and responsibilities as a solicitor.
19. The Applicant asked for costs in the sum of £15,485.18.

The submissions of the Respondent

20. The Respondent very much regretted what had happened and had come to realise that he should have paid more attention to the Rules and his responsibilities as a solicitor. He apologised to the Tribunal that he had fallen below the standards required of solicitors in practice.
21. He had initially taken the view that the vendor, E Limited, a property company, was entitled to avail itself of the exception under paragraph 5.1.1.4 of the CML Handbook, i.e. that the seller was a developer or builder selling a property under a part-exchange scheme, but now realised that this had been an erroneous interpretation on his part. This had resulted in the breaches which were the subject matter of the hearing. He had however acted in good faith at all times and protected the interests of both purchaser and lender clients. The Respondent submitted that no-one had suffered or was intended to suffer a financial loss and neither had anyone been misled by his actions. He had made prompt admissions to the breaches when questioned by the IO and had cooperated fully. Any breach he had committed was not deliberate but due to inexperience, ignorance or inadvertence.
22. He had now had conditions imposed upon his practising certificate for some 10 to 11 months and this has had a punitive effect on his career, his income and his practice. He had ceased to take on residential conveyancing since January 2009 and there was therefore no risk to the public in allowing him to continue to practise.

The Findings of the Tribunal and its reasons

23. The Tribunal had considered carefully all the documents before it and the submissions of the Applicant and the Respondent. It found all three allegations to be both admitted and proved.
24. The Tribunal found these to be serious matters. It found that following the correct procedures, designed to protect the public, would have prevented these matters from arising as well as the risks presented by them.

25. However, the matters had been admitted and the Respondent had suffered a severe penalty from his appearance before the Tribunal and his accounts had been found to be in good order by the IO. No evidence had been presented of any loss and there was no allegation of dishonesty.
26. With regard to costs, those had been measured on the basis of similar cases, taking into account the punitive effect that the proceedings had already had on the Respondent's practice.
27. The Tribunal Ordered that the Respondent Samuel Victor Koranteng of Berkeley House, 18-24 High Street, Edgware, Middlesex, HA8 7RP, solicitor, do pay a fine of £3,000, such penalty to be forfeit to Her Majesty the Queen, and it further Ordered that he do pay the costs of and incidental to this application and enquiry fixed in the sum of £9,000.

Dated this 7th day of December 2009

On behalf of the Tribunal

Mr R Nicholas
Chairman