

Naseem Hafezi

Employee

622900

[Agreement Date: 20 June 2016](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 20 June 2016

Published date: 4 July 2016

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Hafezis Solicitors

Address(es): The Mallon Room, Attlee House, Toynbee Hall, 28
Commercial Street, London, E1 6LS

Firm ID: 405727

Outcome details

This outcome was reached by agreement.

Reasons/basis

1. Mrs Naseem Hafezi (also known as Nasim Hafezi) agrees to the following outcome of the investigation into their professional conduct under reference TRI/113288-2015.

Background

2. Mrs Hafezi worked at Hafezis Solicitors ("the firm"), The Mallon Room, Attlee House, Toynbee Hall, 28 Commercial Street, London, D1 6LS and was responsible for maintaining the firm's books of account. She was provided with details for firm's client account online banking facility, which included passwords for the account, to enable her to authorise online transactions. The firm was run by her husband Abdul Aziz Hafezi, who was a sole practitioner. Mrs Hafezi was dismissed from the firm on 3 March 2014 and the firm later ceased on 30 September 2014.

3. On 14 January 2014, the Forensic Investigation Unit of the Solicitors Regulation Authority ("SRA") carried out an inspection of the Firm and



produced a Report dated 6 May 2014 ("the Report"). The inspection was commenced in part following a failure of the firm to respond to a previous Forensic Investigation Report dated 30 May 2013 ("the first Report").

4. The first Report dated 30 May 2013 identified that the books of account were not in compliance with the SRA accounts Rules 2011 and Solicitors Accounts Rules 1998. There was a cash shortage on client account in the sum of £18,387.24, as at the inspection date of 28 March 2013 and there had been improper client to office bank account transfers.

5. The cash shortage had occurred as a result of a debit balance on client account in the amount of £3,640.86 and unpaid professional disbursements amounting to £14,746.38, which were incorrectly retained in office bank account.¹ Mrs Naseem Hafezi (also known as Nasim Hafezi) agrees to the following outcome of the investigation into their professional conduct under reference TRI/113288-2015.

6. The cash shortage was partially rectified during the investigation in the sum of £12,031.54 and as at the date of the first Report (30 May 2013), a cash shortage of £6,355.70 remained on client account.

7. The Investigation Officer ("IO") established that there were twenty three matters where the firm had incorrectly retained professional disbursements in their office account ranging in amounts between £140.25 and £2,818.67. From a review of the individual client matter ledgers, the IO noted that seven of the matters dated back to 2010. The firm accepted that professional disbursements were retained in office account for some time, which led to the cash shortage amounting to £14,746.38.

8. The IO could not express any opinion in the Report dated 6 May 2014, as to whether sufficient funds were held in client bank account to meet client liabilities as at the extraction date of 30 November 2013. The firm had failed to maintain proper books of account and there was a minimum cash shortage of £85,824.45, which was not shown by the books of account. This shortage existed on client account as at 3 March 2014 and arose from four client matters. The cash shortage was partially rectified during the investigation in that £80,000 was paid into client account between 5 March 2014 and 13 March 2014. As the date of the Report, a cash shortage in the sum of £5,824.45 remained.

9. Mrs Hafezi was responsible for the shortage on client account which was created by her transferring funds from client to office account and subsequently to a joint bank account, which was in her name and that of her husband. From July 2013 to December 2013, the IO identified twenty-eight transactions totalling £64,700.00 where round sum transfers had been made from client account to office account. The IO noted there was no documentation or invoices raised to support these transfers. Between



12 July 2013 and 27 December 2013, £44,570.00 was paid into the joint bank account. The IO was not able to identify what happened to the balance of £20,130.00.

10. The firm confirmed that client funds had been misappropriated by the incorrect transfer of funds into the office account and subsequently into the joint bank account.

11. The IO requested accounting information from Mrs Hafezi during the course of the investigation and continued to follow this procedure until 3 March 2014 when Mrs Hafezi was dismissed from the firm. A list of client balances, client account cash books, bank reconciliations and client account reconciliations were not produced when the IO attended the firm on 14 January 2014. Mrs Hafezi informed the IO that there was a problem with the firm's computerised accounting package and she was unable to print anything off. The IO requested that a list of client balances, client account cash books, bank reconciliations and client account reconciliations be provided by 16 January 2014. These were not produced by this date. The IO asked for the information to be provided by 7 February 2014. The information was not produced by this date.

12. The IO attended the firm on 12 February 2014 where she received some, but not all, of the information previously requested. The IO also raised the round sum transfers with Mrs Hafezi who confirmed that she had information to support the transfers, which would be made available the following day. Mrs Hafezi informed the IO that she would not be available the following day and the information was not provided. The IO contacted the firm by telephone on 26 February 2014, as she had sent letters and emails to the firm without any response. The IO spoke to Mrs Hafezi and was informed that letters and emails had not been received by the firm, and there were ongoing concerns at the firm with post and email.

13. On 9 February 2015, an Authorised Officer considered the Reports and the explanations received from the Firm and resolved that proceedings should be taken at the Solicitors Disciplinary Tribunal against Mrs Hafezi and her husband, Abdul Aziz Hafezi.

14. The SRA and Mrs Hafezi will invite the SDT to permit withdrawal of the allegations against her at the SDT upon the basis of her entering into this Agreement.

15. Proceedings will continue to be taken against Abdul Aziz Hafezi at the Solicitors Disciplinary Tribunal as it is the SRA's case that he was primarily responsible for the matters set out at paragraphs 4 to 13 above and he supervised Mrs Hafezi.

Admissions

16. Mrs Hafezi makes, and the SRA accepts, the following admissions:



- a) She withdrew and transferred money from client account without first sending a bill of costs, or other written notification of costs to the client in breach of Rules 17.2 and 17.7 of the AR 2011;
- b) She made unauthorised withdrawals from client account other than for the reasons permitted by Rule 20.1 of the AR 2011 and in doing so misappropriated client money in breach of Principles 2, 4, 6 and 10 of the SRA Principles 2011; and
- c) She failed to co-operate in an open and timely manner with the SRA in breach of Principle 7 of the SRA Principles 2011 and failed to provide records, papers and/or matter files relating to the investigation in breach of Rule 31.1 of the SRA Accounts Rules 2011.

Mitigation

17. Mrs Hafezi put forward the following by way of mitigation for the breaches admitted above.

18. Mrs Hafezi confirmed that she made the transfers totalling £64,700 between 12 July 2013 and 27 December 2013. Mrs Hafezi stated that bills had been rendered for most of the transfers. A bill was not required, as advised by the firm's accountants, for a transfer on 1 October 2014 in the sum of £9,000 as this was ordered to the firm for costs. Mrs Hafezi could not explain why she made the transfers in round sums and appreciated that she should have transferred the actual sums set out on the bills.

19. Mrs Hafezi also stated that no clients had suffered any loss. She was very sorry that her actions had led to proceedings and was sorry for the trouble that she had caused.

20. Mrs Hafezi provided medical evidence dated 12 October 2015 from Dr Vandenabeele, which deals with her current health and health at the time of the misconduct. The SRA put further questions to Dr Vandenabeele on 24 November 2015 and he responded to these questions on 14 December 2015. Dr Vandenabeele confirmed that Mrs Hafezi was severely unwell and on balance, it was more likely than not that her condition would have remained so throughout the period. Dr Vandenabeele also considered on balance, it was unlikely that there would have been any periods between July 2013 and December 2013 when Mrs Hafezi would have been able to fully recognise and understand the impact of what she was doing.

Regulatory Outcome

21. As Mrs Hafezi has accepted the above breaches, it is agreed that as from the date the Solicitors Disciplinary Tribunal agrees that proceedings can be withdrawn against Mrs Hafezi, Mrs Hafezi will be subject to an Order under Section 43 (2) of the Solicitors act 1974 that:



- (i) no solicitor shall employ or remunerate Mrs Hafezi, in connection with his practice as a solicitor,
- (ii) no employee of a solicitor shall employ or remunerate Mrs Hafezi, in connection with the solicitor's practice,
- (iii) no recognised body shall employ or remunerate Mrs Hafezi,
- (iv) no manager or employee of a recognised body shall employ or remunerate Mrs Hafezi in connection with the business of that body, except in accordance with permission in writing granted by the Solicitors Regulation Authority.
- (v) no recognised body or manager or employee of such a body shall, except in accordance with permission in writing granted by the Solicitors Regulation Authority, permit Mrs Hafezi to be a manager of the body;
- (vi) no recognised body or manager or employee of such a body shall, except in accordance with permission in writing granted by the Solicitors Regulation Authority, permit Mrs Hafezi to have an interest in the body.

22. The SRA and Mrs Hafezi will invite the SDT to permit withdrawal of the allegations against her at the SDT on the basis that an Order under Section 43(2) of the Solicitors Act 1974 will be imposed upon Mrs Hafezi under this Agreement.

23. Mrs Hafezi agrees that this outcome will be published by the SRA and that it may also be disclosed to any person upon request or otherwise.

24. Mrs Hafezi agrees to pay the costs of the investigation, including the SRA's legal costs, in the sum of £5,500 within 28 days of a statement of costs due being issued by the SRA.

25. Mrs Hafezi agrees she will not act in any way that is inconsistent with this agreement by, for example, denying the misconduct admitted in paragraph 1 above.

27. If any other terms of this agreement are not complied with within the time limits agreed, or if Mrs Hafezi acts inconsistently in any way with this agreement, she accepts that all issues may be referred back to the SRA for reconsideration, including that there be referral to the Solicitors Disciplinary Tribunal or SRA internal sanction on the original facts and allegations and also on the basis that such failure to comply constitutes a breach of Principles 2, 6 and 7 SRA Principles 2011.

The date of this agreement is 9 June 2016.

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