

# **Christine Sutton**

## **Solicitor**

### **128387**

[Agreement Date: 23 November 2022](#)

## **Decision - Agreement**

Outcome: Regulatory settlement agreement

Outcome date: 23 November 2022

Published date: 24 November 2022

## **Firm details**

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

Name: Guy Williams Layton LLP

Address(es): Pacific Chambers, 11-13 Victoria Street, Liverpool, Merseyside, L2 5QQ

Firm ID: 627437

## **Outcome details**

This outcome was reached by agreement.

### **Reasons/basis**

#### **1. Agreed Outcome**

1.1 Christine Sutton, a solicitor, formerly of Guy Williams Layton LLP (the Firm), agrees to the following outcome of the investigation of her conduct by the Solicitors Regulation Authority (SRA):

- a. she is fined £2,000
- b. to the publication of this agreement
- c. she will pay the costs of the investigation of £600.

#### **2. Summary of Facts**

2.1 Miss Sutton was a partner at the Firm from 2002 until 4 March 2020. The Firm had a retainer to act for Company M, an investment company. Miss Sutton is the company secretary for Company M, as well as one of its directors.



2.2 While working at the Firm, Miss Sutton dealt with all matters for Company M, which included general company secretarial services, commercial property work and litigation.

2.3 On three occasions between October 2014 and August 2016, Miss Sutton dealt with the sale of shares in Company M by shareholders. Miss Sutton's work on these matters involved the preparation of letters to existing shareholders inviting applications to purchase the shares, drafting letters of allocation, preparation of stock transfer forms, arranging payment of stamp duty and registering the share transfers with Company M's registrars.

2.4 On each occasion, the purchase money from buyers who wished to acquire the shares, (including both the initial deposit and the balance) was received into the Firm's client account. Once all payments were received, the seller of the shares was paid directly from the Firm's client account.

2.5 The Firm's client was Company M: it did not act for the shareholders wishing to dispose of their shares or the buyers. The work which Miss Sutton did on behalf of the sellers and buyers was administrative and it was not necessary to use the Firm's client account for a purely mechanical payment operation.

2.6 In total, £61,923 passed through the Firm's client account in respect of three matters between 3 October 2014 and 18 July 2016. The money which passed through the client account was for the simple purpose of the purchase of shares. There was no underlying legal transaction for the receipt and transfer of money in respect of which the Firm was providing legal advice.

### **3. Admission**

3.1 Christine Sutton makes the following admission which the SRA accepts:

- a. Between October 2014 and August 2016 Miss Sutton allowed the Firm's client account to be used as a banking facility otherwise than in respect of instructions relating to an underlying transaction or to a service forming part of the Firm's normal regulated activities in breach of Rule 14.5 of the SRA Accounts Rules 2011.

### **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 Miss

Sutton and the following mitigation which she has put forward:

- a. Miss Sutton did not, at the time, appreciate that her actions would constitute a breach of Rule 14.5 of the SRA Accounts Rules 2011 and as such the breach was not deliberate.
- b. Miss Sutton has expressed insight and remorse
- c. The sums involved in the share purchases were not large sums.

4.3 The SRA has also taken into consideration that Miss Sutton has made no financial gain, and no loss or harm has been caused to any client or third party by her actions.

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

- a. Miss Sutton had direct control and responsibility for her conduct.
- b. There were three occasions on which money passed through the client account of the Firm over the course of two years. The breach therefore was repeated and persisted for an extended period. It only came to an end when she left the Firm.
- c. Miss Sutton is an experienced and specialist solicitor. She would therefore have been aware that the client account cannot be used for passing money through for the simple purpose of the purchase of shares, when there was no underlying legal transaction in respect of which the firm was providing legal advice.

4.5 A fine is appropriate to uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. Any lesser sanction would not provide a credible deterrent to her and the wider profession. Achieving credible deterrence plays a role in maintaining professional standards and upholding public confidence. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.

## **5. Amount of 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 Miss Sutton agree that the nature of the misconduct in operating a banking facility was low/medium because:

- a. Miss Sutton co-operated with the investigation
- b. Miss Sutton's conduct was not intentional
- c. The conduct did not continue after it was known to be improper
- d. The Guidance gives this type of misconduct a score of one.

5.3 The SRA considers that the impact of the misconduct was medium because law firms, their managers and employees should not allow the



firm's client account to be used to provide banking facilities to clients or third parties. The prohibition in rule 14.5 is clear: it is not a proper part of a solicitor's everyday business or practice to operate a banking facility for third parties, whether they are clients of the firm or not. Further, allowing a client account to be used as a banking facility carries with it the risk that the account may be used for money laundering. Miss Sutton's conduct therefore had the potential to cause moderate loss or to have moderate impact. The Guidance gives this level of impact a score of four.

5.4 The nature and impact scores add up to five. The Guidance indicates a broad penalty bracket of £1,001 to £5,000 is appropriate.

5.5 In deciding the level of fine within this bracket, the SRA has considered the mitigating factors considered at paragraph 4.2.

5.6 The SRA considers a basic penalty of £2,000 which is towards the lower end of the bracket, to be appropriate. This is because, while Miss Sutton did not properly consider her duties under Rule 14.5 of the SRA Accounts Rules 2011, her actions did not result in any actual harm or loss.

5.7 Miss Sutton does not appear to have made any financial gain as a result of her conduct. Therefore, no adjustment is necessary to remove this, and the amount of the fine is £2,000. No further adjustment is considered necessary to take into account the mitigating factors.

## **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. Miss Sutton agrees to the publication of this agreement.

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

7.1 Miss Sutton 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 Miss Sutton 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 of a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

7.3 Denying the allegations 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 SRA Principles and paragraph 7.3 of the SRA Code of Conduct for Solicitors, RELs and RFLs.

## **8. Costs**

8.1 Miss Sutton agrees to pay the cost 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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