

PROTECT - PERSONAL

Mr R G Thomas

Our ref: 41200

18 July 2008

Dear Mr Thomas

Re: Mr N D A Greenstone, formerly of Fladgate Fielder, 25 North Row, London W1K 6DJ

Further to our previous correspondence, I am writing to let you know that we have received the file on your case from the Law Society. As you may know, in January 2006 the Law Society split its regulatory and representative functions. Subsequent to this, in January 2007,

(a) The Solicitors Regulation Authority (SRA) became responsible for regulatory and disciplinary matters; setting and monitoring standards and investigating conduct complaints and

(b) The Law Society became responsible for representing solicitors.

The Legal Complaints Service (LCS), formerly known as the Consumer Complaints Service, remains responsible for dealing with consumer service complaints about solicitors. For ease of reference I have used the abbreviations SRA and (where appropriate) LCS throughout this report. I have considered what you have said about the way that the SRA dealt with your conduct complaint about the above-named solicitor, all the correspondence and related documents on the SRA's file have been reviewed, and I am writing now to let you know my conclusions.

Background and Solicitors Regulation Authority Investigation

On 13 October 2006 you wrote to the SRA asking them to investigate the conduct of Mr Greenstone in relation to the theft in 2002 of a sum in excess of £27million from a company called Izodia plc (Izodia) by persons associated with the Orb Group of companies. Mr Greenstone had signed a Royal Bank of Scotland International pro-forma headed "*Company Excerpt Minute Opening/Continuation of Account/s incorporating authority by Directors to overdraw the Account/s*". This pro-forma, referred to in the case as "the minute" then allowed one director, Mr Smith, to fraudulently transfer over £27million from Izodia to the Orb Group. Izodia pursued proceedings in the Royal Court of Jersey against the Bank alleging that it had transferred Izodia's funds to the Orb Group without proper authority because the formalities required to ratify the minute had not been completed. You provided the SRA with an internet sourced copy of the Court's judgement dated August 2006 and highlighted the Court's criticisms of Mr Greenstone which you said were that:-

- Mr Greenstone appeared to have certified as a true record the minutes of an Izodia company meeting said to have taken place on 1 August 2002 when in fact the meeting had not taken place
- That Mr Greenstone had purported to be Izodia's company secretary when he was not and
- That persons said to be directors of Izodia in the minutes certified by Mr Greenstone were not in fact directors of the company.

You drew the SRA's attention to comments made by the court at paragraph 13 of the judgement which noted, *"The minute was certified as being a true copy of a meeting of directors by Mr Nicholas Greenstone, on behalf of Walgate Services Limited, the company secretarial arm of Fladgate Fielder, Orb's English solicitors. Walgate was not the company secretary of Izodia on 1 August (2002), Mr Maberley was. How Mr Greenstone, an English solicitor, managed to certify as true a meeting which had never taken place on behalf of a company of which Walgate was not company secretary, is hard to understand. Unfortunately, he was not called as a witness so that these matters might be explored."*

You also highlighted paragraph 64 of the judgement where you said further reference was made to the false documentation certified by Mr Greenstone. The court said, *We have already found that there was no meeting of the board of directors on 1 August, that those who were described as directors in the mandate were not in fact directors at the time, that the person certifying the mandate as company secretary (Walgate by Mr Greenstone) was not in fact the secretary and that Izodia had not in fact authorised the opening of the account at that date. Indeed, although the Bank had, in the mistaken belief that the documents were genuine, opened an account for Izodia and given it an account number, no director or officer of Izodia had any knowledge of what had occurred."*

Mr Greenstone was not charged with any offences but I understand that there were a number of others charged arising from the theft after an investigation by the police and the Serious Fraud Office. You suggested that one of the main players had been Gerald Smith, a shadow director of the Orb Group, who was sentenced to eight years imprisonment for theft and false accounting.

The SRA discussed your complaint with you on the telephone on 6 November. You told them you did not see that it was necessary for you to be identified and that they could investigate the complaint based on the comments made by the Judge in the Royal Court of Jersey. The SRA appear to have agreed to that and wrote to you on 17 November advising that they would take up the matter but, as you had reported your concerns out of public duty rather than as a party with an actual interest in the case, they would not be keeping you informed of developments or of the outcome of the investigation. However, you responded on 21 November saying that you had been affected because you had lost money as a result of the fraud and that you wanted to be notified as to the outcome of the investigation.

The SRA spoke to Mr Greenstone on the telephone on 21 November. He said he was well aware of the judgement on the internet and that he had instructed advocates in