Global Team Services Limited

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STORY AT A GLANCE

I was struck off the roll as a Solicitor in UK in March 1998 and later in HK in May/June 2000 (without even knowing that any proceedings were pending!).

The facts are that I was naïve and trusting enough to allow myself to be defrauded out of client funds by an impressive "Swiss bank" whose premises I had personally visited in Lugano Switzerland and been duly impressed by.

That “Swiss bank” represented to me that it was a proper place for me to deposit client funds. However, when it came time to withdraw the funds from my account with the "bank", the funds weren't there, leaving me unable to do my solicitor's duty of repaying my clients. And it turned out that the "bank" was not a regulated bank after all but a skilfully orchestrated impostor.

I make no complaint for being struck off the roll for simple naivete and being too trusting and failing to do adequate due diligence. However, the allegation published on the Web that I failed to comply with the Solicitors’ Accounts Rules is false. I have never deliberately engaged in any improper behaviour, although the career accountant prosecutor who investigated me deliberately misconstrued my agreements and misread my accounts to accuse me of falsifying the books.

Actually, his behaviour was scandalous as was that of the solicitors firm that took over my firm’s operation. That story is told below.

The fact that, in the last 25 years, I have managed to restore my status and re-build a committed clientele is testament to the trust and confidence that my clients still have in me, knowing what happened. All of my clients and colleagues will attest to the fact that I always conduct myself to the highest ethical standards

THE FULL STORY

I was admitted as a solicitor in UK in 1965 and in Hong Kong in 1969. I formed my own law firm in Hong Kong on June 1, 1970 and it grew over 15 years to become the 11th largest law firm in Hong Kong with 160 partners and staff. I retired as senior partner of that firm in 1990. The firm remains in practice and still bears my name.

In 1990, my biggest client was very active in promoting the Japanese global expansion of the time in Asia and in Europe and asked me to move to UK to open an office for his operation. After 20 years as senior partner of a law firm, the offer was attractive to me and, the prospect of a few years in the UK was also attractive as I was newly married to a Hong Kong Chinese lady for whom I wanted to get a UK passport.

Unfortunately, the Japanese expansion collapsed early in the 1990s and my client closed his UK office. So I set up a local law practice in UK, originally in partnership with two other solicitors and, later, as a sole practitioner. In 1993 or 1994, one of my partners gave me a file about a project that involved the trading of medium-term notes issued by the Federal Reserve. I wrote a note on the file saying "scam" and returned it to my partner.

My partner then came to me and told me that this could not be a scam because it had been introduced to him directly by the Finance Minister of Switzerland and he asked me to look after the matter for a client of his which I agreed to do.

The basis of the project was that the law firm would accept substantial client funds in escrow to be delivered as the purchase price of a bank instrument from a third party and, upon failure of delivery by a certain time limit, return of the funds to the client.

I should emphasise here that this was in the days before the internet and social chat programs, making the enterprise challenging both from a legal and technical point of view and, since the business was, clearly, speculative, I resolved that I would not charge any clients until I had a successful transaction.

Shortly thereafter, my partnership was terminated and I went into practice as a sole practitioner. I built up a substantial clientele of parties seeking to complete one of these transactions but none of them were successful.

In the course of the business I was approached by a “Swiss bank” to accept client funds in escrow for this purpose on the understanding that I would deposit the funds back with them in a clients’ account in the name of my firm maintained at their Swiss bank. I visited their office in Lugano Switzerland where they had an impressive building where I saw many staff busily engaged in issuing letters of credit and other banking instruments. Spoiler alert! I was duly impressed by the quality of their operation and did not verify their licence and registration by the Swiss authorities.

Over time, I discovered both that there were thousands of people around the world trying to do this business and, at the same time a major regulatory offensive against this nascent industry. In 1996, my office was raided by the police, accompanied by an investigative accountant who, I later discovered, was going around the country, with the backing of the Law Society, arranging prosecutions of all lawyers engaged in the practice of holding client funds in escrow for the purposes of this enterprise.

In our first conversation, this accountant told me categorically that everybody in this business was a fraudster and a criminal because the entire business was fraudulent. According to the rules by which he was working, anyone who mentioned the term "medium term note" or "bank window time" (and many other phrases used in banking circles) was automatically a criminal because the purported transactions were themselves fraudulent. I asked him what about the person who genuinely believes that the transactions are real but is mistaken. His answer was "Not possible. They are all criminals".

This accountant then proceeded to go through all my files and deliberately misconstrue and misinterpret their terms in order to cast them in the most unfavourable light possible. In his view, it was clear that I was guilty until proved innocent. He was even willing to lie to the court so as to frame me to the maximum extent possible.

While the accountant was in my office examining my files and accounts, there was an amount of £1.25 million in course of transfer between Midland Bank Piccadilly and Midland Bank Regent Street, both in London. Unbelievably, that transfer took 10 days for processing. Since the accountant did not wish to remain in my office for that long, I gave him a personal undertaking that I would return the funds to the client as soon as they arrived in the destination bank.

In performance of that promise, as soon as funds arrived, I remitted them to the client's bank account in Canada. The accountant then filed an injunction application against me to restrain me from doing any business on the grounds that I was disposing of my assets overseas, despite the fact that he not only knew that they were not my assets but he had accepted my personal undertaking to return them to the overseas client. Not only did he file that application but he also managed to have the funds frozen so that it took the client three months to recover his funds.

Based on his deliberate lie, an injunction was issued against me restraining me from doing business.

On a day in 1996 when I made a one-day trip to a major bank in Switzerland to discuss a possible transaction, a team from another law firm appointed by the Law Society trespassed into my office and took it over. That team and the accountant then collaborated to defraud my small clients of their small deposits in my client's account by falsely claiming that I had stolen my clients' funds and that my clients' account should be treated as a consolidated fund in which the small creditors would effectively recover nothing.

The actual situation, as discovered during the investigation, was that the funds that I had deposited in my client's account with the "Swiss bank" were missing and that the bank was in fact not a regulated bank and, therefore, not covered by any insurance or guarantee. However, the situation was that my accounts were, from a bookkeeping point of view, in apple pie order. It was clear which funds were missing, where they ought to be, who was responsible for their disappearance and who were the clients whose funds were not available; namely the clients introduced by the "Swiss bank".

The proper way to have dealt with the situation was to tell the clients of the bank that they should sue that bank and the amounts that my other clients should be paid the amounts that my accounts clearly showed were due to each of them respectively. To consolidate the accounts to the detriment of the small clients and claim that I had stolen the funds (as they told my small clients) was an egregious lie.

As mentioned above, I had resolved that I would not charge any clients until I was successful in closing a transaction. I also resolved that I would stay in UK to face the full investigation. However, by that time I had used up all my capital and only managed to earn a small amount of fees. I was, therefore, virtually penniless and unable to challenge the injunction to restrain me from doing any business in the UK.

I applied for legal aid but was told that I did not qualify. I, actually, also engaged an accountant to help me become officially bankrupt but, upon investigating my situation, he concluded that my assets and earning potential were, essentially, worthless and there was no point in making me bankrupt. I, therefore, escaped bankruptcy!

Being almost penniless and unable to work in UK, I returned with my family to Hong Kong in early 1997 just-in-time to re-establish my permanent residence before the handover to China.

In Hong Kong my family and I lived on mattresses on the floor in one bedroom of my sister-in-law's home for six months while I re-created a life including representing a partner of a global conglomerate in fighting a major law case and sale of the company to Deutsche Post as a result of which a partner of the major New York law firm, Simpson Thatcher & Bartlett, wrote to my client saying that Martin Fairbairn was the best asset available to my client!

I was struck off in UK in March 1998 and later in HK in May/June 2000 (without even knowing that any proceedings were pending!). Interestingly, notice of the Hong Kong proceedings were "served" on me by mailing to my last UK address and was, therefore, never received by me. On the very day of the hearing, of which I had no knowledge, I was sitting in the office of the Hong Kong law firm that was presenting the application for my striking off in Hong Kong, being lectured about Hong Kong property as my wife and I were buying an apartment with the proceeds of the fees received in connection with the above-mentioned major lawsuit!

I state categorically that I was the victim of fraud, not the perpetrator and the allegation that I had "cooked the books" is totally false. My accounts were clear and straightforward and the way the UK Law Society dealt with my clients was an outrage.

I have no complaint about being struck off since I admit to having been naïve and trusting to an extent that is not acceptable for a solicitor and, I must admit, is tantamount to negligence. I have learned a lot from the experience. But, again, the allegation that I failed to comply with the accounts rules is false.

I placed funds in a clients' account with what I believed was a licensed bank and was devastated to find that the "bank" had stolen my client funds. I am prepared to accept responsibility for that but I deny emphatically that I failed to comply with the Solicitors Accounts Rules or intentionally deprived a single client of any client funds.

Ironically, all of the parties with whom I currently do business trust me implicitly. It is time for me to make my story public.