

Type of Order	DISCIPLINARY CONSENT ORDER
Date of Order	20 July 2020
Committee name;	REGULATION AND CONDUCT COMMITTEE
Details of IP:	Mr Kenneth Pattullo of Begbies Traynor, an IPA Member and Licensed Insolvency Practitioner
Summary of complaint:	<p>This Order is made in relation to a complaint that Mr Kenneth Pattullo of Begbies Traynor (Central) LLP, as Trustee in Bankruptcy appointed on 17 May 2012 failed to:</p> <ol style="list-style-type: none"> 1. properly conduct reviews of the debtor's financial circumstances and hence ascertain, in a timely way, that the Bankrupt's wife had paid £20,000 in respect of purchasing the Trustee's interest in the family home on 22 May 2012, 2. effectively review and control the administration of the bankruptcy which caused the bankruptcy to continue for three years longer than necessary and incur costs that would not otherwise have been incurred, 3. disclose the non-receipt, by the estate, of the £20,000 paid by the bankrupt's wife to a member of Mr Pattullo's staff on 22 May 2012 in respect of the Trustee's interest in the family home to the Accountant in Bankruptcy (AiB), 4. report the non-receipt, by the estate, of the £20,000 paid by the bankrupt's wife to a member of Mr Pattullo's staff on 22 May 2012 in respect of the Trustee's interest in the family home to creditors or outline it in Receipts and Payments accounts in breach of SIP7, 5. act in the interests of all parties by failing to ensure that the £20,000 paid by the bankrupt's wife in respect of the Trustee's interest in the family home was paid into the Bankruptcy estate as soon as he became aware (on or around 24 March 2015) that the sum had been paid to a member of Mr Pattullo's staff on 22 May 2012, 6. recognise the conflict of interest that arose for him when following Counsel's advice that he was duty bound to pursue Begbies Traynor (Central) LLP because it was liable to compensate the Bankruptcy estate when he was a member of that LLP,

7. submit a Suspected Offences Report to the AiB pursuant to S3(3) Bankruptcy (Scotland) Act 1985, re the staff member retaining the £20,000,
8. accurately set out the position in the Form 21 re the debtor's family home submitted to the Land Registry on 7 April 2015 which stated that £20,000 had been paid to the Sequestrated estate when it had not.

Accordingly, Mr Kenneth Pattullo was found liable to disciplinary action under Article 66 of the IPA's Articles of Association.

Summary of sanctions:

The Common Sanctions Guidance provides for a Severe Reprimand and a fine of £5,000, where there is a failure to comply with the fundamental principle of professional competence and due care.

The Committee considered that the finding was Serious as it was similar to a failure to realise assets. The conduct here was compounded because assets were realised without Mr Pattullo's knowledge and the funds did not come into the estate.

The Committee was advised that payment of £20,000 plus interest, calculated from the date of receipt by the staff member, was subsequently made into the Bankruptcy estate by the Trustee's own firm.

The Committee was also advised that the staff member had actively concealed receipt of the payment of the sum of £20,000 from the bankrupt's wife on 22 May 2012, from the Trustee and his members of staff.

The Committee did not identify any mitigating features to take into consideration, however the risk to the estate caused by Mr Pattullo in this case was a significant aggravating factor.

The Committee imposed a disciplinary order that Mr K Pattullo be severely reprimanded, fined £7,500 and make a contribution towards the costs.