

Under Observation

After several years of practice, Max, a legal assistant at Messrs Channing & Associate, the Insured Practice ("IP") was offered to be a partner of the Firm by Caroline, the sole proprietor of the Firm at that time. Max had been handling the Firm's conveyancing files since his very first day at the Firm so Caroline entrusted him to continue with managing conveyancing files on his own with the help of a conveyancing clerk, Sophie. Caroline maintained her position as a litigation lawyer and handled all litigation matters for the Firm's clients.

Due to the nature of her litigation work, Caroline spent most of her time meeting clients and appearing in court. Max was then tasked to manage the daily operation of the Firm during Caroline's absence from the office. Sophie reported directly to Max since she only handled conveyancing files. Nonetheless Max resigned as partner two years later when he decided to pursue his Master's degree overseas. The partnership was dissolved and Caroline was once again a sole proprietor of the Firm.

One day, Caroline received a call from one of the Firm's client, a vendor in a sale and purchase transaction requesting for an update on the transfer of the property. Since Sophie was on sick leave, she had to review and check the file on her own. Upon reviewing the file, Caroline discovered that a payment was made from the clients' account for the registration at the land office. However, the transfer was not yet registered despite the payment made out from the account. The discovery raised suspicions to Caroline that some other files may be affected.

Upon her investigation, she discovered that a substantial sum of money has been misappropriated from the Firm's conveyancing files. Further investigation proved that the embezzlement was committed by Sophie from the time that Max was made partner at the Firm. Sophie had since left the Firm and absconded when her wrongdoings were discovered.

