

2026 LSBC 18
Hearing File No.: HE20250011
Decision Issued: October 15, 2026
Citation Issued: October 2, 2025
Citation Amended: April 28, 2026

THE LAW SOCIETY OF BRITISH COLUMBIA TRIBUNAL
HEARING DIVISION

BETWEEN:

THE LAW SOCIETY OF BRITISH COLUMBIA

AND:

EDWIN SOON

RESPONDENT

**DECISION OF THE SINGLE MEMBER PANEL
ON FACTS AND DETERMINATION**

Written materials: August 31, 2026

Panel: Gurminder Sandhu, KC, Benchers

Discipline Counsel: Glen Krueger

Counsel for the Respondent: Ian Donaldson, KC

OVERVIEW

[1] On October 2, 2025, the Law Society of British Columbia (the “Law Society”) issued a citation against Edwin Soon (the “Respondent”). The citation was amended on April 28, 2026 (the “Amended Citation”). The Amended Citation contains the following allegations:

1. Between approximately November 2021 and February 2022, you misused your law firm's trust account by receiving some or all of \$5,958.33, or disbursing some or all of \$64,336.05, or both, as set out in Schedule "A" (the "Trust Transactions"), when you had not provided legal services directly related to the Trust Transactions, contrary to one or more of Rules 3-58.1 and 3-60(4) of the Law Society Rules.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

2. Between approximately September 2019 and March 2022, you acted in a conflict of interest when you caused AA Corp., a company in which you had a direct or indirect financial interest, to enter into loan agreements with your client(s) or former client(s) BB and companies associated with them, contrary to one or more of rules 2.1-3(b), 3.4-1, 3.4-26.1, 3.4-28, 3.4-29, 3.4-34, 7.3-1, and 7.3-2 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client(s), in one or more of the following instances:
 - (a) a \$150,000.00 loan on or about September 7, 2019 from AA Corp. to CC Corp.;
 - (b) a \$167,750.00 loan on or about January 2, 2020 from AA Corp. to CC Corp.; and
 - (c) a \$200,000.00 loan on or about March 14, 2022 from AA Corp. to DD Corp.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

3. Between approximately December 2021 and October 2023, you acted in a conflict of interest when you caused AA Corp., a company in which you had a direct or indirect financial interest, to enter into loan agreements with your client(s) or former client(s) EE and individuals or companies associated with them, contrary to one or more of rules 2.1-3(b), 3.4-1, 3.4-26.1, 3.4-28, 3.4-29, 3.4-34, 7.3-1, and 7.3-2 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client(s), in one or more of the following instances:
 - (a) a \$392,459.33 second mortgage on or about December 17, 2021, from AA Corp. to FF, EE's son;

- (b) a \$600,000.00 mortgage on or about August 5, 2022, from AA Corp. to GG Corp.; and
- (c) a \$930,000.00 mortgage on or about October 25, 2023 from AA Corp. to HH Corp. and GG Corp.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

4. Between approximately April 2021 and July 2022, in the course of representing your client II in two separate purchases of residential real estate property, you failed to obtain from the client and record information about the source of money, contrary to Rule 3-102(1) of the Law Society Rules.

This conduct constitutes professional misconduct or a breach of the *Act* or rules, contrary to section 38(4) of the *Legal Profession Act*.

5. Between approximately January 2021 and January 2023, you failed to maintain accounting records in compliance with the Law Society Rules (the “Rules”), and in particular you failed to do one or more of the following:
 - (a) maintain accounting records, including supporting documents, in legibly handwritten form, as required by Rule 3-67(3)(a) of the Rules;
 - (b) record transactions in accounting records in chronological order and in an easily traceable form, as required by Rule 3-67(5) of the Rules;
 - (c) maintain a book of entry or data source showing all trust transactions including the source and form of the funds received, the identity of the client on whose behalf trust funds are received or disbursed, and the name of each recipient of money out of trust, as required by Rule 3-68(a) of the Rules;
 - (d) maintain a trust ledger or other suitable system, showing separately for each client on whose behalf trust funds were received, all trust funds received and disbursed, and the unexpended balance, as required by Rule 3-68(b) of the Rules; and
 - (e) ~~maintain records showing each transfer of funds between clients’ trust ledgers including the name and number of both the source file and the destination file, and containing both an explanation of the purpose for which each transfer was made and your written approval of the transfer, as required by Rule 3-68(c) of the Rules; and~~

- (f) maintain the monthly trust reconciliations required under Rule 3-73, and any documents prepared in support of the reconciliations, contrary to Rule 3-68(d) of the Rules.

This conduct constitutes professional misconduct or a breach of the *Act* or Rules, pursuant to s. 38(4) of the *Legal Profession Act*.

[2] The Law Society is no longer seeking a finding that the Respondent acted contrary to rule 3-68(c) of the Rules, as per the Amended Citation.

PRELIMINARY MATTERS

Service of the Citation

[3] The Respondent was served with the citation on October 2, 2025 in accordance with the requirements of Rule 4-19 of the Law Society Rules.

[4] The Respondent was served with the Amended Citation on April 29, 2026 in accordance with Rule 4-19 of the Rules.

[5] As the requirements of Rule 5-6.1 have been met, the Hearing Panel may proceed with this hearing.

Notice to Admit and Response

[6] On May 7, 2026, the Law Society served a Notice to Admit (the “NTA”) on the Respondent by posting it on his member portal and notifying him of the same by email. In accordance with Rules 5-4.8(2) and 10-1(7.1), service of the NTA was deemed effective on May 8, 2026.

[7] The Respondent provided no Response to the NTA and thus, in accordance with Rule 5-4.8(7), the Respondent is deemed to have admitted all the facts set out in the NTA, and admitted the authenticity of the documents contained in the NTA.

[8] Accordingly, the facts set out in the NTA are proven facts, and the documents contained therein are authentic documents, for the purposes of this hearing.

Proceeding by way of a Single Panel Member

[9] On June 29, 2026 the Respondent brought an application in both this matter (HE2025011) and a separate matter concerning a citation issued against the Respondent on October 4, 2024 (HE20240013), seeking the following orders:

1. an Order to join the disciplinary action hearings of citations HE20250011 and HE20240013; and
2. an Order to have both citations heard by the same hearing panel that conducted the hearing for citation HE20240013.

[10] On July 20, 2026 counsel for the Law Society in HE20240013 filed a Motion Response opposing the Respondent's Motion, expressing concern that while HE20240013 had already concluded the facts and determination hearing, HE20250011 had yet to have a facts and determination hearing. Furthermore, one of the panel members for HE20240013, is no longer available to be appointed to new hearing panels.

[11] On July 29, 2026 the Respondent served a Reply to the Law Society's Motion Response (the "Reply"), within which the Respondent advised that all of the facts at issue had been admitted and further admitted that the misconduct as alleged in the Amended Citation constitutes professional misconduct.

[12] The Respondent's application was heard on July 30, 2026. Upon hearing the submissions of the parties and considering the Respondent's admissions of facts and professional misconduct, the motions adjudicator made the following orders:

1. Under Rule 5-2(2)(a), the facts and determination hearing in HE20250011 is to be set before a single Benchers panel.
2. The Respondent's Motion for joinder is adjourned to a date after the Decision on Facts and Determination in HE20250011 is released to the parties.

[13] This hearing in writing held on August 31, 2026 is the facts and determination hearing for HE20250011 arising from the Respondent's Motion.

[14] The NTA and the Reply comprise the entirety of the Law Society's evidence in this facts and determination phase of the hearing.

LEGAL ISSUES

[15] The issue to be determined by the Hearing Panel is whether the Respondent committed the conduct alleged in the Amended Citation, and, if so, whether that conduct constitutes professional misconduct pursuant to s. 38(4) of the *Legal Profession Act* (the "Act").

Onus and burden of proof

[16] In *Foo v. Law Society of British Columbia*, the British Columbia Court of Appeal confirmed that the Law Society carries the burden of proof to establish, on a balance of probabilities, the facts that it alleges constitute professional misconduct.¹ That evidence must be sufficiently clear, convincing and cogent.

Test for professional misconduct

[17] “Professional misconduct” is not a defined term in the *Act*, the Rules, or the *Code*.

[18] The test for whether conduct constitutes professional misconduct was established in *Law Society of BC v. Martin* as “whether the facts as made out disclose a marked departure from that conduct the Law Society expects of its members.”² Such a finding does not require behaviour that was disgraceful or dishonourable.³

[19] The *Martin* “marked departure” test is an objective one; a hearing panel must consider the appropriate standard of conduct expected of a lawyer and then determine if the lawyer falls markedly below that standard.⁴ The test has been accepted by subsequent hearing panels, and was affirmed by a review panel in *Law Society of BC v. Lawyer 12*⁵ and the British Columbia Court of Appeal in *Foo*.⁶

[20] In determining the appropriate standard expected of lawyers, a panel must bear in mind the requirements of the *Act*, the Rules, and the *Code*, and then consider the duties and obligations that a lawyer owes to a client, to the court, to other lawyers and to the public in the administration of justice. Each case will turn on its particular facts.⁷

[21] The presence of good faith intentions (*bona fides*) will not excuse conduct that is otherwise professional misconduct under this test. Similarly, bad faith intentions (*mala fides*) are not a necessary ingredient to prove professional misconduct.⁸ Culpability is only required in the sense that the lawyer must be responsible for the conduct that is the marked departure.⁹

¹ *Foo v. Law Society of British Columbia*, 2017 BCCA 151 at para. 63.

² *Law Society of BC v. Martin*, 2005 LSBC 16 at para. 171.

³ *Martin* at paras. 152-154.

⁴ *Law Society of BC v. Sangha*, 2020 LSBC 03, at paras. 65-67.

⁵ *Law Society of BC Lawyer 12*, 2011 LSBC 35.

⁶ *Foo* at paras. 52-57.

⁷ *Law Society of BC v. Kim*, 2019 LSBC 43 at para. 45.

⁸ *Law Society of BC v. Guo*, 2023 LSBC 28 at para. 36.

⁹ *Law Society of BC v. Harding*, 2014 LSBC 52 at paras. 76 and 79.

REVIEW OF KEY FACTS

[22] The facts established by the NTA are set out below. The Law Society submits that these facts satisfy the burden of proof and meet the test for professional misconduct.

Respondent's background

[23] The Respondent was called and admitted as a member of the Law Society of British Columbia on August 1, 1986.

[24] Since approximately August 1986, the Respondent has practised law as a sole practitioner through the law firm "Edwin Soon Law Office" in Vancouver, BC (the "Firm").

[25] In January 2020, the Respondent transitioned from working full-time to working part-time.

[26] The Respondent practises primarily in the area of residential real estate.

[27] At the time material to the Amended Citation, the Respondent or the Firm operated the following accounts:

- (a) Bank 1 Trust Account;
- (b) Bank 2 Trust Account;
- (c) Bank 3 Trust Account; and
- (d) Bank 4 Trust Account.

(collectively, the "Firm's Trust Accounts").

Background facts

[28] In 2023, the Trust Assurance Department of the Law Society conducted an audit of the accounting records of the Firm for the period January 1, 2021 to January 20, 2023 (the "Audit").

[29] As a result of the Audit, the Law Society investigated the Respondent's conduct (the "Investigation"), and Ally Wang, an investigative accountant with Investigations, Monitoring & Enforcement (the "Investigator") was assigned the file.

[30] Some of the documents provided by the Respondent during the Audit and Investigation were printed on the reverse side of previously used paper.

[31] The Respondent provided hand-written client trust ledgers during the Audit and Investigation. The client trust ledgers were manually cut into ledger card sizes.

[32] On January 20, 2025, the Respondent was interviewed by the Investigator and Mandana Namazi, Manager –Investigations, Monitoring and Enforcement of the Law Society (the “Interview”).

[33] The Respondent brought documents to the Interview.

The Companies

[34] The Respondent operates two companies: JJ Corp. and AA Corp. (together, the “Companies”). The Respondent uses the Companies to issue loans to clients. The loans are often secured by second mortgages.

JJ Corp.’s history

[35] JJ Corp. was incorporated in March 2013. The Respondent’s address has been the registered and records office for JJ Corp. since its inception.

[36] JJ Corp. was funded with seed capital of \$500,000 from KK. KK was the Respondent’s father. KK subsequently contributed an additional \$4,000,000 to JJ Corp.

[37] At the time of JJ Corp.’s inception, KK was JJ Corp.’s sole shareholder and the Respondent was the sole director. Subsequently, the Respondent ceased to be JJ Corp.’s director and was replaced by KK.

[38] KK passed away on March 11, 2018. On March 9, 2018, 100 per cent of JJ Corp.’s shares were transferred from KK to the Respondent (the “JJ Corp. Share Transfer”).

[39] LL is a friend of the Respondent and LL rents office space from the Respondent. Shortly after the JJ Corp. Share Transfer, LL replaced KK as JJ Corp.’s Director.

[40] LL is not paid as JJ Corp.’s Director. LL is not involved in JJ Corp.’s operations. LL has no beneficial interest in JJ Corp. LL signs all documents given to him by the Respondent regarding JJ Corp. without any question.

[41] The Respondent is responsible for all of JJ Corp.’s operations. The Respondent has functional control of JJ Corp.

[42] JJ Corp. has been the Respondent’s client since its inception. JJ Corp. does not have its own bank account. The Respondent uses the Firm’s Trust Accounts to receive and disburse funds for JJ Corp.

[43] The Respondent records some of the funds received to and disbursed from the Firm's Trust Accounts for JJ Corp. on client trust ledger #22127. The first entry on client trust ledger #22127 is dated April 12, 2022.

[44] Client trust ledger #22127 does not contain all the funds received to or disbursed from the Firm's Trust Accounts for JJ Corp., and funds moved through the Firm's Trust Accounts for JJ Corp. prior to April 12, 2022.

[45] The Respondent sometimes records trust transactions for JJ Corp. on client trust ledgers that belong to other clients. The Respondent used his own discretion in choosing which client trust ledger to track funds for JJ Corp.

[46] JJ Corp. is not registered as a mortgage broker pursuant to the *Mortgage Brokers Act*, RSBC 1996, c 313.

AA Corp.'s history

[47] AA Corp. was incorporated in June 2019. The Respondent's address has been the registered and records office for AA Corp. since its inception.

[48] AA Corp. was funded with seed capital from JJ Corp. and the Respondent personally.

[49] Since AA Corp.'s incorporation, the Respondent has been AA Corp.'s sole shareholder and LL has been AA Corp.'s sole Director.

[50] LL is not paid as AA Corp.'s Director. LL is not involved in AA Corp.'s operations. LL has no beneficial interest in AA Corp.

[51] The Respondent is responsible for all of AA Corp.'s operations. The Respondent has functional control of AA Corp. LL signs all documents given to him by the Respondent regarding AA Corp. without any question.

[52] AA Corp. has been the Respondent's client since its inception.

[53] Prior to March 2023, the Respondent used the Firm's Trust Accounts to receive and disburse funds for AA Corp. In March 2023, the Respondent opened a bank account for AA Corp. in response to a Law Society audit.

[54] The Respondent records some of the funds received to and disbursed from the Firm's Trust Accounts for AA Corp. on client trust ledger #22152. The first entry on client trust ledger #22152 is dated November 8, 2022.

[55] Client trust ledger #22152 does not contain all the funds received to or disbursed from the Firm's Trust Accounts for AA Corp., and funds moved through the Firm's Trust Accounts for AA Corp. prior to November 8, 2022.

[56] The Respondent sometimes records trust transactions for AA Corp. on client trust ledgers that belong to other clients. The Respondent used his own discretion in choosing which client trust ledger to track funds for AA Corp.

[57] At some point after AA Corp.'s incorporation, the Respondent stopped issuing new loans from JJ Corp. and started funding all new loans through AA Corp.

[58] AA Corp. is not registered as a mortgage broker pursuant to the *Mortgage Brokers Act*, RSBC 1996, c 313.

Client Ledger #21166 – MM

[59] In the fall of 2021, the Respondent acted for MM in the refinancing of a residential real estate property (the "MM Refinancing"). The Respondent maintained client trust ledger #21166 for the MM Refinancing (the "MM Trust Ledger").

[60] The Respondent used the MM Trust Ledger to record transactions that were unrelated to MM (the "Unrelated MM Trust Ledger Entries"). The Respondent used the MM Trust Ledger to record the Unrelated MM Trust Ledger Entries as he was too lazy to separate the transactions out into separate ledgers.

The MM Refinancing

[61] On November 17, 2021 the Respondent received mortgage proceeds of \$1,144,000 from Bank 3 into the Bank 3 Trust Account for the MM Refinancing (the "MM Refinancing Funds").

[62] The Respondent recorded the MM Refinancing Funds to the MM Trust Ledger with the description "Received from [Bank 3] Mortgage Funds". The Respondent did not record in the MM Trust Ledger into which bank account the MM Refinancing Funds were deposited.

[63] On November 18, 2021, the Respondent disbursed \$620,072.41 of the MM Refinancing Funds from the Bank 3 Trust Account to a credit union by cheque #2094 (the "Bank 3 Cheque").

[64] The Respondent incorrectly dated the November 18, 2021 MM Trust Ledger entry for the Bank 3 Cheque as “November 17, 2021”, and incorrectly referenced Bank 3 Cheque as “#2093.”

[65] The Bank 3 Cheque represented mortgage payout funds. The Bank 3 Cheque cleared the bank on the same day.

[66] On November 17, 2021, the Respondent moved \$521,062.06 of the MM Refinancing Funds from the Bank 3 Trust Account to the Bank 4 Trust Account by cheque #2092.

[67] On November 17, 2021, the Respondent disbursed \$495,326.74 of the MM Refinancing Funds to MM by cheque #2167 from the Bank 4 Trust Account (the “MM Cheque”).

[68] After the Bank 3 Cheque and the MM Cheque cleared the Firm’s Trust Accounts, there was \$28,600.85 of the MM Refinancing Funds left in trust (“MM’s Refinancing Remainder”).

[69] One or both of the Companies provided a loan or loans to NN, MM’s brother, which, in November 2021, were in arrears (“NN’s Arrears”).

[70] During the Interview, the Respondent advised the Investigator that MM orally instructed him to use the MM’s Refinancing Remainder to pay down NN’s Arrears.

The November 19, 2021 Transfer

[71] On November 19, 2021, \$33,000 was deposited to the Bank 4 Trust Account (the “November 19, 2021 Transfer”) from the Respondent’s Bank 1 Trust Account via trust cheque #6631.

[72] The Respondent recorded the November 19, 2021 Transfer to the MM Trust Ledger with the description “Received from Lender mtge”.

[73] The November 19, 2021 Transfer was unrelated to MM.

[74] The November 19, 2021 Transfer was preceded on the same day by a return of \$33,000 to the payor and then a subsequent re-deposit of \$33,000 (the “Return/Re-Deposit”).

[75] The Return/Re-Deposit was not recorded in the MM Trust Ledger.

[76] The Respondent provided no legal services in relation to the November 19, 2021 Transfer.

[77] The November 19, 2021 Transfer was to fund a new loan from JJ Corp.

The OO Loan

[78] On November 19, 2021, JJ Corp. loaned \$40,000 to OO by cheque #2169 from the Bank 4 Trust Account (the “OO Loan”). The OO Loan was financed using funds from the November 19, 2021 Transfer and the MM’s Refinancing Remainder.

[79] The OO Loan was recorded to the MM Trust Ledger. The OO Loan was unrelated to MM.

[80] The Respondent was unable to provide any documentation related to the OO Loan to the Law Society during the Investigation.

[81] The Respondent treated OO as though OO had a line of credit with JJ Corp. (the “OO Line of Credit”). By way of the OO Line of Credit, OO could obtain funds up to a maximum of \$462,000.

[82] The OO Loan accessed a portion of the OO Line of Credit.

[83] To obtain access to the OO Line of Credit funds, OO would call the Respondent and ask for the funds.

[84] The Respondent did not provide any legal services in relation to the OO Line of Credit or in relation to the OO Loan.

[85] The OO Loan was recorded to the MM Trust Ledger because the Respondent was being lazy.

The November 22, 2021 Transfer

[86] On November 22, 2021, \$5,958.33 was transferred into the Bank 4 Trust Account (the “November 22, 2021 Transfer”). EE was a borrower of JJ Corp. and the November 22, 2021 Transfer was an interest payment to JJ Corp. from EE.

[87] The Respondent did not provide any legal services in relation to the November 22, 2021 Transfer.

[88] The November 22, 2021 Transfer was recorded to the MM Trust Ledger with the description “Received from EE [illegible]”. The November 22, 2021 Transfer was unrelated to MM.

The PP Loan

[89] On January 10, 2022, JJ Corp. loaned \$15,195 to PP (the “PP Loan”). The funds for the PP Loan were disbursed from the Bank 4 Trust Account by trust cheque #2198.

[90] The PP Loan was recorded to the MM Trust Ledger with the description “Paid to [PP] mtge”. The PP Loan was unrelated to MM.

[91] The Respondent did not provide any legal services in relation to the PP Loan. The Respondent was unable to provide any documentation related to the PP Loan to the Law Society during the Investigation.

[92] The Respondent treated PP as though PP had a line of credit with JJ Corp. (the “PP Line of Credit”). By way of the PP Line of Credit, PP could obtain funds up to a maximum of \$378,000. The PP Loan accessed a portion of the PP Line of Credit.

[93] To obtain access to the PP Line of Credit funds, PP would call the Respondent and ask for the funds.

The Property Tax Payment

[94] On January 20, 2022, the Respondent caused JJ Corp. to pay \$6,366.74 for property taxes on a property owned by JJ Corp. (the “Property Tax Payment”). The Property Tax Payment was made from the Bank 4 Trust Account by Cheque #2122 and payable to a municipality.

[95] The Respondent did not provide any legal services in relation to the Property Tax Payment.

[96] The Property Tax Payment was recorded to the MM Trust Ledger with the description “[Municipality] Taxes”. The Property Tax Payment was unrelated to MM.

The Garbage Disposal Fee Payment

[97] On February 2, 2022, the Respondent caused JJ Corp. to pay \$2,054.31 for a garbage disposal fee on a property managed by JJ Corp. (the “Garbage Disposal Payment”).

[98] The Garbage Disposal Payment was made from the Bank 4 Trust Account by Cheque #2221 to FG Corp.

[99] The Respondent did not provide any legal services in relation to the Garbage Disposal Payment.

[100] The Garbage Disposal Payment was recorded to the MM Trust Ledger with the description "Paid to [FG Corp.] Inv". The Garbage Disposal Payment was unrelated to MM.

The NN Transactions

[101] NN is a long-time borrower of one or both of the Companies.

[102] NN has been a client of the Respondent since at least 2018.

[103] NN owns or controls CC Corp. and DD Corp.

[104] The loans provided by one or both of the Companies include:

- (a) CC Corp. borrowed \$150,000 from AA Corp. on or about September 7, 2019, and NN acted as the guarantor;
- (b) CC Corp. borrowed \$167,750 from AA Corp. on or about January 2, 2020, and NN acted as the guarantor;
- (c) DD Corp. borrowed \$200,000 from AA Corp. on or about March 14, 2022, and NN acted as the guarantor (the "DD Corp. Loan"); and
- (d) NN borrowed \$300,000 from one or both of the Companies.

(collectively, the "NN Loans")

[105] The Respondent acted for the Companies in the NN Loans.

[106] The Respondent did not disclose his financial interest in JJ Corp. or in AA Corp. to NN before facilitating loans between these parties.

[107] During the time material to the Citation, NN, or companies owned or controlled by NN, had multiple loans with one or both of the Companies that were in arrears.

[108] In January 2022, the Respondent represented NN in the refinancing of a residential property in client matter #22101 (the "NN Refinancing").

[109] NN was the borrower and QQ Corp. was the lender in the NN Refinancing.

[110] During the Investigation, the Respondent provided his paper client file for the NN Refinancing to the Law Society.

[111] On January 20, 2022, the Respondent recorded the receipt of the NN Refinancing funds on client trust ledger #22101 (the “NN Trust Ledger”) with the description “Received from Foundation Law”.

[112] As part of the NN Refinancing, on or about January 20, 2022 the Respondent paid out three mortgages, none of which were held by the Companies (the “Mortgage Payouts”).

[113] On January 20, 2022, the Respondent recorded the Mortgage Payouts, as well as a payment to GH Corp. and a payment to NN, on the NN Trust Ledger.

[114] As of February 2, 2022, the Respondent had \$16,332.66 left in trust on the NN Refinancing (the “Refinancing Remainder”).

[115] On March 2, 2022, March 29, 2022, and April 7, 2022, further payments from NN were deposited into the Respondent’s Bank 4 Trust Account and recorded on the NN Trust Ledger, though no legal services were provided in connection with the receipt of these payments.

[116] Neither NN, CC Corp. or DD Corp. had independent legal representation for the NN Loans.

[117] The Respondent did not require NN, CC Corp. or DD Corp. to obtain independent legal advice prior to entering into the NN Loans.

[118] The Respondent’s file materials do not contain:

- (a) details as to what, if any, information was disclosed to NN about the Respondent’s relationship with the Companies;
- (b) any indication NN was advised of a potential conflict of interest;
- (c) a written recommendation that NN obtain independent legal advice; or
- (d) a written record of NN’s consent for the Respondent to continue to act in light of the potential conflict.

[119] The Respondent did not disclose and explain to NN the nature of the conflict of interest present with respect to the NN Loans and one or both of the Companies, prior to facilitating the loans.

[120] The Respondent did not recommend or require that NN obtain independent legal advice before facilitating the NN Loans.

[121] The Respondent did not make a written record of NN's or the Companies' consent for the Respondent to continue to perform legal services with respect to the NN Loans in light of the potential conflict of interest.

The EE Transactions

[122] EE owns or controls HH Corp. and GG Corp.

[123] In February 2022, the Respondent acted for EE, HH Corp. and GG Corp. in the refinancing of four residential real estate properties (the "EE Refinancing") in client matter #22014.

[124] HH Corp. and GG Corp. were the borrowers and a credit union was the lender in the EE Refinancing.

[125] During the Investigation, the Respondent provided his paper client file for the EE Refinancing to the Law Society.

[126] The funds received and disbursed in the EE Refinancing were recorded on client trust ledger #22104 and the client name on the ledger was "EE" (the "EE Ledger").

[127] On February 10, 2021, the Respondent received \$567,159.05 into trust from a law corporation acting for the credit union on the EE Refinancing. On February 11, 2021, the Respondent disbursed \$489,577.31 from the EE Refinancing to EE's personal bank account by direct deposit.

[128] EE has been a client of the Respondent since 2010.

[129] The loans provided by one or both of the Companies include:

- (a) \$392,459.33 mortgage to FF, EE's son, on or about December 2021;
- (b) \$600,000 mortgage to GG Corp. on or about August 2022; and
- (c) \$930,000 second mortgage to HH Corp. and GG Corp. on or about October 2023.

(the “EE Loans”)

[130] The Respondent represented the Companies in the EE Loans.

[131] The Respondent did not disclose his financial interest in JJ Corp. or in AA Corp. to EE before facilitating loans between these parties.

[132] Neither EE, FF, HH Corp., or GG Corp. had independent legal representation for the EE Loans.

[133] The Respondent’s file materials do not contain:

- (a) details as to what, if any, information was disclosed to EE or FF about the Respondent’s relationship with the Companies;
- (b) any indication EE or FF was advised of a potential conflict of interest;
- (c) a written recommendation that EE or FF obtain independent legal advice; or
- (d) a written record of EE’s consent for the Respondent to continue to act in light of the potential conflict.

[134] The Respondent did not disclose and explain the nature of the conflict of interest present with respect to the EE Loans and one or both of the Companies prior to facilitating the loans.

[135] The Respondent did not recommend or require that EE or FF obtain independent legal advice before facilitating the EE Loans.

[136] The Respondent did not make a written record of EE’s or the Companies consent for the Respondent to continue to perform legal services with respect to the EE Loans in light of the potential conflict of interest.

The II Transactions

[137] Between April 2021 and July 2022, the Respondent acted for II in the purchase of two residential homes.

April 2021 Purchase

[138] The Respondent acted for II in an April 2021 purchase of a residential real estate property in client matter #21116 (the “II April 2021 Purchase”).

[139] During the Investigation, the Respondent provided his paper client file for II #21116.

[140] The purchase price in the II April 2021 Purchase was \$1,410,000.

[141] The Respondent received \$1,436,593.67 for the II April 2021 Purchase, which was deposited on April 22, 2021, into the Bank 4 Trust Account in three separate bank drafts, consisting of::

- (a) a \$25,000 bank draft from “RR” (the “RR Bank Draft”);
- (b) a \$75,000 bank draft from “SS” (the “SS Bank Draft”); and
- (c) a \$1,336,593.67 bank draft from “TT” (the “TT Bank Draft”).

[142] The Respondent wrote on the image of the RR Bank Draft “Friend of TT (DAD), source – savings account”. This note was undated.

[143] The Respondent wrote on the image of the SS Bank Draft “Friend of Father (owed money lent from Father) source savings account”. This note was undated.

[144] The Respondent wrote on the image of the TT Bank Draft “April 22 2021 source of funds TT (DAD) Father’s savings, income & investment (Delivered by UU)”.

[145] The Respondent recorded the RR Bank Draft and the SS Bank Draft together as a \$100,000 lump sum in client trust ledger #21116, with the description “received from [II] buyers”.

[146] The Respondent recorded the TT Bank Draft in client trust ledger #21116, with a description that used ditto marks referencing the prior description of “received from [II] buyers”.

[147] The Respondent did not obtain and record information about the source of the \$25,000 that RR contributed to the April 2021 Purchase, other than to make an undated note on the RR Bank Draft saying it was from a “savings account”.

[148] The Respondent did not obtain and record information about the source of the \$75,000 that SS contributed to the April 2021 Purchase, other than to make an undated note on the SS Bank Draft saying it was from a “savings account”.

July 2022 Purchase

[149] In July 2022, the Respondent acted for II in a private purchase of a residential real estate property in client matter #22137 (the “II July 2022 Purchase”).

[150] The purchase price in the II July 2022 Purchase was \$4,100,000.

[151] The Respondent received \$4,229,045.92 for the II July 2022 Purchase, which was deposited into the Bank 4 Trust Account in six separate receipts, consisting of:

- (a) a \$200,000 cheque from “Woodwind Law Office” deposited June 23, 2022;
- (b) a \$2,090,000 bank draft from “TT/VV” deposited July 4, 2022;
- (c) a \$1,900,000 bank draft from II deposited July 4, 2022;
- (d) a \$29,872 bank draft from “SS” deposited July 4, 2022;
- (e) \$4,000 deposited July 4, 2022; and
- (f) \$5,173.92 from “UU” deposited July 5, 2022.

(collectively, the “July 2022 Purchase Payments”)

[152] UU was the real estate agent for the II July 2022 Purchase.

[153] The Respondent recorded the July 2022 Purchase Payments in client trust ledger #22137.

[154] Client trust ledger #22137 did not correctly identify who made the July 4, 2022 and July 5, 2022 deposits to the Bank 4 Trust Account, but stated they were “Received from II”.

[155] Prior to the II July 2022 Purchase, the Respondent was informed by UU that the II July 2022 Purchase was a family purchase.

[156] The Respondent cannot remember everyone he met and communicated with in respect to the II July 2022 Purchase.

[157] The Respondent did not obtain and record information regarding the source of the July 2022 Purchase Payments. The Respondent did not record information about the source of the July 2022 Purchase Payments on any of the bank drafts he received for the II July 2022 Purchase.

[158] The Respondent did not make inquiries about and record II’s relationship with the individuals who provided the funds for the II July 2022 Purchase.

Further Trust Accounting Issues

[159] The Law Society conducted compliance audits of the Firm in 2014 and 2019.

[160] During the Respondent's 2019 compliance audit, the Respondent was advised of issues with his trust accounting records relating to Rules 3-58.1, 3-67 and 3-68 of the Law Society Rules, among others.

[161] Some of the issues with the Respondent's trust accounting records during the Respondent's 2019 compliance audit were also found in the Audit.

Legibility & Traceability

[162] The Respondent maintained handwritten client trust ledgers and trust account journals; multiple entries in these trust accounting records were not legible.

[163] The Respondent failed to record transactions in an easily traceable form.

[164] The Respondent often recorded deposits of multiple cheques as one lump sum amount on the client trust ledger. The Respondent recorded the RR Bank Draft and the SS Bank Draft together as a \$100,000 lump sum in client trust ledger #21116, with a "Doc #" of "D 352568".

[165] The April 5, 2022 EE Transfer, which was comprised two direct deposits of \$5958.33 and \$200 to the Bank 4 Trust Account, was recorded as a lump sum deposit of \$6,158.33 to the NN Trust Ledger.

[166] In client matter #22148, the Respondent recorded a lump sum deposit of \$1,064,000 dated October 13, 2022 in the client trust ledger for #22148 with the description "received from BMO Mtge" (the "\$1,064,000 Amount").

[167] The \$1,064,000 Amount consisted of two deposits of \$1061.00 and \$3,000 to the Bank 4 Trust Account on October 13, 2022.

[168] The Respondent used abbreviations in his trust accounting records, which made it difficult to trace transactions. The Respondent sometimes failed to include sufficient detail in his trust accounting records, which made it difficult to trace transactions.

[169] The Respondent's client trust ledgers for the following client matters contains writing that is not legible or transactions that are difficult to trace:

- (a) #20136 for client matter WW Corp.;
- (b) #21170 for client matter XX;

- (c) #22113 for client matter YY; and
- (d) #22116 for client matter ZZ.

Incomplete Trust Book of Entry

[170] The Respondent maintained a handwritten Trust Receipts and Disbursement Journal for the Bank 4 Trust Account (the “Bank 4 Trust Book of Entry”) in which he recorded trust transactions for the Bank 4 Trust Account.

[171] The Respondent did not record all the trust transactions for the Bank 4 Trust Account in the Bank 4 Trust Book of Entry.

[172] The following cheques were withdrawn from the Bank 4 Trust Account but were not recorded in the Bank 4 Trust Book of Entry:

- (a) Bank 4 Trust Cheque #2218, dated February 1, 2022, payable to “AB Corp.,” in the amount of \$6,825.00, and negotiated February 10, 2022, was not recorded in the Bank 4 Trust Book of Entry;
- (b) Bank 4 Trust Cheque #2245, dated February 28, 2022, payable to “Fortis BC – Natural Gas”, in the amount of \$5,600.00, and negotiated March 18, 2022, was not recorded in the Bank 4 Trust Book of Entry; and
- (c) Bank 4 Trust Cheque #2246, dated February 28, 2022, payable to “Fortis BC – Natural Gas”, in the amount of \$350.00, and negotiated March 1, 2022, was not recorded in the Bank 4 Trust Book of Entry.

[173] The Bank 4 Trust Book of Entry had four transactions in May 2022 and two transactions in September 2022 that had incomplete dates.

[174] On October 4, 2022, the Respondent recorded a \$2,048,452.87 trust deposit in Bank 4 Trust Book of Entry with the description “Received from buyers-funds” (the “October 4, 2022 Deposit”). The Bank 4 Trust Book of Entry did not reflect that the October 4, 2022 Deposit consisted of three separate deposits items for three separate client matters.

[175] The Bank 4 Trust Book of Entry did not identify the individuals who provided the July 4, 2022 deposits for the II July 2022 Purchase, but merely described them as “[II] Buyers”:

Trust Ledgers Separate for Each Client

[176] Some of the Respondent's client trust ledgers contained transactions for more than one client.

The MM Trust Ledger

[177] The MM Trust Ledger contained transactions for NN that were unrelated to the MM client matter #21166.

[178] On May 30, 2022 the Respondent transferred \$32,000 from the Bank 3 Trust Account to the Bank 4 Trust Account via Bank 3 Trust Account cheque #2104 (the "May 30, 2022 \$32,000 Transfer". The \$1,000 of the May 30, 2022 \$32,000 Transfer was funds held for JJ Corp., and the remainder was to fund another loan from JJ Corp.

[179] The \$31,000 remainder of the May 30, 2022 \$32,000 Transfer was recorded as a debit/payment in client matter #22121, BC Corp. & JJ Corp.

[180] The Respondent recorded a payment of \$1,000 to the MM Trust Ledger with the description "Paid to Soon Trust Mtge" (the "May 30, 2022 Entry"). The May 30, 2022 Entry was unrelated to MM.

[181] On September 1, 2022, the Respondent paid \$179 from the Bank 3 Trust Account to CD Corp. by cheque #2113 (the "CD Corp. Payment").

[182] During the Investigation, the Respondent was unable to provide the Law Society with any documentation with respect to the CD Corp. Payment. The Respondent believes that the CD Corp. Payment was an insurance binder cost for a private loan by JJ Corp.

[183] The Respondent recorded the CD Corp. Payment to the MM Trust Ledger with the description "Paid to CD Corp. [illegible]". The CD Corp. Payment was unrelated to MM.

[184] On September 1, 2022 the Respondent paid \$30 from the Bank 3 Trust Account to DE Corp. (the "DE Corp. Payment") by Cheque #2114.

[185] During the Investigation, the Respondent was unable to provide the Law Society with any documentation with respect to the DE Corp. Payment. The Respondent believes that the DE Corp. Payment was an insurance binder cost for a private loan by JJ Corp.

[186] The Respondent recorded the DE Corp. Payment to the MM Trust Ledger with the description "Paid to [DE Corp.] insur". The DE Corp. Payment was unrelated to MM.

[187] On September 9, 2022 the Respondent paid \$1,615 from the Bank 3 Trust Account to EF Corp. (the “EF Corp. Payment”) by cheque #2115.

[188] During the Investigation, the Respondent was unable to provide the Law Society with any documentation with respect to the EF Corp. Payment. The Respondent believes that the EF Corp. Payment was a broker fee for a second mortgage granted by JJ Corp.

[189] The Respondent recorded the EF Corp. Payment to the MM Trust Ledger with the description “Paid to [EF Corp.] Broker Fees”. The EF Corp. Payment was unrelated to MM.

[190] At some point after December 12, 2022, the Respondent separated the MM Trust Ledger into two trust ledgers, #21166 for MM (the “New MM Trust Ledger”) and #21166A for JJ Corp. (the “#21166A Trust Ledger”).

[191] The Respondent separated the MM Trust Ledger into the New MM Trust Ledger and the #21166A Trust Ledger after he received a letter from the Law Society questioning the transactions in the MM Trust Ledger.

The NN Trust Ledger

[192] The NN Trust Ledger contained transactions for EE.

[193] The Bank 4 Trust Book of Entry records that on April 5, 2022, EE direct deposited \$5958.33 and \$200 to the Bank 4 Trust Account, for a total of \$6,158.33 (the “April 5, 2022 EE Transfer”). The April 5, 2022 EE Transfer was recorded to the NN Trust Ledger. The April 5, 2022 EE Transfer was unrelated to NN.

[194] The Bank 4 Trust Book of Entry records that on May 26, 2022, EE direct deposited \$6,058.33 to the Bank 4 Trust Account (the “May 26, 2022 EE Transfer”). The May 26, 2022 EE Transfer was recorded to the NN Trust Ledger. The May 26, 2022 EE Transfer was unrelated to NN.

[195] The Bank 4 Trust Book of Entry records that on May 27, 2022, EE direct deposited \$10,829.00 to the Bank 4 Trust Account (the “May 27, 2022 EE Transfer”).

[196] The May 27, 2022 EE Transfer was recorded to the NN Trust Ledger, with the description “Received from debtor mtge”. The NN Trust Ledger did not identify which debtor the May 27, 2022 EE Transfer came from. The May 27, 2022 EE Transfer was unrelated to NN.

The Out of Order Transaction Records

[197] The MM Trust Ledger contains a transaction dated May 30, 2022 for \$1,000 described as “Transfer from [Bank 3] trust account to [Bank 4] trust account” (the “May 30, 2022 Entry”). The May 30, 2022 entry in the MM Trust Ledger is recorded among the November 17, 2021 entries.

[198] In the MM Trust Ledger, the CD Corp. Payment of September 1, 2022 is recorded among the November 17, 2021 entries.

[199] In the MM Trust Ledger, the DE Corp. Payment of September 1, 2022 is recorded after the September 9, 2022 entry.

Inaccurate Monthly Trust Reconciliations

[200] The February 28, 2022 Bank 4 Trust Account monthly trust reconciliation shows the “balance per bank statement” is \$933,125.22.

[201] The February 28, 2022 Bank 4 Trust Account monthly trust reconciliation shows the total trust assets on February 28, 2022 is \$883,312.39.

[202] The actual ending balance for the Bank 4 Trust Account on February 28, 2022 was \$972,463.47.

[203] The February 28, 2022 Bank 4 Trust Account monthly trust reconciliation shows the client liability listings for client matter #20136 is \$1,283.33.

[204] The client trust ledger for client matter #20136 shows a balance of \$76,743.10 at February 28, 2022.

[205] The September 30, 2022 Bank 4 Trust Account monthly trust reconciliation shows the “balance per bank statement” as \$583,980.95.

[206] The September 30, 2022 Bank 4 Trust Account monthly trust reconciliation shows “total trust liabilities on September 30, 2022” to be \$565,949.96.

[207] The balance for the Bank 4 Trust Account on September 30, 2022 was \$587,980.95.

[208] The Bank 4 Trust Book of Entry ending balance for September 30, 2022 was \$565,949.96.

ALLEGATION 1 – USE OF TRUST ACCOUNT WITHOUT LEGAL SERVICES

Applicable law

[209] Rule 3-58.1 of the Rules prohibits a person from permitting funds to be deposited to or withdrawn from a trust account unless the funds are directly related to legal services provided by the lawyer or law firm.

[210] Rule 3-60(4) of the Rules prohibits a lawyer from depositing into a pooled trust account any funds other than trust funds, funds that are fiduciary property, or funds received as a retainer for services as a mediator, arbitrator, or parenting coordinator.

[211] To maintain public confidence in the profession, a trust account must only be used for the legitimate commercial purpose of which it was established; it must “not be used as a convenient conduct.”¹⁰

[212] In *Law Society of BC v. Daignault*, the panel set out the gatekeeper obligation on counsel with respect to trust accounts, stating:

It has long been understood that lawyers must guard against potential misuse of their trust accounts precisely because solicitor-client privilege applies to lawyers’ trust transactions for clients. The principle that a lawyer’s trust account should only be used in connection with the lawyer’s legal work for the client is the profession’s basic firewall against the abusive use of trust accounts. *Skogstad* facts affirmed the importance of maintaining this firewall.¹¹

[213] In *Law Society of BC v. Wang*, the panel provided guidance regarding the definition of legal services, adopting the definition of the Federation of Law Societies, in its February 19, 2019 Guidance to the Legal Professional (what would become Rule 3-58.1 in British Columbia):

... “legal services” generally means “the application of legal principle and legal judgment to the circumstances or objectives of a person or entity.” ...¹²

[214] In *Law Society of BC v. Alfonso*, the panel noted the importance of strict compliance with the trust accounting rules:

The rules strictly prohibit use of a trust account to receive and disburse funds in the absence of the provision of legal services. Strict compliance with the trust

¹⁰ *Law Society of BC v. Gurney*, 2017 LSBC 15, at para. 79.

¹¹ *Law Society of BC v. Daignault*, 2020 LSBC 18, at para. 66.

¹² *Law Society of BC v. Wang*, 2024 LSBC 42 at para. 50.

accounting rules is necessary to ensure protection of the public. Trust accounts are a tool for use in protecting client interests across a variety of transactions; they are not for the personal use of lawyers.¹³

[215] In *Daignault*, the panel found that the respondent ought to have known that he was professionally obliged not to permit his trust account to be used for transactions that were unconnected to legal work and had done so improperly. The panel proceeded to find that the failure to provide any substantial legal services in connection with the relevant trust transactions was part and parcel of professional misconduct in respect of those transactions.¹⁴

[216] Recently, in *Law Society of BC v. Soon*, the panel noted that given that lawyer's trust accounts are not subject to the same scrutiny as other types of holding accounts, these accounts can be used more easily to hide illegal funds and transactions. Improper use of these unique accounts degrades public confidence and risks the continued protection of solicitor client privilege in monetary transactions. The need for compliance with the Rules in this regard has been described as "basic firewall" against abuse.¹⁵

Application to the facts

[217] The Respondent has admitted to using his trust accounts in each of the transactions in Schedule A of the Amended Citation, while not providing substantial legal services.

[218] The Respondent utilized his trust accounts as a personal bank account and a conduit to facilitate his own lending business through the Companies. He would provide lending service and funds to clients, directly from his trust accounts.

[219] Furthermore, the Respondent made a practice of utilizing his trust account for funds not directly related to legal services, including paying taxes and waste management fees. Such funds are not properly trust funds.

[220] I find that these admissions are sufficient to establish the factual elements underlying this allegation.

[221] To maintain public confidence in the profession, and guard against the potential misuse of trust accounts by reason of the privilege that applies to any transactions therein, strict compliance with the trust accounting rules is required.¹⁶

¹³ *Law Society of BC v. Alfonso*, 2022 LSBC 32 at para. 80.

¹⁴ *Daignault* at para. 70.

¹⁵ *Law Society of BC v. Soon*, 2026 LSBC 5 (*Soon #1*) at para. 56.

¹⁶ *Alfonso* at para. 80.

[222] The Respondent admitted that he did not provide any legal services in relation to each of the transactions listed in Schedule A of the Amended Citation. The Respondent's failure to provide any directly related legal services in connection with those trust transactions is a marked departure from expected conduct when considering all of the circumstances of his conduct in respect of those transactions.

[223] I find that the Respondent admitted conduct is in breach of Rules 3-58.1 and 3-60(4) and raises to the level of professional misconduct in respect of those transactions.

ALLEGATION 2 & 3 – THE RESPONDENT'S BREACH OF HIS DUTY OF LOYALTY

[224] The lawyer-client relationship is a fiduciary one and, as such, the lawyer has a duty of loyalty to the client. This must be respected to maintain public confidence in the integrity of the profession and the administration of justice.¹⁷

[225] Section 1.1 of the *Code* defines "client" as a person who:

- (a) consults a lawyer and on whose behalf the lawyer renders or agrees to render legal services; or
- (b) having consulted the lawyer, reasonably concludes that the lawyer has agreed to render legal services on their behalf.

[226] The *Code* contains the following provisions with respect to a lawyer's duty of loyalty to clients:

...

2.1-3 ... (b) A lawyer should disclose to the client all the circumstances of the lawyer's relations to the parties and interest in or connection with the controversy, if any that might influence whether the client selects or continues to retain the lawyer. A lawyer must not act where there is a conflict of interests between the lawyer and a client or between clients.

...

3.4-1 A lawyer must not act or continue to act for a client where there is a conflict of interest, except as permitted under this Code.

¹⁷ *Code* r. 3.4-1, Commentary [5-6]

3.4-2 A lawyer must not represent a client in a matter when there is a conflict of interest unless there is express or implied consent from all clients and the lawyer reasonably believes that he or she is able to represent each client without having a material adverse effect upon the representation of or loyalty to the other client.

(a) Express consent must be fully informed and voluntary after disclosure.

(b) Consent may be inferred and need not be in writing where all of the following apply:

(i) the client is a government, financial institution, publicly traded or similarly substantial entity, or an entity with in-house counsel;

(ii) the matters are unrelated;

(iii) the lawyer has no relevant confidential information from one client that might reasonably affect the other; and

(iv) the client has commonly consented to lawyers acting for and against it in unrelated matters.

...

3.4-5 Before a lawyer is retained by more than one client in a matter or transaction, the lawyer must advise each of the clients that:

(a) the lawyer has been asked to act for both or all of them;

(b) no information received in connection with the matter from one client can be treated as confidential so far as any of the others are concerned; and

(c) if a conflict develops that cannot be resolved, the lawyer cannot continue to act for both or all of them and may have to withdraw completely.

...

3.4-26.1 A lawyer must not perform any legal services if there is a substantial risk that a lawyer's loyalty to or representation of a client would be materially and adversely affected by the lawyer's

(a) relationship with the client, or

(b) interest in the client or the subject matter of the legal services.

...

3.4-28 Subject to this Code rule, a lawyer must not enter into a transaction with a client unless the transaction is fair and reasonable to the client, the client consents to the transaction and the client has independent legal representation with respect to the transaction.

3.4-29 Subject to rule 3.4-30, if a client intends to enter into a transaction with his or her lawyer or with a corporation or other entity in which the lawyer has an interest other than a corporation or other entity whose securities are publicly traded, before accepting any retainer, the lawyer must

- (a) disclose and explain the nature of the conflicting interest to the client or, in the case of a potential conflict, how and why it might develop later;
- (b) recommend and require that the client receive independent legal advice; and
- (c) if the client requests the lawyer to act, obtain the client's consent.

...

3.4-34 If a lawyer lends money to a client, before agreeing to make the loan, the lawyer must:

- (a) disclose and explain the nature of the conflicting interest to the client;
- (b) require that the client receive independent legal representation; and
- (c) obtain the client's consent.

[227] The *Code* outlines the scope of the bright line rule as articulated by the Supreme Court of Canada:

The bright line rule prohibits a lawyer or law firm from representing one client whose legal interests are directly adverse to the immediate legal interests of another client even if the matters are unrelated unless the clients consent.¹⁸

[228] Importantly, the burden rests upon the lawyer to show good faith, that adequate disclosure was made, and that the client's consent was obtained.¹⁹

¹⁸ *Code*, r. 3.4-1, Commentary [1-2]; see also *R v. Neil*, 2002 SCC 70 at para. 29.

¹⁹ *Code*, r. 3.4-29, Commentary [3].

[229] Furthermore, the *Code* contains the following provisions with respect to a lawyer's duties when they have outside interests:

7.3-1 A lawyer who engages in another profession, business or occupation concurrently with the practice of law must not allow such outside interest to jeopardize the lawyer's professional integrity, independence or competence.

7.3-2 A lawyer must not allow involvement in an outside interest to impair the exercise of the lawyer's independent judgment on behalf of a client.

[230] In *Law Society of BC v. Weiser*, the panel found that the respondent had acted in a conflict of interest when he performed legal services to lender clients, in which he had a financial interest, while simultaneously representing the borrower(s) of the transaction.²⁰ The respondent also acted for both parties to such transactions without:

1. advising his clients he had a financial interest in the lending company;
2. advising his clients that the lending company was also a client;
3. disclosing the nature of the conflicting interest or potential conflict;
4. requiring that his clients obtain independent legal advice in relation to the transaction;
5. obtaining his clients consent to his joint representation of both parties;
6. explain the impact of such joint representation on confidential information between the parties.²¹

[231] In *Weiser*, the panel concluded that the respondent's actions in representing multiple parties in a conflict of interest were a marked departure from that conduct reasonably expected of lawyers and hence found the respondent's conduct constituted professional misconduct.²²

[232] In *Soon #1*, involving the same respondent as this matter and similar conduct, the panel found that circumstances where a lawyer is acting as counsel for both borrowers and lenders, while having an interest in the parties' transactions, is a clear conflict of interest. The panel went on to note that, even if informed consent had been obtained, the respondent would have been prohibited from acting for both parties to the transaction. In such circumstances, the failure to fulfill the duties of loyalty to the clients required by the

²⁰ *Law Society of BC v. Weiser*, 2023 LSBC 10 at para. 126.

²¹ *Weiser* at paras. 84-85.

²² *Weiser* at para. 128.

Code to disclose the conflict and obtain informed consent from the clients is a marked departure from what is reasonably expected of lawyers, and will constitute professional misconduct.²³

Application to the facts

[233] The Respondent has admitted that, at the material times, NN, EE, and companies associated with them, were clients of the Firm.

[234] The Respondent has admitted to acting for both JJ Corp. and AA Corp., companies he had a financial interest in, as lender, and NN and EE, as borrowers.

[235] I find that the Respondent engaged in all of the aforementioned lending transactions in the absence of complete disclosure of his interest in JJ Corp. and AA Corp., written consent to act in a conflict, and without requiring that NN, EE, or companies associated with them obtain independent legal advice.

[236] In *Weiser*, the respondent:

1. acted for the borrowers and lenders in the same transaction, in the absence of consent of the client; and
2. lent money to clients through a company that he held a beneficial interest in, and did not advise of the clients of that interest, nor obtain their consent to act in a conflict.²⁴

[237] On those facts, the panel found that the respondent acted in a conflict of interest in each matter by performing legal services to lender clients while simultaneously representing each borrower in the described transactions including, on three occasions, acting as counsel to a company in which the respondent had a financial interest.²⁵ The panel concluded that the respondent's actions in representing multiple parties in these circumstances when in conflict of interest were a marked departure from conduct reasonably expected of lawyers and, accordingly, the respondent's conduct constituted professional misconduct.²⁶

[238] I find that the Respondent's conduct in acting notwithstanding conflicts of interest, without providing complete disclosure, obtaining written consent, or requiring independent legal advice, is a clear violation of his obligations governing his duty of

²³ *Soon #1* at para. 53.

²⁴ *Weiser* at para. 125.

²⁵ *Weiser* at para. 126.

²⁶ *Weiser* at para. 128.

loyalty to his clients. The Respondent did not uphold any of the safeguards imposed on counsel when entering into transactions with clients, and such conduct represents a marked departure from the conduct that the Law Society expects of its members and constitutes professional misconduct.

ALLEGATION 4 – THE RESPONDENT’S FAILURE TO OBTAIN CLIENT VERIFICATION

Applicable Law

[239] The Rules outline the following requirements in counsel’s trust accounting records:

3-102 (1) When a lawyer provides legal services in respect of a financial transaction, the lawyer must

(a) obtain from the client and record, with the applicable date, information about the source of money; and

(b) verify the identity of the client using documents or information described in subrule (2).

[240] The purpose of the Law Society’s client identification and verification rules was described by the panel in *Law Society of BC v. Wilson*:

...The goal is to ensure that the legal profession does not become an inadvertent participant in the improper processing of laundered money and that the fraud of identity theft is not aided and abetted by lawyers.²⁷

[241] In *Wilson*, the lawyer left blank trust cheques for his non-lawyer staff to sign, permitting staff to disburse funds without the lawyer’s signature and without properly verifying the identity of non-resident clients. Each of these transgressions was found to be professional misconduct.

[242] In *Law Society of BC v. Lo*, the lawyer represented a non-resident client in a real estate transaction without taking necessary steps to verify the client’s identity despite having no face-to-face contact. The lawyer admitted this failure amounted to professional misconduct.²⁸

²⁷ *Law Society of BC v. Wilson*, [2019 LSBC 25](#) at para. 21.

²⁸ *Law Society of BC v. Lo*, 2020 LSBC 09.

Application to the facts

[243] Over the course of the II April 2021 Purchase and II July 2022 Purchase, the Respondent failed to obtain and record the source of funds for either of the transactions.

[244] By failing to obtain and record the source of funds for the transactions, the Respondent undermined the very purpose of the Law Society's CIV regime as outlined in *Wilson*; ensuring that he would not potentially become an inadvertent participant in improper processing of laundered money and that the fraud of identity theft is not aided and abetted by lawyers.²⁹

[245] I find that the admitted failures to obtain and record information about the source of the funds was in breach of Rule 3-102(1). This is a significant breach as the Respondent failed to obtain and record information relevant to determining if the source was legitimate and avoiding unwittingly aiding financial crime which could act to undermine public confidence in the integrity of the administration of justice. This conduct was admitted to be professional misconduct and I accept this admission and find the conduct in all the relevant circumstance was a marked departure that constituted professional misconduct.

ALLEGATION 5 – THE RESPONDENT'S FAILURE TO MAINTAIN TRUST ACCOUNTING RECORDS

Applicable law

[246] The Rules outline the following requirements in counsel's trust accounting records:

3-67 (3) A lawyer must maintain accounting records, including supporting documents in:

(a) legibly handwritten form, in ink or other duplicated or permanent form...

...

3-67 (5) A lawyer must record transactions in accounting records in chronological order and in an easily traceable form.

...

3-68 A lawyer must maintain at least the following trust account records:

²⁹ *Wilson* at para. 21.

(a) a book of entry or data source showing all trust transactions, including the following:

...

(ii) the source and form of the funds received;

(iii) (the identity of the client on whose behalf trust funds are received or disbursed);

...

(b) a trust ledger, or other suitable system, showing separately for each client on whose behalf trust funds have been received, all trust funds received and disbursed, and the unexpected balance;

...

(d) the monthly trust reconciliations required under Rule 3-73 [*Monthly trust reconciliation*], and any documents prepared in support of the reconciliations.

...

[247] There are several decisions where the breach of general accounting rules has constituted professional misconduct.

[248] In *Law Society of BC v. Smaill*, the respondent lawyer failed to maintain numerous accounting records, including the general account records listed in Rule 3-69. She was a sole practitioner in a non-computerized office and had no filing system and kept little to no records of any fund movement. There were no *mala fides* associated with the respondent lawyer's Rule breaches but those breaches resulted from her paying little to no attention to the administrative side of her practice. The panel found that each and every accounting Rules breach allegation was proven and, considered both individually and cumulatively, constituted professional misconduct.³⁰

[249] In *Soon*, the panel noted that where a lawyer's records are such that they must be re-created in order to trace or source funds, this can amount to a marked departure of what is reasonably expected and constitutes professional misconduct, and this is especially so when there are concurrent issues with proper use of trust accounts.³¹

³⁰ *Law Society of BC v. Smaill*, 2020 LSBC 14 cited in *Law Society of BC v. Weiser*, 2023 LSBC 32 at para. 136.

³¹ *Soon* at para. 59.

Application to the facts

[250] In each of the Respondent's aforementioned failures to maintain his trust accounting records, the Respondent fails to comply with each or some of the following:

1. maintaining his accounting records, including supporting documents, in legibly handwritten form;
2. record transactions in accounting records in chronological order and in an easily traceable form;
3. maintain a book of entry or data source showing all trust transactions including the source and form of the funds received, the identity of the client on whose behalf the trust funds were received or disbursed, and the name of each recipient of money out of trust; and
4. maintain a trust ledger or other suitable system, showing separately for each client on whose behalf trust funds were received, all trust funds received and disbursed, and the unexpended balance.

[251] Furthermore, the Respondent failed to maintain monthly trust reconciliations.

[252] In *Smaill*, forensic accountants had to do a re-creation of the respondent's books and records. The panel found that when books and records are in such a state of disarray, there can be no doubt that this constitutes a "marked" departure from what is expected, and therefore constituted professional misconduct, not only a breach of the Rules.³² Where there is overwhelming evidence of trust account abuse and mismanagement, the case for professional misconduct is compelling.³³

[253] In the recent *Soon* decision, the panel noted in finding professional misconduct arising from failure to maintain trust account records, that the allegations spanned years, and collectively hundreds of transactions. Furthermore, while there was no evidence of *mala fides*, or actual harm, the conduct was intentional and the respondent's own explanations for his conduct reflected a flagrant disregard for the basic accounting requirements. It was further noted that given the importance of lawyers' trust accounts, and the role that proper use of them plays in the public's confidence in the legal profession, such conduct was serious.³⁴

³² *Smaill* at para. 25.

³³ *Law Society of BC v. Sahota*, 2016 LSBC 29 at para. 55.

³⁴ *Soon* at para. 98.

[254] In this matter, I find that the conduct is egregious, expansive, and lasted a significant period of time. This conduct constitutes a marked departure and is thus professional misconduct.

ORDER

[255] I find that the Law Society has proven, and the Respondent has admitted, the facts underlying each of the allegations of the Amended Citation on a balance of probabilities. I find that the Respondent's conduct constitutes a marked departure from the conduct the Law Society expects of its members. Accordingly, I find that the Respondent has committed professional misconduct under section 38(4)(b)(i) of the *Act* with respect to allegations 1, 2, 3, 4 and 5 of the Amended Citation.