

LAW SOCIETY OF BRITISH COLUMBIA TRIBUNAL  
HEARING DIVISION

BETWEEN:

**LAW SOCIETY OF BRITISH COLUMBIA**

AND:

**WILLIAM LORNE MACDONALD**

RESPONDENT

**CITATION**

**TO: William Lorne Macdonald**  
c/o W.L. Macdonald Law Corporation  
409 - 221 West Esplanade  
North Vancouver, BC V7M 3J3

**AND TO: His Solicitor, Amy Peck**  
Whitelaw Twining Law Corporation  
#2400 - 200 Granville Street  
Vancouver, BC V6C 1S4

**TAKE NOTICE THAT** by direction of the Discipline Committee of the Law Society of British Columbia, a Hearing Panel of the Law Society will, at a date and time to be set, conduct a hearing to inquire into your conduct or competence as a member of the Law Society of British Columbia, in accordance with section 38 of the *Legal Profession Act*. Parts 4 and 5 of the Law Society Rules outline the procedures to be followed at the hearing. Your appearance before the Hearing Panel may be your only opportunity to present evidence, call witnesses or make submissions.

**The allegations against you are:**

**Conduct in relation to JM and KT**

*Assisting in, Encouraging, and/or Facilitating Dishonesty, Crime or Fraud*

1. On July 29, 2016, in a letter to Hong Kong counsel for your client, S Inc. f/k/a I Corp.,

responding to an inquiry from a securities regulator, you made representations that you knew or ought to have known were false or inaccurate, or both, contrary to one or more of rules 2.1-1(a), 2.1-3(e), 2.2-1, and 3.2-7 of the *Code of Professional Conduct for British Columbia*. In particular, you made one or both of the following representations:

- (a) that no emails between I Corp. and D Ltd., E Ltd., P Corp., or KT exist; and
- (b) that no agreements between I Corp. and D Ltd., E Ltd., P Corp., or KT exist.

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

2. Between approximately July 2012 and July 2018, in the course of acting for one or more of JM, KT and S Inc. f/k/a I Corp., you engaged in activities that you knew or ought to have known assisted in, encouraged, and/or facilitated dishonesty, crime or fraud, contrary to one or more of Chapter 4, Rule 6 of the *Professional Conduct Handbook* [prior to December 31, 2012] and rules 3.2-7 and 3.2-8 of the *Code of Professional Conduct for British Columbia* [from January 1, 2013], including, but not limited to, one or more of the following:

- (a) taking instructions from one or more of JM, KT, and/or related individuals and entities in objectively suspicious circumstances;
- (b) permitting funds to flow through your trust account in objectively suspicious circumstances and in the absence of legal services;
- (c) failing to make reasonable inquiries in the face of objectively suspicious circumstances, where you knew or ought to have known that your trust account was being used to facilitate unlawful or dishonest activity, and continuing to allow the use of your trust account for such activity; and
- (d) assisting one or more of JM, KT, and I Corp. in a fraudulent scheme to manipulate the securities market.

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

3. Between approximately July 2012 and July 2018, you failed to withdraw from representation of one or more of JM, KT and S Inc. f/k/a I Corp. in circumstances where you knew or ought to have known that you were assisting one or more of JM, KT, and I Corp. in fraud or other illegal conduct, contrary to one or both of Rule 3-102 [prior to July 1, 2015] and Rule 3-109 [from July 1, 2015] of the Law Society Rules.

This conduct constitutes professional misconduct or a breach of the Act or rules, pursuant

to section 38(4) of the *Legal Profession Act*.

*Trust Transactions in the Absence of Legal Services*

4. In the alternative to allegations 2 and 3, between approximately November 5, 2012 and September 19, 2017, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$16,972.45 CAD and \$112,243.75 USD, as set out in Schedule "A" (the "**I Corp. Transactions**") on behalf of S Inc. f/k/a I Corp., and you failed to do one or more of the following:
  - (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;
  - (c) make reasonable inquiries about the circumstances of the I Corp. Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
    - (i) your clients or other persons, or both;
    - (ii) the legal or beneficial ownership of property and business entities;
    - (iii) the subject matter and objectives of your retainer;
    - (iv) the nature and purpose of the I Corp. Transactions;
    - (v) the relationships between the parties and agents or intermediaries;
    - (vi) the reason for the payment of funds to or through your firm's trust accounts; and
  - (d) make a record of the results of any inquiries about the circumstances.

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

5. Between approximately January 30, 2009 and August 25, 2011, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$33,383.10 USD, as set out in Schedule "B" (the "**S Transactions**") on behalf of S Inc., and you failed to do one or more of the following:
  - (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;

- (c) make reasonable inquiries about the circumstances of the S Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
  - (i) your clients or other persons, or both;
  - (ii) the legal or beneficial ownership of property and business entities;
  - (iii) the subject matter and objectives of your retainer;
  - (iv) the nature and purpose of the S Transactions;
  - (v) the relationships between the parties and agents or intermediaries;
  - (vi) the reason for the payment of funds to or through your firm's trust accounts; and
- (d) make a record of the results of any inquiries about the circumstances.

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

6. Between approximately August 30, 2016 and July 9, 2018, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$121,171.75 CAD and \$807,907 USD, as set out in Schedule "C" (the "**M Transactions**") on behalf of M Ltd., and you failed to do one or more of the following:
- (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;
  - (c) make reasonable inquiries about the circumstances of the M Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
    - (i) your clients or other persons, or both;
    - (ii) the legal or beneficial ownership of property and business entities;
    - (iii) the subject matter and objectives of your retainer;
    - (iv) the nature and purpose of the M Transactions;
    - (v) the relationships between the parties and agents or intermediaries;
    - (vi) the reason for the payment of funds to or through your firm's trust accounts; and

- (d) make a record of the results of any inquiries about the circumstances.

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

7. Between approximately April 15, 2016 and March 30, 2017, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$1,525,421 USD, as set out in Schedule "D" (the "**C Transactions**") on behalf of C Corp., and you failed to do one or more of the following:
- (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;
  - (c) make reasonable inquiries about the circumstances of the C Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
    - (i) your clients or other persons, or both;
    - (ii) the legal or beneficial ownership of property and business entities;
    - (iii) the subject matter and objectives of your retainer;
    - (iv) the nature and purpose of the C Transactions;
    - (v) the relationships between the parties and agents or intermediaries;
    - (vi) the reason for the payment of funds to or through your firm's trust accounts; and
  - (d) make a record of the results of any inquiries about the circumstances.

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

8. Between approximately February 7, 2012 and April 27, 2017, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$35,000 CAD and \$159,975 USD, as set out in Schedule "E" (the "**E Transactions**") on behalf of E Corp., and you failed to do one or more of the following:
- (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;

- (c) make reasonable inquiries about the circumstances of the E Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
  - (i) your clients or other persons, or both;
  - (ii) the legal or beneficial ownership of property and business entities;
  - (iii) the subject matter and objectives of your retainer;
  - (iv) the nature and purpose of the E Transactions;
  - (v) the relationships between the parties and agents or intermediaries;
  - (vi) the reason for the payment of funds to or through your firm's trust accounts; and
- (d) make a record of the results of any inquiries about the circumstances.

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

9. Between approximately September 10, 2015 and March 27, 2020, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$50,000 CAD and \$478,720.75 USD, as set out in Schedule "F" (the "**X Transactions**") on behalf of X Inc., and you failed to do one or more of the following:
- (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons;
  - (b) provide any substantial legal services;
  - (c) make reasonable inquiries about the circumstances of the X Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
    - (i) your clients or other persons, or both;
    - (ii) the legal or beneficial ownership of property and business entities;
    - (iii) the subject matter and objectives of your retainer;
    - (iv) the nature and purpose of the X Transactions;
    - (v) the relationships between the parties and agents or intermediaries;
    - (vi) the reason for the payment of funds to or through your firm's trust accounts; and

(d) make a record of the results of any inquiries about the circumstances.

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

10. Between approximately October 15, 2012 and July 9, 2018, you failed to adequately supervise legal assistants, accountants, and other staff, such that funds were received or disbursed, or both, from your trust account on behalf of one or more of S Inc. f/k/a I Corp., M Ltd., C Corp., E Corp., and/or X Inc. without adequate documentation for the funds, or in the absence of any substantial legal services, or both, contrary to one or more of Chapter 12, Rules 1 and 3 of the *Professional Conduct Handbook* [up to December 31, 2012] and rules 6.1-1 and 6.1-3 of the *Code of Professional Conduct for British Columbia* [from January 1, 2013].

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

#### *Client Identification and Verification Requirements*

11. Between approximately January 2009 and August 2011, you failed to properly obtain, record and verify client identification information in relation to your client S Inc., contrary to one or more of Rules 3-93, 3-95, 3-96, 3-97, 3-98, 3-99, 3-100, then in force, of the Law Society Rules.

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

12. Between approximately October 15, 2012 and October 26, 2017, you failed to properly obtain, record and verify client identification information in relation to your client S Inc. f/k/a I Corp., contrary to one or more of Rules 3-93, 3-95, 3-96, 3-97, 3-98, 3-99, and 3-100 [prior to July 1, 2015] and Rules 3-100, 3-102, 3-103, 3-104, 3-105, 3-106, and 3-107 [from July 1, 2015] of the Law Society Rules.

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

13. Between approximately April 12, 2016 and March 30, 2017, you failed to properly obtain, record and verify client identification information in relation to your client C Corp., contrary to one or more of Rules 3-100, 3-102, 3-103, 3-104, 3-105, 3-106, and 3-107, then in force, of the Law Society Rules.

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

14. Between approximately August 2016 and July 2018, you failed to properly obtain, record and verify client identification information in relation to your client M Ltd., contrary to one or more of Rules 3-100, 3-102, 3-103, 3-104, 3-105, 3-106, and 3-107, then in force, of the Law Society Rules.

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

15. Between approximately May 2012 and February 2017, you failed to properly obtain, record and verify client identification information in relation to your client E Corp., contrary to one or more of Rules 3-93, 3-95, 3-96, 3-97, 3-98, 3-99, and 3-100 [prior to July 1, 2015] and Rules 3-100, 3-102, 3-103, 3-104, 3-105, 3-106, and 3-107 [from July 1, 2015] of the Law Society Rules.

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

16. Between approximately July 2017 and March 2020, you failed to properly obtain, record and verify client identification information in relation to your client X Inc., contrary to one or more of Rules 3-100, 3-102, 3-103, 3-104, 3-105, 3-106, and 3-107, then in force, of the Law Society Rules.

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

### **Conduct in relation to SM**

#### *Assisting in, Encouraging and/or Facilitating Dishonesty, Crime or Fraud*

17. Between approximately August 2011 and July 2019, in the course of acting for one or more of SM and U Corp., you engaged in activities that you knew or ought to have known assisted in, encouraged, and/or facilitated dishonesty, crime or fraud, contrary to one or more of Chapter 4, Rule 6 of the *Professional Conduct Handbook* [prior to December 31, 2012], rules 3.2-7 and 3.2-8 of the *Code of Professional Conduct for British Columbia* [from January 1, 2013], and Rule 3-58.1 of the Law Society Rules, including, but not limited to, one or more of the following:

- (a) taking instructions from one or both of SM and U Corp., and/or related individuals and entities, in objectively suspicious circumstances;
- (b) permitting funds to flow through your trust account in objectively suspicious circumstances and in the absence of legal services;



- (c) failing to make reasonable inquiries in the face of objectively suspicious circumstances, where you knew or ought to have known that your trust account was being used to obtain the proceeds of a fraudulent scheme to manipulate the securities market, and continuing to allow the use of your trust account for such activity; and
- (d) assisting one or both of SM and U Corp. in obtaining the proceeds of a fraudulent scheme to manipulate the securities market.

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

18. Between approximately August 2011 and July 2019, you failed to withdraw from representation of one or both of SM and U Corp. in circumstances where you knew or ought to have known that you were assisting one or both of SM and U Corp. in fraud or other illegal conduct, contrary to one or both of Rule 3-102 [prior to July 1, 2015] and Rule 3-109 [from July 1, 2015], of the Law Society Rules.

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

#### *Trust Transactions in the Absence of Legal Services*

19. In the alternative to allegations 17 and 18, between approximately August 18, 2011 and July 25, 2019, you used or permitted the use of your firm's trust accounts to receive and disburse some or all of \$250,015.00 CAD and \$646,061.53 USD, as set out in Schedule "G", on behalf of your client, SM (the "**M Transactions**"), and you failed to do one or more of the following:

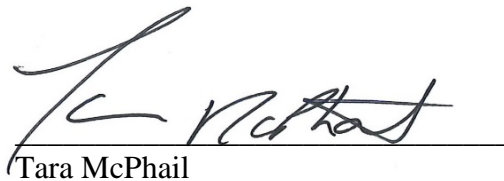
- (a) be on guard against becoming the tool or dupe of an unscrupulous client or other persons, in circumstances where you knew or ought to have known that SM may have participated in a market manipulation scheme, or that funds were not being disbursed for any genuine transaction, or both;
- (b) provide any substantial legal services;
- (c) make reasonable inquiries about the circumstances of the M Transactions and related client matters, including, but not limited to, one or more inquiries in relation to:
  - (i) your client or other persons, or both;
  - (ii) the legal or beneficial ownership of property and business entities;
  - (iii) the subject matter and objectives of your retainer;

- (iv) the nature and purpose of the M Transactions;
  - (v) the relationships between the parties and agents or intermediaries;
  - (vi) the source of funds received;
  - (vii) the purpose of the payment of the funds;
  - (viii) the reason for the funds going to or through your firm's trust accounts; and
- (d) make a record of the results of any inquiries about the circumstances.

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

**If you fail to appear at the hearing, the Hearing Panel may proceed with the hearing in your absence** and make any order that it could have made had you been present.

DATED at Vancouver, British Columbia, this 26th day of October, 2022.



Tara McPhail  
Director, Discipline and External Litigation  
The Law Society of British Columbia