

Citation: ***Law Society of British Columbia***  
***v. Hanson***  
2004 BCSC 825

Date: 20040611  
Docket: A842674  
Registry: Vancouver

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

Oral Reasons for Judgment  
The Honourable Mr. Justice Rice  
June 11, 2004

Between:

**The Law Society of British Columbia**

Plaintiff  
(Applicant)

And

**Leonard Hanson**

Defendant  
(Respondent)

Before: The Honourable Mr. Justice Rice

**Reasons for Judgment**

Counsel for Applicant

J.L. Owen

Counsel for Respondent

Appearing in person

**NATURE OF THE PROCEEDING**

[1] This is an application by the Law Society of British Columbia pursuant to Rule 56 and the Court's inherent jurisdiction for an order to punish the defendant Leonard Hanson for contempt of Court. It is alleged that Mr. Hanson deliberately disobeyed an Order of this Court dated October 16, 1984 (the "Injunction") which provided that:

The defendant, Leonard Hanson, be hereby restrained from engaging in the practice of law in British Columbia and from holding himself out in any way as being entitled or qualified to engage in the practice of law in British Columbia.

[2] The Law Society alleges six instances where Mr. Hanson engaged in the practice of law and held himself out as a lawyer in breach of the injunction, and flagrantly so.

[3] Mr. Hanson denies vigorously all the allegations with the exception of one for which he gave an explanation and apologized at the hearing. He says that the Law Society has no cogent evidence and has misled the Court and he maintains that since his disbarment, he has practiced as an immigration consultant scrupulously avoiding any of the work reserved for lawyers licenced under the *Legal Professions Act*, S.B.C. 1998, c. 9 (the "**Act**").

**BACKGROUND**

[4] Mr. Hanson, age 70, became a member of the Law Society in 1960. He was disbarred on January 28, 1983 for professional misconduct. The offences were serious. He breached undertakings by not paying out funds and he defrauded his law firm partners. The Law Society found that in all instances, his conduct was deliberate and not merely negligent. The resolution for disbarment was unanimous.

[5] In 1984, the Law Society, having discovered that Mr. Hanson was continuing to practice law, obtained the Injunction. It was granted by the Honourable Mr. Justice Lander on April 16, 1984 by consent.

**THE PRESENT APPLICATION**

[6] The present application is brought by notice of motion originally dated April 3, 2003 in the same proceeding as the Injunction. It is supported by several affidavits of complainants and staff of the Law Society. Mr. Hanson has defended with affidavits of his own and others.

[7] Both sides have confirmed to the Court that they were prepared to proceed and the matter did proceed and continued for two days commencing May 31, 2004. Mr. Hanson appeared on

his own behalf without counsel. Both he and counsel for the Law Society confirmed that they had considered and waived any right to cross-examination of the other's witnesses on their affidavits or to examinations for discovery. Documents had been exchanged and were filed as exhibits by consent.

[8] In an affidavit dated February 24, 2003, Carmel I. Wiseman deposed that the Law Society had an ongoing file concerning complaints about the unauthorized practice of law by Mr. Hanson and that he had been subject to numerous complaints since his disbarment.

[9] Mr. Hanson deposed that Ms. Wiseman had not disclosed all the findings of the Law Society investigators and that in fact the investigations had disclosed no conclusive evidence that he had acted in any way other than lawfully as an immigration consultant.

#### **PRACTICE OF LAW**

[10] Paragraph one of the **Act** defines "practice of law" to include:

- (a) appearing as counsel or advocate,
- (b) drawing, revising or settling
  - (i) a petition, memorandum or articles under the *Company Act*, or an application, statement,

affidavit, minute, resolution, bylaw or other document relating to the incorporation, registration, organization, reorganization, dissolution or winding up of a corporate body,

(ii) a document for use in a proceeding, judicial or extrajudicial,

(iii) a will, deed of settlement, trust deed, power of attorney or a document relating to a probate or letters of administration or the estate of a deceased person,

(iv) a document relating in any way to a proceeding under a statute of Canada or British Columbia, or

(v) an instrument relating to real or personal estate that is intended, permitted or required to be registered, recorded or filed in a registry or other public office,

- (c) doing an act or negotiating in any way for the settlement of, or settling, a claim or demand for damages,
- (d) agreeing to place at the disposal of another person the services of a lawyer,
- (e) giving legal advice,
- (f) making an offer to do anything referred to in paragraphs (a) to (e), and
- (g) making a representation by a person that he or she is qualified or entitled to do anything referred to in paragraphs (a) to (e)...

[11] Section 15 of the **Act** includes the following prohibitions:

- (1) No person, other than a practising lawyer, is permitted to engage in the practice of law, except

(a) a person who is an individual party to a proceeding acting without counsel solely on his or her own behalf,

...

(3) A person must not do any act described in paragraphs (a) to (g) of the definition of "practice of law" in section 1 (1), even though the act is not performed for or in the expectation of a fee, gain or reward, direct or indirect, from the person for whom the acts are performed, if

(a) the person is a member or former member of the society who is suspended or has been disbarred...

(4) A person must not falsely represent himself, herself or any other person as being

(a) a lawyer...

[12] the courts have found that the prohibition against unauthorized practice under legislation pursuant to injunctions have been breached when:

(a) the person takes information and transforms it into a divorce petition either by preparing the whole form or by filling in the blanks on a standard form:

**LSBC v. Burdeney**, (1996) 18 B.C.L.R. (3d) 327 (S.C.);

(b) a person has engaged in "performing simple incorporations for another by filling in the blanks for gain of any sort": **Law Society of B.C. v.**

**McLaughlin** (1992), 70 B.C.L.R. (2d) 235, [1992] B.C.J. No. 1300 (QL)(B.C.S.C.);

- (c) the person acted as registered and records office for a company, drew up minutes of directors and shareholders' meetings, and prepared special resolutions: **LSBC v. Siegel** (2000), 76 B.C.L.R. (3d) 381, [2000] B.C.J. No. 1123 (QL) (B.C.S.C.);
- (d) a person offers to invest in an estate settlement, drafting letters and advising regarding dealings with a lien and with the Workers' Compensation Board, providing advice regarding the appeal of a judgment, the use of forensic experts, settling a bill of costs, preparing an appearance; advising regarding incorporation and purchase of a restaurant; preparing documents, appearing as counsel, advising regarding family issues; advising regarding negotiation of settlements; providing tax avoidance advice; advising on the merits of claims, drafting Court documents, appearing as counsel; drafting bills of sale and lease assignment; and advising regarding purchase of business: **Law Society of British Columbia v. McLeod**(December 17, 1998), Vancouver Registry No. A952288 (B.C.S.C.).

[13] There is no exception to the prohibition and it is no answer to a complaint to say that the defendant disclosed that he was not a lawyer and could not give legal advice, or that he in one way or another made a disclaimer for whatever advice or service that was given. See *Law Society of British Columbia v. Blanchette*, [2003] B.C.J. No. 118 (QL), [2003] BCSC 89 at ¶ 34-35.

[14] In *Law Society of British Columbia v. Burdeney*, *supra*, the respondent deposed that he scrupulously avoided any suggestion that he was providing legal services. He maintained that his sole function was to provide people with a "do it yourself" divorce kit, and to serve process. On his forms, he had a disclaimer which read:

I DID NOT RECEIVE NOR DID I REQUEST LEGAL ADVICE, I UNDERSTAND THIS IS A DO IT YOURSELF SYSTEM. I REPRESENT MYSELF.

[15] The Court held that it is not a question of what disclaimer was made or what agreement was made between the two parties, as in *R. v. Engel* (1974), 29 C.C.C. (2d) 135 (Ont. P.C.) where the Court held that "One must look to see what services are being supplied..." and on *Burdeney's* own facts:

16 ...When the respondent prepared and processed forms which his clients assumed would have legal consequences, having held himself out as able to obtain divorces or incorporations, he exposed his

clients to the risk that their legal rights or interests might be compromised by his services.

17 ...Clearly, he equates what he does with what lawyers do. No doubt his clients would too. That is the peril his actions place those clients in.

18. I conclude the respondent's activities constituted the "practice of law". I grant the injunction requested on the terms sought...

The same reasoning was applied in *Law Society of British Columbia v. Lawrie* (1991), 59 B.C.L.R. (2d) 1, [1991] B.C.J. No. 2653 (QL)(B.C.C.A.) at pp. 8 - 10.

#### CONTEMPT

[16] The Court will exercise its power of contempt to uphold its dignity and process. Disobedience of Court orders undermines the rule of law.

[17] It is the Law Society's burden to prove that Mr. Hanson had knowledge of the Injunction and that he knowingly disobeyed it: *United Nurses of Alberta v. Alberta (A.G.)*, [1992] 1 S.C.R. 901, [1992] S.C.J. No. 37 (QL).

[18] It is not necessary to show that Mr. Hanson intended to be disrespectful of the Court or intended to disobey the Injunction. It is sufficient that he deliberately engaged in conduct that had the effect of disobeying the order:

To knowingly breach a Court order is to commit contempt of the Court. All that is necessary to establish the contempt is proof of deliberate conduct that has the effect of contravening the order; an intent to bring the Court into disrepute or to interfere with the due course of justice or with the lawful process of the Court is not an essential element of civil contempt: **R. v. Perkins** (1980), 51 C.C.C. (2d) 369 at 370-71 (B.C.C.A.)

**Topgro Greenhouses Ltd. v. Houweling** (2003), 35 C.P.C (5<sup>th</sup>) 313, [2003] B.C.J. No. 1382 (QL), 2003 BCCA at ¶ 6.

[19] The standard of proof for civil contempt is more than a balance of probabilities. It is proof beyond a reasonable doubt: see **United Nurses of Alberta v. Alberta (A.G.)**, *supra* and **Vance v. Vance**, [1984] B.C.J. No. 2827 (QL) (B.C.S.C.).

[20] Strict compliance with Rule 56 will be required; otherwise the application will usually be dismissed: see **Claggett v. Claggett** [1945], 3 D.L.R. 414 (B.C.C.A.).

## THE INCIDENTS

### A. Rob Daniel

[21] Rob Daniel dealt with Mr. Hanson in 1994/1995. At the suggestion of a friend, Mr. Bernard Mannas, he was referred to Mr. Hanson in about 1994. At first he recalled Mr. Mannas saying that Mr. Hanson was a very knowledgeable lawyer. Later, he conceded that he was not sure whether that was said,

but he had the impression from the beginning that Mr. Hanson was indeed a lawyer.

[22] Mr. Daniel, although not certain as to what he had been told, was very certain that Mr. Hanson had never discussed with him whether or not he was a lawyer. He had been informed that Mr. Hanson had helped Mr. Mannas solve his divorce issues and he assumed from that and from what he saw of Mr. Hanson, that he was a lawyer.

[23] Mr. Hanson challenged Mr. Daniel's credibility as to his alleged belief because Mr. Daniel had never come to see Mr. Hanson at an office, only at his home. To this, Mr. Daniel replied that yes, seven or eight occasions he met with Mr. Hanson were at his house. He said that:

On each occasion, as I approached Mr. Hanson's house, I could see through his front window into his living room, where we met. On each occasion, there were other people in Mr. Hanson's living room speaking to him. I would wait in my car or outside until the people with Mr. Hanson (different people on each occasion) were finished meeting with him. When the people left, they always would have files with them. ...it appeared to me that Mr. Hanson conducted interviews and meetings in his living room. I assumed at the time and believed that these other individuals were meeting with Mr. Hanson for assistance with legal problems, as I was.

[24] He went to Mr. Hanson for advice about two properties that he had purchased but which later he found to have been fraudulently misrepresented to him as to their value.

[25] On his first meeting with Mr. Hanson on November 7, 1994, Mr. Hanson asked that Mr. Daniel give him his files, which he did, and the next day, Mr. Hanson met him again and assured him that he would get him "out of this mess". He then asked for \$200 to cover costs, which Mr. Daniel paid. He suggested that the realtor be contacted and be threatened with legal proceedings for fraud.

[26] A week later, Mr. Hanson came to Mr. Daniel's home and asked for a further \$80 and at that time presented him with a letter addressed to the realtor to be signed and sent by Mr. Daniel himself. Subsequently, Mr. Hanson similarly presented Mr. Daniel with letters addressed to the real estate company as well as the real estate board and CMHC.

[27] Months later when none of these had yielded any results, Mr. Hanson advised Mr. Daniel to commence action through Small Claims Court, and he delivered to Mr. Daniel a form of statement of claim and asked for \$50 for the service. Mr. Daniel gave him \$42 which was all he had at the time.

[28] On August 3, 1995, Mr. Daniel terminated Mr. Hanson's services and asked for the return of his files. He subsequently sued and obtained default judgment against Mr. Hanson for the \$462 that he says he paid in total for Mr. Hanson's services.

[29] Mr. Hanson answered these allegations with his own affidavit. Without, at first, denying that Mr. Daniel had paid him for any work, he pointed out that Mr. Daniel had not produced receipts for the alleged payments and argued that Mr. Daniel's records of the payments, diary entries on the dates of payment, were unreliable. In his submissions, Mr. Hanson stated, not under oath, that Mr. Daniel had paid him nothing.

[30] Mr. Hanson deposed that Mr. Daniel's depiction of events was "entirely fabricated and in error and inconsistent with the exhibits to the said affidavit..."

[31] Mr. Hanson said that Mr. Daniel, when he first met him, was confused and lacking in knowledge and expertise regarding real estate matters. He said that Mr. Daniel told him that he already had a lawyer. He said that he told Mr. Daniel that he himself was not a lawyer and could not represent him in court, but that he held a real estate license and had been employed by Block Brothers Realty Ltd., and was trained by them.

Therefore, he would be able to examine Mr. Daniel's files and then offer an opinion.

[32] In reply to Mr. Hanson, Mr. Daniel deposed that:

I deny completely that I was confused, lacking in knowledge or lacking in experience with respect to real estate matters and I do not believe I appeared to be so. In 1994, I had almost 15 years experience investing in real estate.

[33] Mr. Hanson conceded that he did discuss with Mr. Daniel his documents and that he proposed letters on his behalf, the understanding being that Mr. Daniel could then take any replies to his solicitor.

[34] Mr. Hanson says that he repeatedly informed Mr. Daniel that he could not take his case to Court but that Mr. Daniel would have to instruct his existing lawyer to do so.

[35] Mr. Hanson acknowledged Mr. Daniel's default judgment but alleged that he was not properly served. He also denied that he drafted the statement of claim that Mr. Daniel mentioned.

[36] Mr. Daniel denied that he advised Mr. Hanson of having retained another lawyer. The fact is that there was such a lawyer who had been involved in the original real estate transactions. He suggested that Mr. Hanson may have

discovered this from the documents he saw, but it was not something he discussed with Mr. Hanson.

[37] Mr. Daniel, with the aid of notes that he said he took at meetings on November 8 and November 10, 1994 with Mr. Hanson, deposed that Mr. Hanson advised him that there may have been "fraud of over \$8,000" in the transaction, and that the matter could be more difficult as a result. At the same time, he explained to Mr. Daniel the significance of a letter from CMHC and how it would strengthen his case. He told Mr. Daniel that he was going to use that statement to threaten the real estate agent and the agent's boss. He rejected Mr. Hanson's denial that he had drafted the statement of claim.

[38] In a final affidavit, Mr. Hanson had deposed that he would not have acted on behalf of Mr. Daniel because he knew Mr. Daniel to have conspired with the vendor on the sale of the lots to falsify and inflate the purchase price in order to obtain high ratio CMHC mortgages. He agreed, however, only to write the letters, and that was because Mr. Daniel himself was unskilled in communicating by letter.

[39] He argued that the matter could not be very serious since the Law Society did not notify him of the complaint until he reapplied for reinstatement to the Law Society in about 2001 or 2002. No action was taken upon until after that.

[40] I am satisfied that in his dealings with Mr. Daniel, Mr. Hanson engaged in the practice of law and held himself out as a qualified lawyer. This is evident from the letters that he composed for Mr. Daniel as well as the statement of claim which, by Mr. Hanson's own evidence, Mr. Daniel was not capable of writing himself.

[41] Interestingly, Mr. Hanson in his affidavit did not go so far as he did in his submissions to say that Mr. Daniel paid him nothing for his work. He only said that there was no proof of payment. I accept Mr. Daniel's evidence on the point.

[42] With the fact that Mr. Hanson prepared the statement of claim and the letters of demand, and by his advice to Mr. Daniel on the transactions, a reasonable person would likely have been persuaded to believe that Mr. Hanson was a lawyer and I find that Mr. Hanson deliberately intended to raise that belief by his conduct. He would surely have anticipated the impression and he fed the impression by not clarifying his status and thereby concealing the truth.

**B. Divorce for Cherilyne Paquet**

[43] Ms. Paquet says that she contacted Mr. Hanson by telephone at the suggestion of Mr. Hanson's wife whom she knew

from work and who said that her husband was a lawyer and could help her with her divorce. On June 20, 2001, she met with Mr. Hanson. He told her that immigration and not divorce law was his area, but that he could help by preparing all the necessary documents and then have a lawyer named Mark Thompson attend to the actual court appearance. She gave him \$400 to start work.

[44] On July 5, 2001 they had a second meeting where she gave him another \$400 and he had her sign a writ of summons and statement of claim that he had prepared. The following month, he had her sign revised versions of the same documents, and in November, he prepared an affidavit for substituted service for her to sign. In December 2001, she found out that he was not a lawyer and she terminated his services.

[45] Ms. Paquet does not recall him personally saying that he was a lawyer, but he acted as if he were one, and never indicated otherwise.

[46] Mr. Hanson denies that he ever indicated that he was a lawyer. He deposed that he did not prepare the pleadings; Ms. Paquet brought the writ of summons and statement of claim to him asking that he file it as her agent. The only work that he did, he says, was to revise the documents to meet registry requirements. He concedes that he retyped the

original documents (which she had prepared with all the errors) and he retyped four of the exhibits which he said she originally prepared. He noted that the originals came from "Self Counsel Press". This, I would infer, was to suggest that she as a lay person would be more likely than he to use that service.

[47] Mr. Hanson deposed that she had heard from a lawyer that the cost of locating her husband would be up to \$5,000. Mr. Hanson only offered to help locate the husband at a substantially lower cost, and nothing more, except to file the divorce documents.

[48] Ms. Paquet responded in a second affidavit saying that Mr. Hanson's allegation that she prepared the writ of summons and statement of claim was a blatant falsehood. She deposed that she had never purchased "Self Counsel Press" documents. She noted that in separate places one of her names was misspelled, something that she would not have done, particularly twice. She denied that there was any limited form of retainer. She wanted a divorce and asked him if he could do it, and that is what he accepted and that is what she thought he would do.

[49] Ms. Paquet deposed that she paid Mr. Hanson \$800 for her divorce plus \$1,456 for the divorce of her friend Leslie

Olson. On the cheques for her divorce, she had put the notation "re: Divorce" and on the cheques for Mr. Olson's divorce, she had noted "re: Leslie's divorce".

[50] Mr. Hanson deposed that this notation must have been inserted on the cheques after they had cleared because they had not been there when he received them. Ms. Paquet flatly rejected this saying that she was certain that she put the notations on the cheques when she made them out. Mr. Olson supported this in an affidavit saying that he had seen her write cheques, and had seen that she would normally put a notation as to the purpose on each of them.

[51] Mr. Hanson admitted that he prepared the affidavit for her. With that and his own evidence that he at least retyped and corrected the statement of claim and writ of summons, and discussed the whole matter with Ms. Paquet, I find that he was engaged in the practice of law.

[52] Further, I do not accept his evidence wherever it conflicts with Ms. Paquet's. I find that he and not she prepared the pleadings. I do not believe that she attempted the deception which he attributes to her of putting the "re: Divorce" notation on her cheques after they were returned.

**C. Leslie Olson**

[53] Mr. Olson was the fiancé of Ms. Paquet. He asked Mr. Hanson to help him with his divorce and also for arrangements for custody and access for his two children. Coincidentally, Mr. Olson's wife had initiated their divorce proceedings.

[54] According to Mr. Olson, Mr. Hanson said that he would help, but he would stay in the background preparing documents and giving advice, and in that way, Mr. Olson would be charged less and his wife would not get the idea that Mr. Olson could afford a lawyer and so demand more money from him.

[55] Mr. Hanson earlier admitted that he received a total of \$1,456 from Ms. Paquet, although, again, he did not admit that he intended it to be for legal services.

[56] Mr. Hanson deposed that he advised Mr. Olson that he was not a member of the Law Society and that he continually told Mr. Olson to hire Mr. Thompson. Mr. Hanson's plan, as in the other cases, was to characterize to his work as essentially clerical. In this case, he realized that the evidence against him was too strong. He had prepared for Mr. Olson an appearance, statement of defence, counterclaim, three affidavits, a separation agreement, a Form 89 financial

statement and notice of motion. He also prepared a total of nine letters for Mr. Olson to sign and send to his wife's lawyer.

[57] As regards to his alleged declaration to Mr. Olson, Mr. Olson replied that "I deny completely and absolutely that Mr. Hanson at any time advised me to retain a 'practicing lawyer'. I thought Mr. Hanson was a lawyer." As to Mr. Hanson's allegations that he continually advised Mr. Olson to retain Mark Thompson, Mr. Olson's response was "this is blatantly untrue".

[58] At trial, Mr. Hanson conceded that the work he had done for Mr. Olson constituted practice of law, but he emphasized that uppermost in his mind was Mr. Olson's family and the wellbeing of his children.

[59] I accept the evidence of Mr. Olson and find that Mr. Hanson was engaged in the practice in law with the advice and services that he provided to Mr. Olson and also held himself out to be a lawyer to Mr. Olson by exhibiting lawyerly conduct that he exhibited to the others.

**D. Bernice Hitzroth**

[60] Ms. Hitzroth is Ms. Paquet's 59 year old mother. She had to move in with Ms. Paquet in 2001 because she was waiting for

a settlement from her deceased common law husband's estate. She had hired a lawyer to help her.

[61] In September 2001, frustrated that she had not received anything yet, she wrote down several questions for her lawyer. For some reason she also desired to hear Mr. Hanson's opinion, so she gave the questions to her daughter to take to Mr. Hanson. She knew that Mr. Hanson was acting for her daughter on her divorce and thought he was a lawyer.

[62] According to Ms. Paquet, Mr. Hanson looked at the questions and he told her that Ms. Hitzroth should have received her money from the estate by then and that possibly her lawyer was not acting appropriately. He said he would look into it and asked for the mother to provide him with a number of documents.

[63] When Ms. Hitzroth heard this, she declined because she thought it unnecessary. A few days later, according to Ms. Paquet, Mr. Hanson asked her for \$40 to perform a title search for Ms. Hitzroth and she gave it to him. Mr. Hanson later gave her a memo and the title search and an estimate of the money to which he thought her mother was entitled, and he again told her that her mother's lawyer was acting inappropriately. Mr. Hanson asked Ms. Paquet to tell her mother that he wanted to go to VanCity Credit Union to make

some enquiries about her mother's joint accounts with her late husband.

[64] Ms Hitzroth reluctantly agreed and they went to VanCity Credit Union and discovered, as she expected, that the money remained frozen as before. Mr. Hanson told her that she would be entitled to one-half of the money in the estate as well as one-half of the proceeds of the sale of the property which she and her late husband owned together. He told her that her lawyer was playing a game for which he could be disbarred.

[65] In October 2001, Ms. Hitzroth met Mr. Hanson again and he gave her several documents which he had obtained not at her request, and he told her that he had researched her legal rights and reassured her that she was entitled to half of her ex-husband's estate.

[66] On or about October 31, 2001, Mr. Hanson gave Ms. Hitzroth a letter addressed to her lawyer which he had prepared for her to sign and send. The letter dealt in some considerable detail with concerns raised by Mr. Hanson and it suggested that the lawyer was negligent. It instructed the lawyer to turn over his files to her.

[67] Ms. Hitzroth sent the letter, but did not pick up the files immediately because the lawyer responded with an

explanation that caused her to hesitate. Mr. Hanson prodded her with two further letters for her lawyer. She says she signed and sent one, but not the other.

[68] In December 2001, Ms. Paquet and Mr. Olsen fired Mr. Hanson and soon afterwards Mr. Hanson sent a letter to Ms. Hitzroth, claiming that Ms. Paquet and Mr. Olsen had involved her in a fraudulent scheme by incorporating a company in her name in order to avoid paying income tax and spousal maintenance. He advised that she too would be liable as a participant in the scheme.

[69] There followed a series of communications initiated by Mr. Hanson wherein he continued to denigrate Ms. Hitzroth's daughter and Mr. Olson and press for payment for his services. He sent a letter and statement for his fees on January 3, 2002, claiming \$1,638. The letterhead on the letter read as follows:

LEONARD C. HANSON, B.A. LLB.  
Immigration Consultant and Advocate

[70] The text of his statement of account refers to fees:

Rendered for the investigation of your financial  
affairs upon your separation ... and administration  
of Mr. Moreland's estate ...

[71] Finally, in October 2002, he wrote a final letter which contained the following comments:

Your daughter and her boy friend are two of the most dishonest people I have ever met and their misstatements and untruths about you indicate this as well as your daughter's treatment about other people.

...

I at first suspected and then came to believe that you are just as dishonest as your daughter and her dishonest boys.

...

We are at the point where I can sue you and seize whatever you have, just for the fun of it, if you continue to ignore the efforts of someone who you conned into helping you when you needed help.

[72] Mr. Hanson answered that he had only been asked to assist Ms. Hitzroth as an agent in investigating the affairs of her late husband, and that is all that he did. Ms. Hitzroth, he said, seemed to be a widow much in distress and totally confused and she confided in him as a friend. It became apparent to him that she could not understand the facts and was unable to adequately communicate with her lawyer. He says he told her that he was not a lawyer.

[73] He says that she asked him to write to her lawyer and told him what to say in the letters, and that he drafted accordingly.

[74] He dealt in one letter particularly with a second mortgage, which should not have constituted a charge on her interest in the property owned by her and her late husband because she had not received the benefit of any of the funds advanced under it. He claimed credit for improving her position by assisting her to raise this issue.

[75] On this subject, Mr. Hanson further deposed that:

When each letter was drafted, Bernice Hitzroth may not have understood what was written, but she approved and signed the letters. No legal advice was given to her because she had not understood what her lawyer had explained to her and in her confused state of mind, she did not understand what the deponent explained to her ... The letters which I composed and Bernice Hitzroth signed were the verification of her instructions to her solicitor regarding the settlement of her late husband's estate and depended/dependent upon my investigation of her affairs and her confirmation of my assumptions ... I gave no advice to Ms. Hitzroth but structured her revised instructions to her solicitor in accordance with her explanation of her anxieties and her present financial situation. I received no remuneration from Ms. Hitzroth ... At the request of Ms. Hitzroth after I completed what I had been asked to do, I forwarded to her an account for services rendered, which was self-explanatory ... but I did not expect nor was payment ever made of the account.

[76] It was put to Mr. Hanson in submissions that his claim of expecting no remuneration for his work seemed to clash with what he had said in his earlier letter to Ms. Hitzroth about suing her for the fun of it. He explained with no

embarrassment that the earlier message was not at all intended as a demand upon entitlement. He had done the work voluntarily trusting her word that she would pay and he was simply prevailing upon her to live up to her word.

[77] In a second affidavit, Ms. Hitzroth rejected categorically that she was confused. She said Mr. Hanson introduced difficulties with her lawyer. As to whether Mr. Hanson told her that he was not a lawyer, she deposed, "I deny this absolutely".

[78] I prefer Ms. Hitzroth's evidence that it was not she but Mr. Hanson who had the idea to send the letters to her lawyer, it was he who drafted the letters, and it was he who advised her what they meant and why they should be sent. The style and content are consistent with a lawyer's lexicon but not with that of an elderly unsophisticated woman like Ms. Hitzroth.

[79] The work, the searches that he conducted, the memos that he drafted, the letters that he prepared for her, his explanations to her and his advice, his work in all these respects constituted the practice of law, and further, I accept Ms. Hitzroth's evidence that Mr. Hanson posed as a lawyer in the way that he dealt with her and knowingly

persuaded her to believe that he was a lawyer. I find that he made no effort to dispel such impression.

**E. Last Cast Promotions Inc.**

[80] In the summer of 2001, according to Ms. Paquet and Mr. Olsen, they told Mr. Hanson that they wanted to incorporate their company. He told them that he could take care of it for them at the cost of between \$300-\$400. He also explained the steps involved and he offered to prepare the annual filings for them.

[81] According to Ms. Paquet and Mr. Olsen, Mr. Hanson asked for a list of names, and that he would conduct a name search. He advised them to keep the company out of their own names so as to avoid attracting the suspicion of Mr. Olsen's wife in the middle of their divorce proceedings. He suggested that if the company were in someone else's name it would allow Mr. Olsen to avoid paying spousal maintenance.

[82] Mr. Olsen told Mr. Hanson that he was not interested in avoiding his spousal maintenance obligations and he also advised Mr. Hanson that being bankrupt, he would have to deal with his trustee in bankruptcy about this.

[83] Mr. Hanson denies giving any such advice to them. He deposed that Ms. Paquet invited him to participate in the

company. He vaguely explained what he thought this meant in his submissions. He said he wanted to retain Ms. Paquet to do his bookkeeping. He could not confirm whether he meant in addition, to have shares or any other actual interest in the business.

[84] According to Ms. Paquet, Mr. Hanson proposed that the company be put into the name of Ms. Hitzroth. She is not sure why, but went along with the idea, but changed it back later when it created a problem in conducting their banking.

[85] On or about November 9, 2001, accordingly to Ms. Paquet, Mr. Hanson gave her the incorporation documents consisting of a memorandum, Self-Counsel Pressed Articles and a notice of offices to fill out. She completed the notice of offices and the memorandum, except a section for authorized capital, and she returned the documents to Mr. Hanson for his review and completion. He typed the documents, based on her information and he completed the sections of the memorandum relating to authorized capital for the company. He then returned the memorandum to her with a letter of instructions. She then had her mother signed the documents and mailed them away for registration.

[86] The documents were returned to Mr. Hanson for corrections. He made the corrections and returned them to

Ms. Paquet with another typed letter of instructions and a cover letter.

[87] Upon receipt of these documents, Ms. Paquet noticed Mr. Hanson had changed the address for the registered and records office of the company to the home of his own wife in Surrey, BC. She said that he explained that as Ms. Paquet was moving in a couple of months, he did it to save costs in having to change addresses when they moved.

[88] Mr. Hanson deposes that at some point it dawned on him that Ms. Paquet and Mr. Olson were scheming to avoid Mr. Olson's support payments and to defraud Revenue Canada of income tax. Therefore, he withdrew.

[89] His affidavits bear only denials that his work constituted the practice of law, and he submitted that since the original idea was for him to have an interest in the business, he was in the position of principal or officer acting on behalf of his own company, and therefore entitled as such to do such work.

[90] Noteworthy is the fact that Mr. Hanson himself used Self Counsel Press documentation for the incorporation of this company, just as it was used in the divorce action commenced on behalf of Ms. Paquet.

[91] I find that Mr. Hanson engaged in the practice of law in providing these incorporation services to those individuals, whilst continuing to hold himself out as a lawyer.

**F. J.C. Banana Enterprises Ltd.**

[92] Mr. Hanson prepared and filed an appearance and statement of defence on behalf of J.C. Banana Enterprises Ltd. ("J.C. Banana") in an action against J.C. Banana by Glenn Developments Ltd.

[93] Glenn Developments Ltd. had leased a premise to J.C. Banana and J.C. Banana's president had executed an indemnity.

[94] Mr. Bryan Glenn of Glenn Developments Ltd. deposed that during the negotiations, he advised J.C. Banana's president to hire a lawyer and afterwards Mr. Hanson appeared and participated. Mr. Glenn did not recall Mr. Hanson saying that he was a lawyer but he did recall Mr. Hanson mentioning to him that he had obtained a law degree. His impression from the dealings with Mr. Hanson was that he was a lawyer, and nobody indicated that he was not a lawyer.

[95] Subsequently, when a dispute arose, Mr. Hanson called Mr. Glenn and arranged a settlement meeting. A meeting took place on January 26, 2004 at which time, according to Mr. Glenn, Mr. Hanson said that J.C. Banana could sue the

realtor and could sue Glenn Developments. Mr. Glenn deposed that he then asked the president, Mr. Guerrero, what he wanted, and Mr. Hanson interrupted and said to Mr. Guerrero, "As your legal counsel, I advise you not to answer that", and they left shortly afterwards.

[96] Mr. Hanson deposed that he was secretary to the company at the time as evidenced by the annual report filed April 20 with the Registrar of Companies. He deposed that he did not take part in any of their negotiations and that J.C. Banana, had retained Mark Thompson to act as solicitor. He admitted that he had attended the negotiation meetings, but denied indicating to Mr. Glenn that he was a lawyer, and he specifically denied the statement attributed to him about being Mr. Guerrero's legal counsel.

[97] Mr. Hanson sought leave to file a late affidavit, which leave was granted, although with caution as to its weight. The affidavit had a letter attached as an exhibit which had been prepared by Mr. Hanson for the signature of Mr. Guerrero. It confirmed that Mr. Hanson was an officer and employee of J.C. Banana. It also stated that Mr. Hanson had helped Mr. Guerrero find the location for a restaurant and to understand the lease that he was entering into with Glenn Developments Ltd.

[98] In the letter Mr. Guerrero says that Mr. Hanson assisted in several other company matters and accompanied the president to meetings regarding the lease of the restaurant. While confirming that the president handled all the negotiations for the lease, it stated that "During negotiations, Mr. Hanson was solely responsible for clarifying some of the terms." The letter said further that Mr. Hanson:

Has assembled the facts and drafted an appearance and statement of defence with regard to the action... Mr. Hanson cannot act as counsel for J.C. Banana Enterprises Ltd. Because he is the chief witness in the proceeding should the action be tried in court.

[99] As evidence that Mr. Hanson was an employee of J.C. Banana, four \$1,000 cheques for consecutive months starting in May 2003 were produced. However, nothing on the cheques indicated that they were salary payments or subject to any of the usual deductions. It would have been as easy to conclude that they were payments for legal services in the lease and indemnity negotiations that took place in the same time period.

[100] As regards to the meetings in the law suit with Glenn Developments Ltd., Mr. Hanson argued that he acted not as a lawyer but as an authorized officer and employee of the company. The evidence of those appointments was

unsatisfactory - one self-composed letter and a hand altered annual report, but no affidavit from Mr. Guerrero the president or certified copies of any resolutions.

[101] As to the authority of an officer to represent a company as if it were representing itself without a lawyer, this is possible subject to exceptions as provided in **Venrose Holdings Ltd. v. Pacific Press Ltd.**, [1977] B.C.J. No. 46 (Q.L)(B.C.S.C.), and cases which have followed it. I have some doubt whether the authority would extend to a disbarred lawyer, but at any rate, I find that there is insufficient evidence of Mr. Hanson's appointment as either an officer or an employee to say that he was entitled to prepare and file a statement of defence on behalf of J.C. Banana.

[102] Whether or not he was entitled to represent the company in the legal proceedings, that does not alter the fact of his participation in the negotiations and settlement meeting. I prefer the evidence of Mr. Glenn over Mr. Hanson in regard to their dealings. In any event, the letter composed for Mr. Guerrero itself seems to show beyond any reasonable doubt that Mr. Hanson was giving legal advice and performing legal services in his role in the negotiations of the lease and indemnity on behalf of J.C. Banana. I find that

he engaged in the practice of law and that he held himself out as a lawyer again in regard to this matter.

**SUMMARY**

[103] I agree with the submissions of counsel for the Law Society that the evidence of Mr. Hanson's engagement in the practice of law and of his holding himself as a lawyer is overwhelming. He drew, revised and settled documents relating to at least one incorporation, and he offered to prepare further documents relating to the organization of one or both of them. He drew, revised and settled documents for use in judicial proceedings, including the divorce actions for Ms. Paquet and Mr. Olson and a statement of claim for Mr. Daniel, and an appearance and statement of defence for J.C. Banana Enterprises Ltd. He involved himself in negotiations for settlement of claims for damages or demands by ghost writing letters for Ms. Hitzroth, Mr. Olson and Mr. Daniel, and he negotiated, or advised J.C. Banana's president on negotiations in connection with that company's lease. He gave advice in connection with all this, which I would characterise as legal advice and services.

[104] Mr. Hanson admits that he knew of the Order of October 16, 1984 and that he was not supposed to practice law or hold himself out as entitled to practice law.

[105] I reject all of Mr. Hanson's protestations that he believed himself to be in compliance with the **Legal Profession Act**.

[106] I find beyond all reasonable doubt that Mr. Hanson knowingly and blatantly engaged in the practice of law and held himself out as a duly licensed lawyer in the province of British Columbia, and accordingly, he breached the injunction and I therefore declare him to be in contempt of Court. I do not accept Mr. Hanson's submissions that he believed himself to be in compliance with the **Act**.

#### **SENTENCING**

[107] The Law Society submits that Rule 56 of the **Supreme Court Rules** gives the court jurisdiction to punish a contemnor by committal to prison or by the imposition of a fine or both.

[108] In civil contempt of court cases, the courts analyse the following factors when choosing appropriate punishment:

- (a) the gravity of the offence;

- (b) the need to deter the contemnor;
- (c) the past record and character of the respondents, in particular whether the alleged contemnor has committed previous contempts;
- (d) the protection of the public;
- (e) the successful party's ability to realize the judgment; and
- (f) the extent to which the breach was intended.

**Law Society (British Columbia) v. McLaughlin** (1992), 70 B.C.L.R. (2d) 235; Reasons for Sentence, unreported, B.C.S.C. No. A861743, Vancouver, B.C., July 30, 1992

**77289 Ont. Ltd. v. McNally** (1991), 9 C.P.C. (3d) 257 (Ont. Gen. Div.)

[109] The Law Society further submits that the courts also refer to criminal contempt of court cases when choosing punishment in the civil contempt of court context; those cases employ the following factors:

- (a) the extent of the wilful and deliberate defiance of the court order;
- (b) the seriousness of the consequences of the appellant's contemptuous behaviour;

- (c) the necessity of effectively terminating the appellant's defiance; and
- (d) the importance of deterring such conduct in the future.

*LSBC v. McLeod*, (December 17, 1998), Vancouver Registry No. A952288 (B.C.S.C.)

*Regina (City) v. Cunningham*, [1994] 7 W.W.R. 457 (Q.B.); affirmed, 30 C.P.C. (3d) 183 (Sask. C.A.)

[110] The Law Society submits that Mr. Hanson's wrongful acts are serious enough to warrant a custodial sentence of two months, but, and only if, that is deemed unacceptable, he should be fined \$10,000 and be made to work 250 hours of community service. They point especially to the following factors:

- (a) the flagrant nature of the disobedience, including a continuation of it after the proceedings began;
- (b) he profited from the contempt;
- (c) he made no attempts at all until trial to purge contempt, and that apology did not fully convey remorse, he is not remorseful;
- (d) Mr. Hanson's conduct in responding to the complaints both before and during the hearing was deplorable.

He continually misrepresented facts, and blamed and defamed the complainants as well as the Law Society, thus reflecting a very low regard for them and the Court and the administration of justice, so that the likelihood of repetition of these acts is fairly high;

- (e) therefore, a significant custodial sentence is required to deter him and to deter others who would take the advantage that he has taken on a number of occasions.

[111] Mr. Hanson submits that if found guilty, he should be fined some unspecified amount and receive a suspended sentence. He offered no authorities. His reasons, although not all completely articulated, include:

- (a) He is age 70, living on a pension of \$900 per month, the company J.C. Banana is as he states "broke", he is not well off and his health is not the best, although particulars were not disclosed.
- (b) The fact that the Law Society has investigated him actively over the years and for the vast majority of them found no proof of unauthorized practice.

- (c) The fact that he is a licenced immigration consultant authorized to help immigrants who naturally request collateral services which he tries to accommodate by referring them to practicing lawyers.
- (d) His remuneration from the services was very little.
- (e) The Law Society investigations also disclosed individuals whom he had assisted and who were very happy with his work. Also, in fact, he did try to lessen his involvement as far as legal work was concerned by having clients sign their own letters and by referring the court work to Mr. Thompson and other lawyers. He also referred to the supportive affidavit of Mr. Prasad which I considered.
- (f) This is his first contempt charge.

#### ANALYSIS ON PENALTY

[112] In the *Law Society v. McLaughlin*, (1992), 70 B.C.L.R. (2d) 235 (S.C.), the defendant, not a lawyer, was found in contempt of two court injunctions for the practice of law (running an incorporation service and preparing corporate documents). Saunders J., as she then was, considered that a

fine of \$4,000 was appropriate but considering the financial inability of the defendant, ordered instead a one-year suspended sentence. That was July 30, 1992. In January 1999, the defendant was charged again and found in contempt, and she was fined \$9,000. In mitigation, she was able to show that she had previously tried to comply with the injunction but had not gone far enough in disassociating herself from the incorporation business that she had previously run. The court accepted that some decisive steps had been taken in the end to purge the contempt and to ensure future compliance, and there was an acknowledgement of remorse that the court accepted.

[113] In *Law Society of British Columbia v. McLeod*, *supra*, the defendant, again not a lawyer, was under an injunction dated October 27, 1995 to refrain from the practice of law. In December 1998, he was found in contempt and committed to a period of incarceration of eight months with special costs awarded to the Law Society. The respondent had on some occasions posed as a lawyer and had provided legal services in respect of which ten incidents were cited.

[114] Mr. Justice Hood found that:

126. ...he has committed numerous blatant and continuous acts of disobedience and in breach of the order of this court. It is, of course, only those specific acts in breach of the order which I may take into consideration when deciding the

appropriate punishment for this contempt in these circumstances.

He found that the respondent was not a credible witness and accepted the evidence of all the complainants over his. He continued:

As to the criteria of sentencing, Mr. Sanderson pointed out earlier that in sentencing contemptors, the court gives consideration to a number of factors, including the seriousness of the offence, deterrence of the contemtor, protection of the public and the degree of intention involved in the conduct. In my view, the respondent's conduct is most serious. It is also my view that a strong response of the court to the respondent's conduct is necessary. The public must be protected from the respondent and that his defiance is flagrant and intentional cannot be questioned. It can only bring the administration of justice into scorn.

[115] The learned Justice observed other factors which he considered significant: that the respondent had begun his conduct on the very day of the injunction, and was continuing in it over the next three years, and even after the proceedings were in progress. He ended up defrauding one of his clients of \$7,000.

[116] In Mr. Hanson's favour, the fact that this is his first contempt proceedings should not be overlooked.

Secondly, there are some aggravating factors that do not appear, such as embezzlement, and the total amount of his remuneration for his unlawful acts was less than \$3,000.

Also, it does not appear that he attempted unduly to delay the process by failing to attend court as Mr. McLeod did on several occasions, and he did not defraud his clients as Mr. McLeod did. He is 70 years of age and not in superb health. His health has driven him towards retirement in recent years, but he is not apparently suffering from mental breakdown or physical breakdown

[117] All the same, it is correct to say that the infractions were not minor. Mr. Hanson exploited opportunities and gave advice and service for matters of significance to the people he served. Not being a member of the Law Society, and avoiding the Law Society's attention, by the calibre of his service and his treatment of those people he purported to serve, he put some of them at great risk of serious legal and financial problems.

[118] Mr. Hanson's case is distinguishable from **McLeod** in that incidents were fewer and overall they were somewhat less serious, but they were not much less blatant, especially considering that Mr. Hanson had been a lawyer and was unquestionably capable of understanding the import of the **Legal Professions Act** prohibitions and the Injunction.

[119] As of the commencement of this hearing, Mr. Hanson was not only not remorseful, he refused to acknowledge that he

acted in breach of the injunction when, as I have said, he knew very well that he was acting in breach. The one exception, his apology for doing legal work for Mr. Olson, seemed to me induced less by contrition than by the recognition that some gesture of regret would be taken into account when sentencing.

[120] From the *McLaughlin* case, one appreciates the caution taken in treating the defendant's first offence of contempt with less severity. In *McLaughlin*, it was understandable given that the defendant seemed to acknowledge the error of her ways and had demonstrated an intention to avoid the problem in the future.

[121] In *McLeod*, on the other hand, although it was a first finding of contempt, the Court was convinced that the respondent's wilful and flagrant and even defiant disregard for the law, necessitated a custodial sentence to deter repetition.

[122] Mr. Hanson likewise misrepresented the facts in his affidavit material and in his submissions, and he persisted in arguing that he was not acting in contempt when assuredly he knew that he was acting in contempt. Like Mr. McLeod, he has been undeterred by the Injunction and has continued to engage

in the practice of law, even after these proceedings were commenced, and for that matter, he may not have desisted yet.

[123] In my opinion, this is a case of flagrant contempt with the contemnor not showing any of the remorse, or even acknowledgment of wrongdoing that would go to alleviate the Court's concern for deterrence and protection of the public.

[124] Taking care to consider only those acts in breach of the injunction when deciding the appropriate punishment, and not collateral misdeeds, I am satisfied that a custodial sentence is in order and I commit Mr. Hanson to a period of incarceration of one month, after which he will complete 100 hours of community service on or before June 10, 2005.

[125] For his deception of his clients and subsequent false and defamatory allegations against them and against the Law Society, and for his misrepresentations of fact, both in his sworn evidence and submissions, which were outrageous and scandalous in my opinion, I award special costs to the Law Society.

"E. Rice, J."  
The Honourable Mr. Justice E. Rice