



# Agenda

## Benchers

Date: Friday, March 6, 2015

Time: **7:30 am** Continental breakfast

**8:30 am** Call to order

Location: Bencher Room, 9<sup>th</sup> Floor, Law Society Building

Recording: *Benchers, staff and guests should be aware that a digital audio recording is made at each Benchers meeting to ensure an accurate record of the proceedings.*

### CONSENT AGENDA:

The Consent Agenda matters are proposed to be dealt with by unanimous consent and without debate. Benchers may seek clarification or ask questions without removing a matter from the consent agenda. Any Bencher may request that a consent agenda item be moved to the regular agenda by notifying the President or the Manager, Executive Support (Renee Collins Gault) prior to the meeting.

ITEM	TOPIC	TIME (min)	SPEAKER	MATERIALS	ACTION
1	Consent Agenda <ul style="list-style-type: none"> <li>Minutes of January 30, 2015 meeting (regular session)</li> <li>Minutes of January 30, 2015 meeting (<i>in camera</i> session)</li> <li>External Committee appointments: LSS, Hamber Foundation and BC Building Code Appeal Board</li> <li>Rules 5-2.1 and 5-12.3 – New rules to allow hearing panel or review board to continue without all members</li> </ul>	1	President	Tab 1.1  Tab 1.2  Tab 1.3  Tab 1.4	Approval  Approval  Approval  Approval

# Agenda

The Law Society  
of British Columbia



ITEM	TOPIC	TIME (min)	SPEAKER	MATERIALS	ACTION
<b>DISCUSSION/DECISION</b>					
2	Governance Committee Report on 2014 Benchers and Committee Evaluations	10	Miriam Kresivo, QC	Tab 2	Discussion/ Decision
3	Fiduciary Property Rule Amendments	10	Jeevyn Dhaliwal	Tab 3	Discussion
4	Approval of the Law Society Rules 2015 – to take effect July 1, 2015	10	Jeevyn Dhaliwal	<i>(To be circulated electronically before the meeting)</i>	Discussion/ Decision
5	Review of the Law Society's 2014 Audited Financial Statements and Financial Reports	10	Peter Lloyd, FCA Jeanette McPhee	Tab 5	Approval
<b>REPORTS</b>					
6	Lawyers Insurance Fund: Program Report for 2014	20	Su Forbes, QC	Tab 6	Briefing
7	Report on 2014 Key Performance Measures	10	President/CEO	Tab 7	Briefing
8	Report on Outstanding Hearing & Review Decisions	4	President	<i>(To be circulated at the meeting)</i>	Briefing
9	President's Report	15	President	Oral report (update on key issues)	Briefing



# Agenda

ITEM	TOPIC	TIME (min)	SPEAKER	MATERIALS	ACTION
10	CEO's Report	15	CEO	<i>(To be circulated electronically before the meeting)</i>	Briefing
11	2015-2017 Strategic Plan Implementation Update	20	President/Tony Wilson		Briefing
<b>FOR INFORMATION</b>					
12	<ul style="list-style-type: none"> <li>• Succession Plan</li> <li>• Memorandum from the Law Society's Member of the Federation Council</li> <li>• Report from the Law Foundation of BC</li> </ul>			Tab 12.1  <i>(To be circulated at the meeting)</i>  Tab 12.2	Information  Information  Information
<b>IN CAMERA</b>					
13	<i>In camera</i> <ul style="list-style-type: none"> <li>• Benchers concerns</li> <li>• Other business</li> </ul>	20	President/CEO		Discussion/ Decision



# Minutes

## Benchers

Date: Friday, January 30, 2015

Present:	Ken Walker, QC, President	Sharon Matthews, QC
	David Crossin, QC, 1 <sup>st</sup> Vice-President	Ben Meisner
	Herman Van Ommen, QC, 2 <sup>nd</sup> Vice-President	Nancy Merrill
	Haydn Acheson	Maria Morellato, QC
	Joseph Arvay, QC	David Mossop, QC
	Edmund Caissie	Lee Ongman
	Pinder Cheema, QC	Greg Petrisor
	Jeevyn Dhaliwal	Claude Richmond
	Lynal Doerksen	Phil Riddell
	Martin Finch, QC	Elizabeth Rowbotham
	Miriam Kresivo, QC	Cameron Ward
	Dean Lawton	Sarah Westwood
	Peter Lloyd, FCA	Tony Wilson
	Jamie Maclaren	
Excused:	Satwinder Bains	
	David Corey	
	Thomas Fellhauer	
	Craig Ferris, QC	
Staff Present:	Tim McGee, QC	Ryan Lee
	Deborah Armour	Michael Lucas
	Taylor Ashlie	Jeanette McPhee
	Renee Collins Gault	Doug Munro
	Lance Cooke	Jack Olsen
	Su Forbes, QC	Alan Treleaven
	Andrea Hilland	Adam Whitcombe
	Jeffrey Hoskins, QC	

<p>Guests: Dom Bautista  Mark Benton, QC  Prof. Janine Benedet    Kari Boyle  Anne Chopra  Jennifer Chow  Ron Friesen  Richard Fyfe, QC    Gavin Hume, QC    Bradford Morse  Caroline Nevin  Wayne Robertson, QC  Akash Sablok  Jeremy Schmidt    Rose Singh  Prof. Jeremy Webber  Ryan Williams</p>	<p>Executive Director, Law Courts Center  Executive Director, Legal Services Society  Associate Dean of Academic Affairs, University of British Columbia    Executive Director, Mediate BC Society  Equity Ombudsperson, Law Society of BC  Vice-President, Canadian Bar Association, BC Branch  CEO, Continuing Legal Education Society of BC  Deputy Attorney General of BC, Ministry of Justice, representing the Attorney General    Law Society Member of the Council of the Federation of Law Societies of Canada  Dean of Law, Thompson Rivers University  Executive Director, Canadian Bar Association, BC Branch  Executive Director, Law Foundation of BC  President, The Society of Notaries Public of BC  Executive Coordinator to the Dean, University of British Columbia    Vice President, BC Paralegal Association  Dean of Law, University of Victoria  President, TWI Surveys Inc.</p>
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## **OATHS OF OFFICE**

The Honourable Chief Judge Crabtree, Chief Judge of the Provincial Court of British Columbia, administered oaths of office sworn or affirmed by President Ken Walker, QC, First Vice-President David Crossin, QC, Second Vice-President Herman Van Ommen, QC and new Bencher Edmund Caissie.

## **CONSENT AGENDA**

### **1. Minutes**

Following review of additional revisions, the minutes of the meeting held on December 5, 2014 were approved as circulated.

## **DISCUSSION/ DECISION**

### **2. President's Report**

Mr. Walker welcomed regular Bencher meeting guests individually, as well as new guest Akash Sablok, President of the Society of Notaries Public of BC, new Dean of TRU Brad Morse, and new Associate Dean of UBC, Jeanine Bénédict. He individually acknowledged all staff present, welcomed the First Vice-President David Crossin, QC, and Second Vice-President Herman Van Ommen, QC, to their new roles as Law Society officers for 2015, and welcomed new Bencher Edmund Caissie.

Mr. Walker also thanked the Benchers for their hard work and commitment throughout 2014, and outlined some priorities from the Strategic Plan for the year ahead, including advancing our Access to Justice initiatives, pursuing innovation around our admissions programs, and facilitating improved communication with the public, members and students.

### **3. Final Review: 2015 – 2017 Strategic Plan and Implementation Plan**

Mr. McGee outlined the proposed final version of the Strategic Plan, noting the strength in its brevity and focus on attainable priorities. Its three goals each reflect the Law Society's commitment to the public interest:

1. The public will have better access to justice.
2. The public will be well served by an innovative and effective Law Society.
3. The public will have greater confidence in the rule of law and the administration of justice.

Mr. McGee presented an implementation plan for the completion of the initiatives in the three year strategic plan, noting however that strategic planning is a dynamic exercise that should be responsive to the progression of the work and possible new course directions or opportunities. The work itself will be carried out by the Benchers as members of our advisory committees and task forces, and supported by staff.

There was a proposal that there should be a designated spot for a First Nations Bencher to increase public representation and diversity at the Bencher table. It was suggested, and agreed, that the Benchers ask the Government to consider the specific appointment of a First Nations appointed Bencher. Mr. Walker noted that the Benchers also should remain alive to various other ways diverse representation can be advanced.

Ms. Morellato moved (seconded by Mr. Van Ommen) that the Benchers approve the 2015-2017 Strategic Plan. The motion was passed unanimously.

#### **4. BC Code of Professional Conduct: Appendix C: Real Property Issues**

At the December, 2014 Bencher meeting, the Benchers approved amendments to the BC Code of Professional Conduct: Appendix C concerning exceptions permitting practitioners to act for more than one party in real estate transactions. Amongst other revisions, the term “institutional lender” was changed to “bank, trust company or credit union”. This recommendation was made following consultation with practitioners; however, upon the publication of the amendment, feedback was received from a number of real estate practitioners that the amendment would be problematic as written.

Accordingly, the Ethics Committee has recommended that the Benchers pass a resolution rescinding the amendments related to the term “institutional lender”, and then conduct broader consultation with affected members before recommending further revision.

Mr. Crossin moved (seconded by Ms. Rowbotham) that the Benchers rescind the amendments to the BC Code of Professional Conduct Appendix C approved in December, 2014.

The motion was passed unanimously.

### **GUEST PRESENTATION**

#### **5. 2014 Employee Survey Results**

Ryan Williams, President of TWI Surveys Inc., presented a summary of the results of the 2014 Law Society Employee Survey. Mr. Williams explained the purpose and value of annual employee surveys, noting that 2014 marked the ninth successive year that a voluntary survey has been conducted by the Law Society. Mr. Williams also noted the consistently high rate of

participation; at 88%, it topped last year's high water mark of 86%. Further, the poll indicates the Law Society's results are significantly higher than the norm for typical organizations.

In response to questions asked, Mr. Williams detailed certain poll questions and responses, providing further context and perspective. A copy of Mr. Williams's full PowerPoint presentation is attached as Appendix 1 to these Minutes.

## **REPORTS**

### **6. Finance & Audit Committee: 2014 Enterprise Risk Management Plan – Update**

Peter Lloyd, Chair of the Finance and Audit Committee, advised that the Committee had reviewed and accepted the 2014 Enterprise Risk Management Plan (attached at Appendix 2), which is an update of the original 2011 Plan. He introduced Jeanette McPhee, CFO, who described the Plan as a tool to identify risks to the Law Society's mandate or strategic goals, determine priorities based on likelihood and potential impact, and develop mitigation strategies to reduce, avoid or transfer risk.

The ERM Plan categorizes risks as regulatory, financial, operational, staff and working environment and Lawyers Insurance Fund; Ms. McPhee detailed some of the risks, noting that while some were determined to be in the "moderately high" range of likelihood, none were identified as in the "high" range. Mr. McGee reiterated that risk management is ongoing and dynamic, and invited the Benchers to contact Mr. Lloyd or himself with any observations or concerns. The Benchers were also reminded that all are welcome to attend Finance and Audit Committee meetings for further information.

### **7. Report on the Outstanding Hearing & Review Reports**

Written reports on outstanding hearing decisions were received and reviewed by the Benchers; there were no outstanding conduct review reports.

Mr. Walker reminded the Benchers of the importance of timeliness in creating reports, to fulfill public expectation. While this should never be at the expense of the quality of report, it should remain the goal wherever possible.

### **8. CEO's Report**

Mr. McGee provided highlights of his written report to the Benchers (attached as Appendix 3 to these minutes) including the Operational Priorities for 2015, the communications strategy for the Legal Services Regulatory Framework Task Force and an update on the Paralegal Certification Project.



Mr. McGee reported on his participation at the 2014 International Institute of Law Association Chief Executives (IILACE) – Annual Conference: Mr. McGee confirmed that the Law Society's priorities are in line with law societies globally. He also noted issues of significance in other jurisdictions, including the declining number of US law school applications, with a corresponding pressure on schools to lower admissions standards and the gap between legal education and practice, sparking innovative UK programs to better prepare young lawyers for practice

In response to the latter report, UVic Dean Jeremy Webber noted that the experience of Canadian law schools differs from what has been happening in the United States. He noted that while more students are applying, fewer are actually accepting offers. Noteworthy as well is the increase in numbers of students going overseas for law school, and then returning to Canada to practice.

In response to questions, Dean Webber further clarified that UVic statistical data confirms most students appear to be obtaining articles (with the specific timing post-graduation being difficult to measure), but fewer may be retaining positions after completion of articles, indicating a possible softening of the market.

Alan Treleaven, Director of Education and Practice, noted that the Lawyer Education Advisory Committee is continuing to monitor articling conditions, with a view to preventing the difficulties Ontario has experienced.

## **9. Briefing by the Law Society's Member of the Federation Council**

Gavin Hume, QC noted that the Federation Governance Review Committee is in the process of visiting all provincial law societies to generate a frank exchange of ideas on a range of topics; the recent session with the Executive Committee and other Benchers was productive. A report based on the feedback received will be circulated in March following the completion of the visits.

Also, the National Committee on Accreditation revealed a 15% increase in the number of Canadian law students returning from overseas education to practice in Canada. On a related note, the National Admissions Standards Program is focusing on two aspects for review: training standards and a consistent definition of "good character".

Discussion ensued Canadian law students studying abroad, and the recruitment of Canadian students by UK and American schools. Mr. Hume agreed to provide further information at the next meeting on the Federation's understanding of the number of international students returning to practice in Canada each year, as well as the particular provinces they select. Dean Webber also agreed to provide UVic's survey data on articling placements amongst its students.

Mr. Hume concluded his report with a summary of key achievements and milestones, including the completion of the first review of JD and LLB degrees, the sponsorship of the March 6 Ethics

Conference, and the submission made to the Federal Court Review Committee on limited scope retainers, the model for which was largely based on BC's.

## **10. National Discipline Standards: Law Society of BC results for 2014**

Deb Armour, Chief Legal Officer, provided an overview of this Federation national initiative, recalling for the Benchers their previous adoption of 21 national discipline standards (approved in large part across the country as well).

Standard 9 requires reporting on 3 standards annually; Ms. Armour referred the Benchers to her report for details, but emphasized how well the Society is performing. As an example, she highlighted the excellent results on the timeliness of completion of investigations: the standard requires that 80% of complaints be resolved or referred for disciplinary or remedial response within 12 months and 90% be resolved within 18 months; the Society resolved or referred 95% and 98% respectively.

She also noted that the standards are aspirational, and that no Law Society is meeting them all. One standard not being met by the Society is the requirement that 75% of all discipline hearings commence within 9 months of authorization by the Discipline Committee. Many factors contribute to this, including scheduling challenges. However, she noted that the quarterly report does show an improvement in this area. Another area showing improvement but still lagging behind the standard relates to hearing decisions rendered; the current standard is 90% within 90 days from last submissions. She noted, however, that this requirement should never result in the sacrifice of quality in favour of speed.

Finally, Ms. Armour noted that a staff working group is currently working on increasing the accessibility of disciplinary history to improve transparency in order to meet standard 19.

## **FOR INFORMATION**

### **11. 2012-2014 Strategic Plan Final Update**

There was no additional discussion of this item.

The Benchers discussed other matters *in camera*.

RCG  
2015-02-24

# The Law Society's 2014 Pulse Check Survey

## Benchher Presentation

Presentation

Ryan Williams MA, ABC, MC

# Methodology

## A pulse check

- Indicator questions of employee engagement
- Mix both strengths and opportunities
- Use historical questions



## Content

1. Drive, The Surprising Truth About What Motivates Us (Daniel H. Pink)
2. Foundational questions: trust, compensation and tools

Average of all 19 items from 2013= 3.96

Average of the 10 items from 2013 selected for the pulse check = 3.86

# Highlights

Aggregate = mean 3.93 or 74% agreement

Doing an exceptional job

A high performing work environment

# Participation rate of 88%

## N = 160

### Who Responded

#### Department

Response	Frequency	Percent	0	20	40	60	80	100
Lawyers Insurance Fund	20	12.5%						
Credentials/Education	20	12.5%						
Professional Regulation	52	32.5%						
Trust Regulation/Corporate Services	37	23.1%						
Information & Planning	22	13.8%						
No Response	9	5.6%						

### Years of service

Response	Frequency	Percent	0	20	40	60	80	100
0 to 5 years	65	40.6%						
6 to 10 years	47	29.4%						
11 years and over	34	21.3%						
No Response	14	8.8%						

### Do you have management responsibilities?

Response	Frequency	Percent	0	20	40	60	80	100
Yes	25	15.6%						
No	127	79.4%						
No Response	8	5.0%						

# Strength

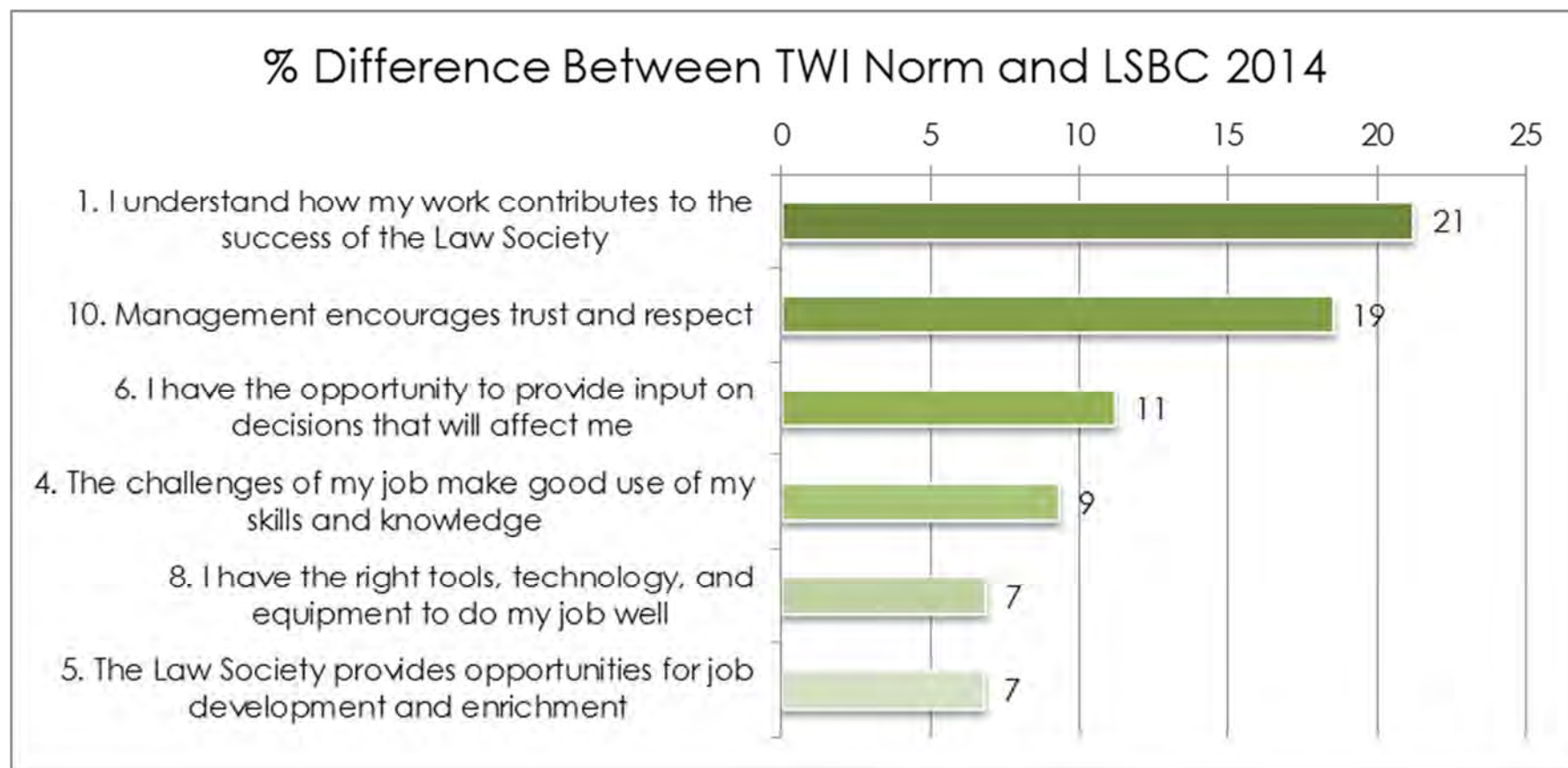


3. I am able to do meaningful work that makes a difference  
89% agreement

4. The challenges of my job make good use of my skills and knowledge  
86% agreement

1. I understand how my work contributes to the success of the Law Society  
97.5% agreement

The LSBC is **12% greater** than the TWI Surveys normative databank.





2. I am aware of our organization's progress towards its strategic goals



18% increase in agreement from 2013



10. Management encourages trust and respect  
71% agree  
12% increase from 2012



Questions	Motivation Category	2014 Mean	2013 Mean	2012 Mean
I understand how my work contributes to the success of the Law Society	Purpose	4.57	4.44	4.53
I am aware of our organizations progress towards its strategic goals	Purpose	3.90	3.60	3.57
I am able to do meaningful work that makes a difference	Purpose	4.32	4.21	4.10
The challenges of my job make good use of my skills and knowledge	Mastery	4.22	4.15	4.13
<b>The Law Society provides opportunities for job development and enrichment</b>	Mastery	<u>3.61</u>	3.73	3.45
I have the opportunity to provide input on decisions that will affect me	Autonomy	3.57	3.56	3.50
My ideas and suggestions are welcomed	Autonomy	3.99	3.98	3.83
<b>I have the right tools, technology, and equipment to do my job well</b>	Foundation	3.89	3.71	3.77
Overall, I am satisfied with my salary and benefits at the Law Society	Foundation	3.43	3.40	3.37
Management encourages trust and respect	Foundation	3.84	3.80	3.60

# Closing the gap

Do you have management responsibilities?

Questions	Data Filter	Mean	Category Percentages		Filter Gap (Strongly agree/Agree)
			0	20 40 60 80 100	
2. I am aware of our organization's progress towards its strategic goals	Yes	4.32		92.0%	-
	No	3.83	*	16.5% 74.0%	-17.98
5. The Law Society provides opportunities for job development and enrichment	Yes	4.04		80.0%	-
	No	3.54	*	19.1% 20.6% 60.3%	-19.68
6. I have the opportunity to provide input on decisions that will affect me	Yes	4.32		84.0%	-
	No	3.46	*	18.1% 26.8% 55.1%	-28.88

6 – 10 years less likely to agree



## *What is the best thing about working at the Law Society?*

- The people
- The work (interesting, meaningful, diversity)
- Teamwork
- Flexibility
- Respect
- Work/Life balance
- Environment (supportive/caring)
- Relationship with manager

## *What should be the priority for organizational improvement at the Law Society over the next few years?*

- Accountability
- Knowledge management
- Skill building/ training (i.e. technical)
- Streamlining
- Adequate resources
- Workload
- Retention
- Compensation
- Recognition
- Involvement/ Collaboration
- Morale





# **Law Society of British Columbia**

## **Enterprise Risk Management Plan**

Presentation: Benchers meeting - January 30, 2015  
By: Jeanette McPhee, CFO/Director of Trust Regulation

# Agenda

- What is ERM
- Law Society progress
- Law Society ERM process and tools
- Law Society residual risks and mitigation strategies

# What is enterprise risk management?

“Enterprise risk management is a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

Source: COSO Enterprise Risk Management – Integrated Framework, 2004

## What it really means...

- Risk exists in all organizations
- Successful organizations take prudent risks
- Some degree of risk is acceptable
- If risks are not identified and managed, the risks can threaten, and may prevent the achievement of goals and objectives

# Law Society ERM Plan - Progress



## To Date

- 2011 - Initial ERM plan created, Audit Committee review, presented to Benchers
- 2013 – Update to ERM plan, Audit Committee review, presented to Benchers
- **2014 Update** – Update to ERM plan, Finance and Audit Committee detailed review Oct/Dec 2014, **present to Benchers January 2015**

## Going Forward

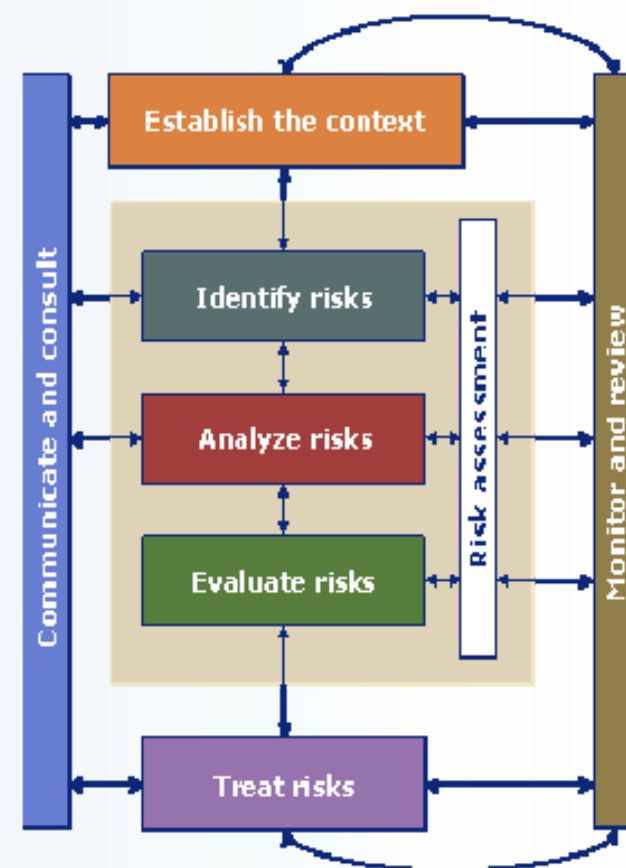
- **Annual discussions** by the Leadership Council and related departments to refresh risk schedule and risk management efforts
- **Annual review with Finance and Audit Committee**, present to Benchers
- **Full ERM detailed review**, with re-prioritization of risks, every three years





# Main components of ERM Process

- **Enterprise risk management provides for the:**
  - Identification of enterprise risks (risk universe)
  - Determination of relative priority of risks
  - Likelihood (probability) and consequences (impact)
  - Mitigation strategies
  - Retaining, reducing, avoiding or transferring
  - Monitor and review
- **Consideration is given to both:**
  - Inherent risk – prior to mitigation strategies
  - Residual risk – after mitigation strategies



# Types of enterprise risk

- To aid in identifying the range of enterprise risks to be considered by the Law Society, the following risk categories were created:
  - Regulatory
  - Financial
  - Operational
  - Staff and Working Environment
  - Insurance Fund
- Within each category, specific enterprise risks were identified, likelihood and consequences were identified, to determine the inherent risk
- Next, there was the identification of existing mitigation strategies, and the risks were again rated to determine the residual risk, and identifying any planned or in progress mitigation strategies

# ERM Tools

The Law Society  
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Consider the  
Likelihood

Gauge the  
Impact

Establish the  
Priorities



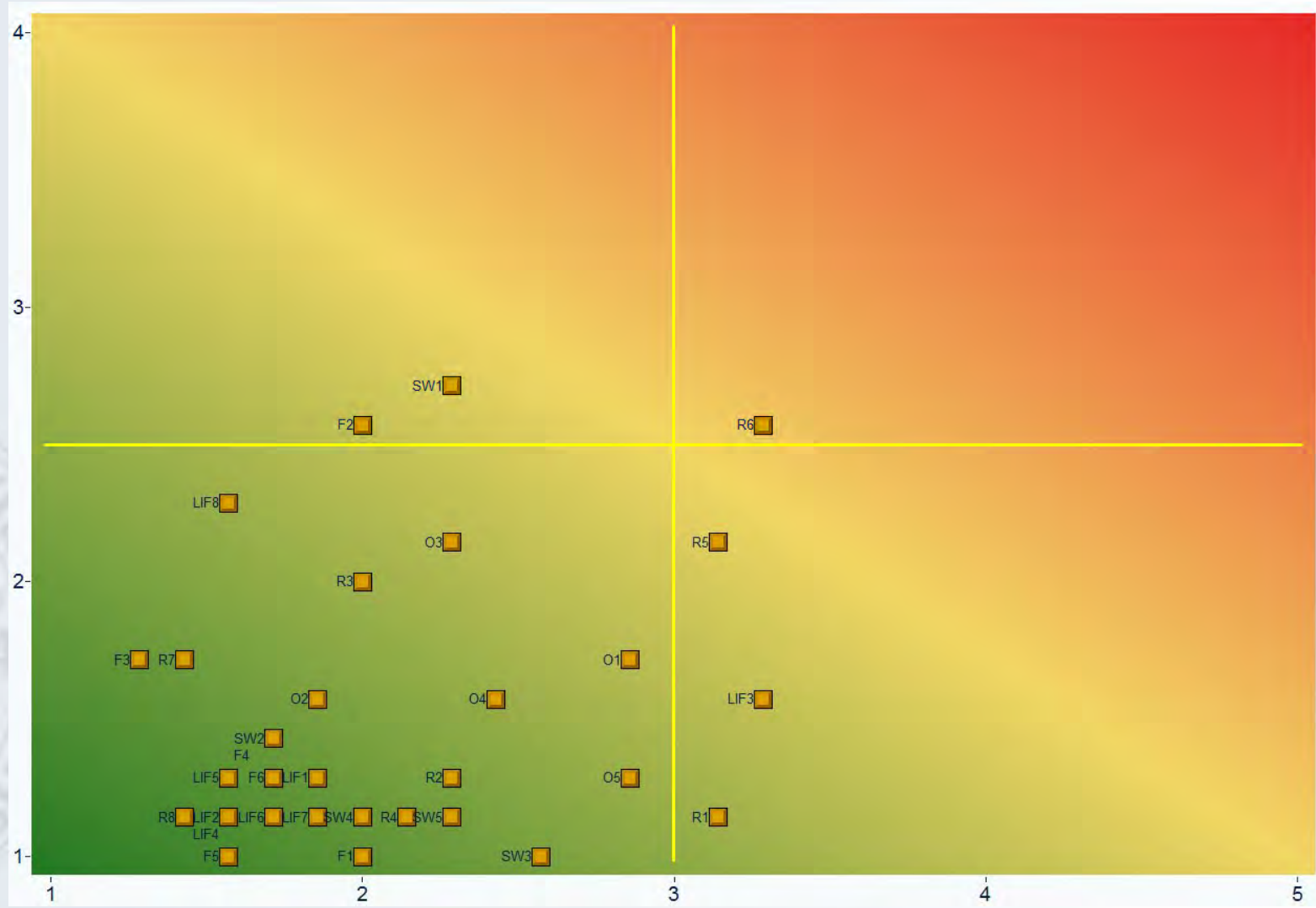
# ERM Tools – Heat Map

		Consequences				
		Low	Low-Medium	Medium	Medium-High	High
Likelihood		1	2	3	4	5
High	4	Green	Yellow	Red	Red	Red
Medium-High	3	Green	Yellow	Yellow	Red	Red
Medium	2	Green	Green	Yellow	Yellow	Red
Low	1	Green	Green	Green	Yellow	Yellow

# The 2014 Updated Heat Map – Residual Risks



Likelihood



Consequences

## LIF3: Significant theft under Part B of the LPL Policy

### Strategies

- Proactive claims and risk management practices
- Policy wording and limits
- AIG insurance policy for Part B
- Member Manual, including trust rules
- Proactive support and advice
- Trust assurance audit program
- Education and risk management advice to lawyers
- Effective regulatory response, such as custodianship and suspensions
- Crisis communication plan (applies to all risks)
- Appropriate reserve levels and **Minimum Capital Test Ratio**





## R5: Actual or alleged failure to appropriately sanction, or deal with a lawyer in a timely way

### Mitigation Strategies

- Appropriate procedures for investigation and prosecution of legal matters commensurate with administrative law
- Bench governance policies and training
- Government relations
- S.86 Legal Profession Act (statutory protection against lawsuits and liability)
- Ability to seek review and/or appeal to the BC Court of Appeal
- D & O policy underwritten by AIG
- Hearing panel composition and training
- Enhanced role of Tribunal Counsel
- National Discipline Standards







### **O3: Significant breach of confidential and/or FOIPPA information to members, employees and/or the public**

#### **Mitigation Strategies**

- Information technology security policy, process and procedures
- Member file and case file management procedures
- Building security system and procedures
- Established new Privacy Policies
- Enhanced FOIPPA training completed May 2014, and annual training
- Privacy report recommendations implemented, including file security

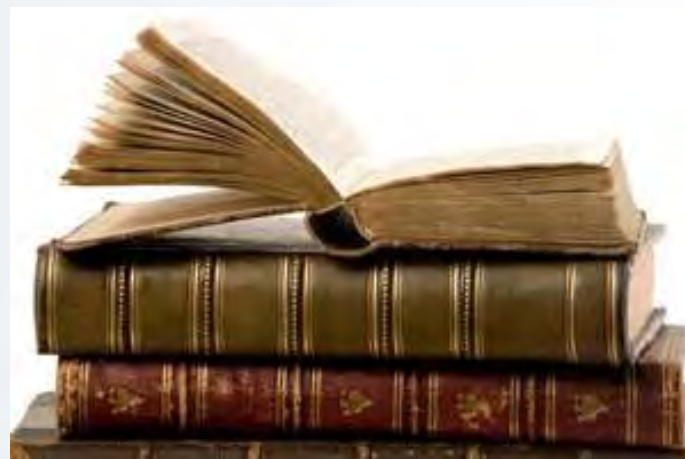




## R6: Actual or alleged failure to fulfill the statutory duties under the *Legal Profession Act*

### Mitigation Strategies

- Appropriate procedures for investigation and prosecution of legal matters commensurate with administrative law
- Government relations
- Bench governance policies and training
- **Hearing panel composition and training**





## F2: Significant economic and/or financial market downturn

### Mitigation Strategies

- Statement of Investment Policies and Procedures (SIPP)
- Quarterly reviews of investment performance and benchmarking
- Investment managers pooled funds
- Annual operating and capital budgeting process
- Monthly and quarterly review of financial results
- Long-term leases
- Real estate expert advice and monitoring
- Adequate reserve levels and **Minimum Capital Test Ratio**



## O1: Natural disaster

### Mitigation Strategies

- Fire and earthquake safety plan and training
- Information technology backup plan
- Insurance coverage
- Building due diligence and capital plan
- Off-site file storage
- Off-site server location
- Annual safety training for management (backup floor wardens)





## R3: Conflict of interest event by Benchers or staff

### Mitigation Strategies

- Bencher governance policies and procedures
- Appropriate procedures for investigation and prosecution of legal matters commensurate with administrative law
- Hearing panel composition and training
- Enhanced role of Tribunal counsel



## SW1: Loss of key personnel

### Mitigation Strategies

- Succession planning and cross training
- Compensation and benefit philosophy
- Professional, leadership and skills development program
- Employee Recognition Program (RREX)
- Review and renewal of management structure and working groups to provide leadership experience



## O4: Unauthorized access to data and information

### Mitigation Strategies

- Information technology security policy, process and procedures
- Records management policies
- Confidential off-site storage and shredding contract
- External website security review
- LEO document management security profiles
- Established new Privacy Policies
- Enhanced FOIPPA training completed May 2014, and annual training
- Privacy report recommendations implemented, including file security



## O5: Loss of data and information

### Mitigation Strategies

- Information technology security policy, process and procedures
- Information technology backup plan
- Records management policies
- Off-site storage for closed files
- Insurance coverage
- External website security review
- Off-site server location







**COMMENTS OR QUESTIONS?**





## **CEO's Report to the Benchers**

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January 22, 2015

Prepared for: Benchers

Prepared by: Timothy E. McGee

## **Introduction**

This is my first CEO's report to the Benchers for 2015 and I would like to wish you all the very best for the New Year. I would also like to extend a warm welcome on behalf of all the staff to our new President Ken Walker, QC and to both our new and returning Benchers. We look forward to working with all of you in the coming year.

## **Operational Priorities for 2015**

In my first report each year I present management's top five operational priorities for the ensuing year. These priorities, which for 2015 are set out below, have been developed in consultation with the Leadership Council and have been discussed with President Walker and presented to the Executive Committee.

I always emphasize that these priorities do not derogate from our day-to-day responsibility to perform all of our core regulatory functions to the highest standards. However, in each year there are certain items that require extra attention and focus to ensure success. The top five operational priorities (in no particular order) for management in 2015 are as follows:

### **Knowledge Management Project – Next Phase**

In 2013, the Lawyer Support and Advice Working Group (LSAWG) evaluated current practices in lawyer support and advice at the Law Society and brought forward four recommendations as part of their final report. Building on the work done by the LSAWG, the Knowledge Management Working Group is charged with implementing those recommendations, as part of the development and implementation of an organization-wide knowledge management system.

Knowledge management involves capturing and sharing knowledge with the goal of making that knowledge easily accessible through a range of distribution methods. Knowledge includes facts, information, expertise and skills, as well as the theoretical or practical understanding of a subject, acquired by a person through experience or education.

The mandate of the Knowledge Management Working Group is to develop and implement a knowledge management system that supports the mandate of the Law Society by:

- facilitating the aggregation and dissemination of practice support and advice information for lawyers;
- ensuring knowledge and information shared internally and externally is easy to find, reliable, consistent and up-to-date;
- using various means to share knowledge, including technology and interpersonal communication;
- providing efficiency in accessing and delivering knowledge both within and outside the organization;
- supporting continuous learning and growth by sharing knowledge and experience;
- fostering and maintaining a culture of sharing knowledge that crosses departmental boundaries;
- promoting innovation across the organization by sharing knowledge and encouraging dialogue and collaboration;
- evaluating, maintaining and measuring outcomes to ensure ongoing benefits to the Law Society.

One of the innovative ideas being considered is the establishment of an internal LSBC “Google” style search capability to provide a portal to a wide range of information and knowledge which we possess.

## **Skills Enrichment Project**

We are committed to a process of continuous improvement for our staff in respect of everything we do at the Law Society. As I have said to the Benchers on many occasions the staff are our single biggest asset and ensuring that we support them in being able to perform their roles at a high level means investing in skills development that is proactive, relevant and universal.

In this regard, it is no mystery that computer literacy and being able to fully exploit the benefits of technology in everything we do will enhance performance. For this reason, we are going to put a special focus on establishing and supporting attainment of a new, high minimum standard of computer/ technical literacy for all our staff. We recognize that this may be a daunting direction for some staff. However, the time is now to help set everyone on the path to attaining a universally



high standard of skills in these areas. To do this we will establish a working group and develop a plan which will set as one of its goals a cooperative, supportive approach so that, no matter what an individual's current skill level may be, they will be supported in achieving a new higher competency level within an achievable timeframe.

## **Public Issues Voice Working Group**

One of the goals in our new 3 Year Strategic Plan is to be a more effective voice in the public domain on issues and topics relating to our mandate and to our regulatory activities in the public interest. In 2015 the Benchers retreat will focus on the scope of section 3 (a) of the Legal Profession Act and we are also looking at how we can reshape our public outreach and media relations to better address this goal.

One thing we learned from engaging our staff during interactive briefing sessions last year to ensure that they were kept informed about the issues surrounding the TWU matter was the depth of knowledge and interest of our staff on a wide range of public interest issues. When this topic was canvassed more recently among managers and through informal surveys we received a very strong willingness to help identify and assess issues which could help inform and support our strategic initiatives. To tap into this and to take advantage of the strong connection to our strategic plan we will form a staff working group of those most interested and provide a mechanism to share their insights and suggestions.

## **Values and Code of Conduct**

Upon joining the Law Society, all employees agree to adhere to certain standards of conduct. But we are aware that since those standards were established we have seen shifts in our demographic profile and changing workplace habits and expectations. With those changes we believe there is a need to refresh and restate the values and standards under which agree to serve as Law Society staff and to ensure that this common bond is understood and enshrined in our mission statement and a code of conduct. The interest level and engagement in this work will be very broad and we will need to ensure we stay focused so that we are all prepared to be accountable for what we produce.

## **E- Voting and Webcasting**

The recommendations of the Governance Committee and our recent experience with the Special General Meeting and the Referendum have underscored the importance of ensuring that implementing the e-voting and webcasting capabilities is done smoothly and with a high degree of reliability and resiliency. The concepts are simple and the underlying technology is well tested. What is not simple nor well tested is the roll out to our more than 13,000 members, a portion of whom we know are not regularly connected online or, in fact, connected at all. Issues such as voting security, verification and audio/visual quality across receiving devices will need to be addressed. We will make it a special focus in 2015 to anticipate all the implementation issues and minimize any risk factors to the maximum extent possible.

## **2014 Employee Survey**

Our ninth consecutive employee survey was conducted in November of 2014. We had a record high response rate of 88% for the survey and I think you will find the results both interesting and encouraging on several fronts. Ryan Williams, President of TWI Surveys Inc., the survey administrators, will be at the meeting to provide an overview of the results and to respond to any questions.

The results of our annual employee survey are used to help us measure how we are doing as an organization and to help management develop action plans to better engage employees in the work and life of the Law Society.

## **Communications Strategy – Legal Services Regulatory Framework Task Force**

A communications strategy has been developed to advise members that we are seeking a legislative amendment in order to credential new categories of legal service providers. Some of the items we are working on include:

- A presentation that includes key messages from the report for presentation at local Bar Association meetings;
- A series of posts on the President's Blog; each blog post will be tweeted;
- A feature article and CEO's Perspective column in the March 2015 Benchers' Bulletin; and
- Media will be approached for opportunities for stories or op-ed pieces.

## **Paralegal Certification Project Update**

Lesley Small and Alan Treleaven continue to work with Carmen Marolla and Rose Singh of the BC Paralegal Association on the Certification of Paralegals project. The focus of the last meeting included these topics:

- Qualification issues
  - Education standards
  - Practical experience requirements
  - Grand parenting of current paralegals
- CPD requirement
- Renewal requirement
- Project consultation and communication
- Project timeline (to be set at the next meeting on February 17)

## **Events and Conferences**

### ***2014 International Institute of Law Association Chief Executives (IILACE) - Annual Conference***

Attached to this report as Appendix "A" is my report on the highlights of the 2014 IILACE Annual Conference. I would be pleased to provide additional information or answer any questions you might have about the conference at any time.

### ***Federation Governance Review Committee - Provincial Law Society Visits***

As I noted in a recent email to Benchers, the Federation of Law Societies of Canada has created a Governance Review Committee (of which I am a member) to look at all aspects of the governance of the Federation including its relationship to member Law Societies. This is a big project which is being tackled in phases. Phase 1 is a series of field visits to each of the Law Societies in the January to March timeframe

to better introduce the governance review process and to seek the input and views of member Law Societies on some of the preliminary issues under review. The process being followed across the country is for the Federation delegation to meet with the equivalent of our Executive Committee i.e. some sub-group of the larger Benchers group, to get the process underway.

The Federation delegation will be meeting with our Executive Committee (and to provide additional representation, while being mindful of the need to keep the size of the meeting manageable for this purpose, four additional Benchers namely, Lee Ongman, Pinder Cheema, QC, Lynal Doerksen and Craig Ferris, QC) on Thursday, January 29 from 10:00 am – 1:00 p.m. Included in my recent email is an information package for the meeting. Please take a moment to review the package and pass along any questions or comments you may have at this time.

I should add that while this is the first step in consulting with Law Societies across the country it definitely will not be the last. A survey of all Benchers across the country is being planned and additional milestone briefings and progress reports are being scheduled to ensure additional meaningful opportunities for input and feedback.

### ***Federation CEO's Strategic Issues Roundtable***

This last week I organized and hosted a meeting of all Federation CEO's at the Law Society, with the purpose of reviewing key initiatives under our respective strategic plans, including the timing and prospects for implementation in 2015.

In addition to identifying the key themes that have an impact on our work, we also examined the key issues in regulation, and the impact these could have if they develop in law societies without coordination or consistency. The key issues include:

- Entity regulation;
- ABS's;
- Risk factor analysis as the basis for regulation;
- Access to justice;
- Practice audits, and
- The broad topic of proactive regulation.

We concluded that development of these issues, which in many ways amount to a redesign of our regulatory model, can have a significant impact on the public

interest, the profession, and the regulators in each jurisdiction. All of us felt that it is important to be aware of how these are developing in each jurisdiction, and to consider whether and where collaboration among interested organizations would be a preferable way to proceed.

There is considerable scope for the CEO's to work as a group to coordinate work in these areas (and possibly others), and all participants recognized the need to develop a continuing forum to work together.

Timothy E. McGee  
Chief Executive Officer

## Appendix “A”

# International Institute of Law Association Chief Executives - 2014 Annual Conference – Cape Town

## Conference Highlights

### Delegates and Program

This year's conference held in Cape Town from November 19 - 22, 2014 brought together the Chief Executive Officers of law regulatory and representative bodies from over 30 countries including Canada, USA, England, Ireland, Scotland, Australia, New Zealand, Germany, Norway, Sweden, Denmark, Africa, Hong Kong, Korea and Japan. In all there were over 30 delegates to the conference who collectively regulate and/or represent approximately 1.6 million lawyers around the world.

The stated purpose of ILLACE is to create a forum for a small group of executives to discuss important topics for the regulation and advocacy of the profession and to compare notes on operational and governance matters. Once again the conference program delivered on this goal. I have set out below highlights from four of the topics covered in the program. I would be pleased to expand on these topics or discuss the remainder of the program at your convenience.

### The Successful Organization

The first day of the conference was dedicated to management topics and was split between presentations and discussion on building resilience and effectiveness both on a personal level as CEO and for our organizations as a whole. The best insights from my perspective centered on a model of leadership which was presented by an international expert in organizational behavior.

The discussion began with a true story about a new CEO in an organization who in the first few weeks on the job convened a meeting to get to know some of the staff. As she settled into a chair she commented casually to the group that the room seemed a little dark. Later in the week she returned to that room for another meeting to find it was unavailable as it was in the process of being torn up so a whole new lighting system could be installed followed by a new white paint job. When she asked what was going on she was told by the workers “The new CEO said this all had to be changed “ Not thinking this was the new CEO, the workers confided “What a waste of time and money, whoever that new person is sure isn't very smart”. The story illustrated the starting premise for the discussion, which was, as a leader you have power and

## Appendix “A”

influence which must be understood on the right terms by others and managed effectively by you.

In identifying some of the key characteristics of highly functioning organizations we heard that it is imperative to look at the nature of the relationships among staff within the organization. In doing so we were shown data which showed that the way people interact in the workplace can be described in 4 basic ways moving from dysfunctional to highly effective that is, in conflict with, dependent upon, independent of ,and working in partnership with, your colleagues. Good leaders and particularly CEOs need to be moving people to the right, that is, towards partnering. It should not be left to chance and therefore requires a great performance management system and there must be accountability at the top to make it happen. The best take away for me from the session was the following advice for CEOs regarding staff: “Give your full attention when you are present. Be visually and 100% connected. The biggest gift you can give your organization and staff is your full attention and because you have the power to do so, don’t squander the opportunity.”

### **Legal Education at a Crossroads – New Models for a New Era**

This was a fascinating wide ranging discussion. We heard from CEOs from large jurisdictions such as the Solicitors Regulatory Authority in London where there are more solicitors practicing than there are lawyers in all of Canada and from smaller jurisdictions such as Cape Province, South Africa where a whole new cohort of black South Africans are seeking legal education. Among a long list of highlights for me some information stood out:

- The cost of legal education in the US has reached a tipping point. The average debt of students entering the profession is between US\$100K - \$150K and law school applications are down 30% over the past 3 years. Deans are having to decide whether to keep entry standards or drop them to increase numbers due to pressure from University administrations;
- In the UK big firms are engaged in a highly competitive search for global talent of a specific nature. They are not waiting for the “system” to help them. More than 60 firms now educate and train over 1000 “law students” a year and provide them with skills that are immediately in demand;
- In the UK law schools are now increasingly asking law firms to describe the types of skills the firms need and what sort of education they will look for in their new hires. Previously, it was the other way around, that is, the law firms were asking the law schools if they would accommodate their needs;



## Appendix “A”

- Some jurisdictions are looking at new models which offer one type of law degree for those who intend to practice and another for those who do not;
- Some jurisdictions are marketing law programs on the basis of producing a well balanced professional who can enter into any position where knowledge of law and other skills such as accounting would be a strong asset rather than just practicing law.

One remark that I thought captured the common tension in jurisdictions around the world regarding the nature of legal education and its relation to practice was this: “There have been repeated calls for academia to produce practice ready graduates. However, law schools cannot do this; instead they need to produce graduates who are ready to learn to practice”.

### **Legal Services at a Crossroads – What is the Practice of Law?**

This discussion was led off by a panel discussion of CEOs from the UK, the US and Canada. There were 3 common trends in those jurisdictions ; non-lawyers are increasingly filling not just un-met demand for legal services but core demand as well; regulators are trying to determine whether they should “lead, follow, or get out of the way” relative to this changing landscape (the response seems to be “all of the above” but there isn’t consistency across jurisdictions); and the cost of legal services is increasingly becoming the main determinant of why clients are seeking alternatives to lawyers.

The use of the term “non-lawyer” is rapidly falling out of use in the US and the UK because recognized and accredited legal services providers with their own monikers are becoming well known such as Limited License Technicians and Paralegals. In effect these providers are not even considered non-lawyers; instead they are an extension of the legal profession and increasingly an integral part of the legal services market.

In focusing on the future prospects for the practice of law there was a consensus that due to the extensive commoditization of both legal content and process the growing opportunity for lawyers is to differentiate on the basis of advice, counsel and advocacy on more complex matters. This specific value added approach for lawyers would be further complemented by the high ethical standards and professionalism which all lawyers swear to uphold.

Interestingly, at the end of the discussion and debate around new entrants and the changing market for legal services no one could recall if the phrase “access to justice” had been used. We agreed that this was indicative of a subtle shift occurring towards

## Appendix “A”

seeing the value of new entrants and changing delivery mechanisms for legal services as being good for all consumers and not just those who have unmet demands.

### **Ethics and Professional Responsibility - Contemporary Perspectives on Core Values**

This is a standing topic for all IILACE conferences. To provide some continuity in our annual discussion we survey IILACE members and others outside the legal profession. This year the survey showed that most believe the core values of the legal profession are under greater pressure now than in previous years because of shifting roles for lawyers in a changing marketplace for legal services.

We reviewed a number of specific cases drawn from a variety of countries which illustrated difficult moral and/or conflict of interest issues for lawyers. The cases were chosen to illustrate where lawyers made good choices when faced with difficult issues and where they made bad choices. As a group we tried to “unpack” the decisions and look at all aspects of what had gone into the making of those decisions e.g.; age, size of firm, nature of work, access to advice, legal education, personal circumstances, etc.

As expected, there was no magic formula for how to always make the right or better choice when faced with a moral/conflict of interest dilemma. However, the sense was, at least from the actual cases we examined, that some lawyers viewed the mere existence of the dilemma as a personal failing or a problem which they were uncomfortable or embarrassed to share. This led to a discussion around the benefit of programs in other fields which are designed to remove the stigma of talking about issues and perhaps revealing some personal doubts, in the interest of dealing more effectively with the underlying problem.

All of this discussion took place on Robben Island where Nelson Mandela had been imprisoned for a quarter century. In fact, we had been given special permission to hold this discussion in the very room on Robben Island where F.W. de Klerk met in secret discussions with the ANC and agreed to the final terms of Mandela’s release. And the rest, as we all know, is history.

# **REDACTED MATERIALS**

# **REDACTED MATERIALS**



# Memo

To: Benchers  
 From: Executive Committee  
 Date: February 25, 2015  
 Subject: **Legal Services Society Board of Directors, Hamber Foundation Board of Directors, City of Vancouver, Building Appeal Board**

This memo provides background and advice on three matters for the Benchers' consideration:

1. Legal Services Society Board of Directors: requires one Benchers' appointment, with advice from the Executive Committee;
2. Hamber Foundation: requires one new appointment and one re-appointment by the Benchers, on advice from the Executive Committee; and
3. Building Permit Board of Appeal (City of Vancouver): requires one re-appointment by Vancouver City Council on recommendation of the Benchers

## 1. Legal Services Society Board of Directors

### a. Background

This appointment was previously discussed and Jean Whittow, QC was recommended by the Executive Committee as the Law Society's appointment to the Legal Services Society, pending consultation with the CBA. That consultation process is now complete, with their resulting affirmation of the appointment coming by way of email from Alex Shorten (Tab 1a).

### b. Process and Recommendation

Section 4(3) of the Legal Services Act specifies that directors are to be appointed by the Law Society after consultation with the executive of the British Columbia branch of the Canadian Bar Association. With the completion of that consultation, we can now recommend that the Benchers appoint Ms. Jean Whittow, QC to the Board of Directors of the Legal Services Society for a two-year term effective September 7, 2015.

## 2. Hamber Foundation Board of Directors

	Body	Governing Statute/ Other Authority	Law Society Appointing Authority	Law Society Appointee/ Nominee Profiles
	Hamber Foundation Board of Governors	<i>Society Act</i> By-law 2.2(d)	1 Law Society Member	2 Law Society members, as Foundation members (and governors)
Current Appointments	Term of Office	<i>Number of Terms Already Served</i>	Date First Appointed	Expiry Date
Emily Reid, QC	3 years, maximum of 2 terms	2	3/1/2009	2/28/2015
Mark Killas	3 years, maximum of 2 terms	1	3/1/2012	2/28/2015

### a. Background

Emily Reid, QC is coming to the end of her second and final term necessitating a new appointment. Mark Killas is coming to the end of his first term, and therefore may be re-appointed to the position. Mr. Killas has also confirmed his willingness to continue to serve (Tab 2a).

### b. Potential Candidates

The Hamber Foundation's David Yau initially recommended Miriam Kresivo, QC to replace Ms. Reid, however Law Society Policy provides that:

## 3 Benchers or non-Benchers

**A Bencher should be appointed to an outside body only if that body's legislation or by-laws require that the Law Society appointee be a Bencher. In all other cases, there should be a presumption against appointing Benchers to other bodies. An example of a circumstance that might rebut that presumption is in**

**the case of a newly created body, where it might be desirable to appoint a Benchers for the first one or two terms, or until the Body's procedures are well established.**

On the basis of this policy, the presumption would be that Ms. Kresivo is ineligible for appointment given her status as Benchers.

Both Ms. Kresivo and Janet Pau, another governor of the Hamber Foundation, have recommended Todd L. Kerr as their preferred candidate. Mr. Kerr is keen to serve and brings with him more than 30 years of relevant legal practice experience. His CV and application comments are included in this package (Tab 2b).

The only other Expression of Interest for this Board we have received in the last 2 years has been from Mr. Todd Patola, whose statement of skills and experience reads:

*Throughout my time in university experience and my legal career I have been involved in leading managing and directing various organizations. My skills in communicating, educating and consensus building have assisted me in bringing success to each of the organizations I have been involved with.*

We note that Mr. Patola has provided nothing further by way of background, and that his interest is not particular to this Board, but for all available organizations in general.

### **c. Recommendations**

Given the presumption against the appointment of Ms. Kresivo, and the recommendation of both her and Ms. Pau of the Hamber Foundation, we would recommend the Benchers appoint Mr. Todd L. Kerr as the Law Society's new representative on the Hamber Foundation Board of Governors, and that Mr. Mark Killas be re-appointed to the Board for a second term.

For more information on appointments to the Hamber Foundation, please see pages 109- 112 of the Law Society Appointments Guidebook ([Volunteers and Appointments | The Law Society of British Columbia](#))



### 3. Building Board of Appeal, City of Vancouver

	Body	Governing Statute/ Other Authority	Law Society Appointing Authority	Law Society Appointee/ Nominee Profiles
	Building Board of Appeal, City of Vancouver	<i>Local Government Act Vancouver Charter, Part IX, s. 306B</i>	Law Society Benchers (nomination) Vancouver City Council (appointment)	1 Law Society member, as an appeal panellist

Current Appointments	Term of Office	Number of Terms Already Served	Date First Appointed	Expiry Date
Edna Cheung	3 years, max. of 2 terms	2	2/1/2009	1/31/2015

#### a. Background

Our policy appears to dictate a maximum of 2 terms for each appointee; Edna Cheung has now served 2 terms. However, the Chief Building Official, Patrick Ryan, confirms that the City by-law has no such maximum. The operative clause reads:

1.4 Each member of the Board shall hold office for a term of three years, or until his successor is appointed, but a person may be re-appointed for a further term or terms.

According to Mr. Ryan, the members of this Board meet infrequently; apparently the Board has not met in the last 3 years, and met only once in the 3 year period before that. His recommendation is that Ms. Cheung be re-appointed to a third term to maintain some consistency and to provide her with further opportunity to participate.

Ms. Cheung has also indicated her willingness to be re-appointed for a further term. Her email is included in this package (Tab 3a).

#### b. Process and Recommendation

This appointment is made by Vancouver City Council, on recommendation of the Benchers. Accordingly, and given the input by the Chief Building Official, we recommend that the

Benchers nominate Edna Cheung for Vancouver City Council's appointment of the Law Society representative on the Building Board of Appeal.

For more information on the Building Board of Appeal, please see the Law Society Appointments Guidebook at pages 105 – 106 ([Volunteers and Appointments | The Law Society of British Columbia](#)).

**From:** [kenwalker@wozniakwalker.ca](mailto:kenwalker@wozniakwalker.ca)  
**To:** [ashorten@alexshorten.com](mailto:ashorten@alexshorten.com)  
**Cc:** [Renee Collins Goult](#)  
**Subject:** RE: RE: Law Society appointment to LSS Board  
**Date:** Tuesday, January 27, 2015 5:05:14 PM

---

On Wed, 28 Jan 2015 00:57:48 +0000, "ashorten@alexshorten.com" <ashorten@alexshorten.com> wrote:

Ken:

I did make a mistake in this e-mail. The executive conference call was January 14 not January 21. I simply made a mistake when I looked at my calendar in preparing the e-mail to you.

Thanks for the call.

Alex

---

**From:** ashorten@alexshorten.com  
**Sent:** Tuesday, January 27, 2015 12:03 PM  
**To:** 'kenwalker@wozniakwalker.ca'  
**Cc:** Caroline Nevin (cnevin@CBABC.org); Jennifer Chow (jennifer.chow@justice.gc.ca); 'Jan L. Lindsay, Q.C.'  
**Subject:** RE: Law Society appointment to LSS Board  
**Importance:** High

Ken Walker, QC

President of the Law Society of British Columbia

Ken:

Our executive committee, at a meeting January 23, passed a resolution reaffirming a decision taken by conference call of the executive committee on January 21, supporting the proposed appointment of Jean Whittow, QC by the Law Society to the board of the Legal Services Society.

Would you please acknowledge that you have received this e-mail.

Regards,

Alex Shorten

President CBABC

[ashorten@alexshorten.com](mailto:ashorten@alexshorten.com)

Cell 778-847 4699

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**From:** [Yau, David](#)  
**To:** [Renee Collins Gault](#)  
**Subject:** FW: Law Society Appointments  
**Date:** Monday, February 02, 2015 1:08:24 PM

---

Hi Renee,

Here is my communication with Mark Killas regarding his reappointment.

Thanks, David

---

**From:** Mark Killas [mailto:MKillas@pllr.com]  
**Sent:** Monday, November 24, 2014 2:13 PM  
**To:** Yau, David; Emily Reid [REDACTED]  
**Subject:** RE: Law Society Appointments

David,

I would be honoured to serve a second term.

I will consider possible recommendation(s).

Mark

**MARK C. KILLAS**

Barrister & Solicitor

Tel: 604 231-5104 (direct)

Email: [mkillas@pllr.com](mailto:mkillas@pllr.com)

**PRYKE LAMBERT LEATHLEY RUSSELL LLP**

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**From:** Yau, David [mailto:David.Yau@td.com]  
**Sent:** November-24-14 1:20 PM  
**To:** Mark Killas; Emily Reid [REDACTED]  
**Subject:** Law Society Appointments

Hi Mark,

Your 1<sup>st</sup> term (3 years) is up at our 2015 AGM. Please let me know if you have any objection to being reappointed for the 2<sup>nd</sup> term from the Law Society.

Ms. Reid, you will be officially retiring at our 2015 AGM.

Do either of you have anyone who is a member of the Law Society that you can recommend to replace Ms. Reid? We can discuss your recommendation at the meeting this Thursday and then I can forward to the Law Society.

Thanks, David

**David Yau, CIM, FCSI | Estate & Trust Advisor**

**TD Wealth Private Client Group, Private Trust**

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# **REDACTED MATERIALS**



# **REDACTED MATERIALS**

# **REDACTED MATERIALS**

**From:** [Edna Cheung](#)  
**To:** [Renee Collins Gault](#)  
**Subject:** RE: appointment to the Building Permits Appeal Board  
**Date:** Monday, February 02, 2015 4:29:17 PM

---

Hi Renee,

Yes, I'd be happy to continue serving on this board.

Thanks for stick-handling this.

**Edna S.C. Cheung**  
**Goluboff & Mazzei**  
Barristers & Solicitors  
Suite 201, 585 – 16<sup>th</sup> Street,  
West Vancouver, B.C. V7V 3R8  
Direct: 604.925.6918  
General: 604.925.6900  
Fax: 604.926.7817  
[echeung@goluboffmazzei.com](mailto:echeung@goluboffmazzei.com)

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**From:** [RCollinsGault@lsbc.org](mailto:RCollinsGault@lsbc.org) [mailto:[RCollinsGault@lsbc.org](mailto:RCollinsGault@lsbc.org)]  
**Sent:** February-02-15 3:46 PM  
**To:** Edna Cheung  
**Subject:** appointment to the Building Permits Appeal Board

Hello,

My name is Renee Collins Gault and I have taken over from Bill McIntosh who was the Manager of Executive Support at the Law Society. I have been chatting with Patrick Ryan, Chief Building Officer about your appointment to the Building Permits Appeal Board.

As you know, your term expired January 31 – Patrick has confirmed they are happy to extend it until a new appointment is made. Further, though you have served 2 terms, Patrick notes that you may only have been called upon a couple of times. Given this, he is happy to have you continue to serve on the Board, and to recommend your reappointment. I'm getting in touch to see how you feel about this, and whether you are interested in continuing to serve.

I'm happy to chat more on the phone if you prefer that to email – my direct line is 604 443-5706. Otherwise, if you could let me know by return whether you are interested in continuing, that would be great. I am in the process of drafting my memo with appointment recommendations to the Appointments Committee, so if you have time in the next day, that would be helpful.

Thanks so much Edna,

Renee

Renee Collins Gault | Manager, Executive Support  
Law Society of British Columbia  
845 Cambie Street, Vancouver, BC V6B 4Z9  
t 604.443-5706 | BC toll-free 1.800.903.5300

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# Memo

To: Benchers  
 From: Jeffrey G. Hoskins, QC for Act and Rules Committee  
 Date: February 10, 2015  
 Subject: **Rules 5-2.1 and 5-12.3 – New Rules to allow hearing panel or review board to continue without all members**

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1. The Act and Rules Committee recommends amendments to Part 5 [*Hearings and Appeals*] of the Law Society Rules to give effect to a policy decision taken by the Benchers at the end of last year.
2. In December the Benchers received and approved the interim report of the Tribunal Program Review Task Force. The Task Force recommended changes to the rules on the composition of hearing panels and review boards to address the situation when a member of the panel or board is unable to continue. The Benchers adopted this resolution:

BE IT RESOLVED TO

1. approve in principle changes to the Law Society Rules to allow for
  - (a) the remaining two members of a hearing panel to continue to conduct a hearing when one member is unable to continue for any reason, and
  - (b) the remaining members of a review board to continue to conduct a review when one member is unable to continue for any reason;
2. refer the matter to the Act and Rules Committee to recommend rule amendments to implement the changes.
3. I attach the full report of the Task Force, which explains the need for the amendments. The main objective is to avoid situations in which the hearing must be terminated and re-started when the chair cannot continue or where members of a panel or review board who are able to continue must be removed because another member cannot continue. In each case, however, it is to remain in the discretion of the President to determine whether it is appropriate for a

hearing to continue when there is a risk of a tie vote because there would be an even number of members. If there is no reasonable prospect that the panel as re-constituted would come to a decision, the President has the option of re-starting the hearing or review with a new panel or board.

4. I also attach draft amendments to implement the changes mandated by the Benchers. The Committee considered amending the existing rules to allow for the exceptions that are to apply when a member of a panel or review board cannot continue, but in the end opted for new independent rules that provide for the exceptions.
5. Finally, I attach a suggested resolution to give effect to the proposed changes.

Attachments:   interim report of task force  
                  draft amendments  
                  suggested resolution

JGH

**The Law Society**  
*of British Columbia*



# **Interim Report of the Tribunal Program Review Task Force**

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## **Tribunal Program Review Task Force**

**Ken Walker, QC (Chair)**  
**Haydn Acheson**  
**Pinder Cheema, QC**  
**David Mossop, QC**  
**David Layton**  
**Linda Michaluk**

December 5, 2014

Prepared for:   Benchers  
Prepared by:   Jeffrey G. Hoskins, QC  
Purpose:        Decision



## **A. Introduction**

1. The Tribunal Program Review Task Force was struck by the Benchers in May 2014. It comprises Benchers Ken Walker, QC (Chair), Haydn Acheson, Pinder Cheema, QC, and David Mossop, QC, along with non-Bencher lawyer David Layton and public representative Linda Michaluk. Tribunal and Legislative Counsel Jeff Hoskins, QC and Hearing Administrator Michelle Robertson provide staff support.
2. This was the resolution adopted by the Benchers at that time:

BE IT RESOLVED to form a task force of Benchers and others to

- review the progress of the changes to the tribunal system implemented since 2011;
  - recommend changes for the improvement of the system and correction of any problems;
  - identify any further reforms that the benchers should consider at this time;
  - report to the Benchers as soon as possible, and in any event before the end of 2014.
3. The materials before the Benchers at the meeting in May included 16 topics and issues for the Task Force to consider and make recommendations for the consideration of the Benchers. Mr. Walker reported at the October 31 meeting of the Benchers on the progress of the Task Force toward a final report, which we now anticipate will be available to the Benchers by mid-year 2015.
  4. In the meantime, the Task Force has identified two topics that require immediate attention by the Benchers for the continued good governance of the tribunal program. We provide the background for each below, make recommendations and suggest resolutions for adoption by the Benchers.

## **B. Hearing panel pool appointed three years ago**

5. After nearly two years of task forces, working groups, amending rules and recruiting non-Benchers, 25 lawyers and 25 non-lawyers were appointed to a “hearing panel pool” late in 2011. At the same time, the Benchers resolved that there would be a review of the new way of doing things at the end of three years, with a view to making improvements and, possibly, further changes to the tribunal process.
6. In the intervening years there has been some natural attrition to the groups due to judicial appointments and other career changes. Almost all members of the “pool” remain ready and willing, if not enthusiastic, about continuing to participate in Law Society Tribunals. A

number of new appointments have also been made, all of them Life Benchers leaving the ranks of current Benchers.

7. When appointments were made in 2011, no expiry date was specified. However, a three-year term was mentioned in the materials considered by the Benchers and others used to recruit pool members.
8. The review at the end of three years is underway by this Task Force. Among the matters to be considered in that process are issues relating to terms of appointments, performance appraisal, appointment and re-appointment criteria and continuity and renewal in the hearing panel pool. We expect that a final report with recommendations will be ready for consideration by the Benchers around mid-year 2015.
9. To ensure the continuity of the current hearing panel pool, we recommend that the Benchers extend the appointment of current members of the pool who are willing to continue. We expect that most members of the pool will be willing.
10. The length of the extension should be long enough to ensure that there is time for the Task Force's recommendations to be fully considered and implemented. We consider that an extension to the end of 2015 should allow sufficient time for Bencher decisions about the term, composition and recruitment of the hearing panel pool, if made mid-year, to be put in place and implemented.

### **Suggested resolution**

11. The Task Force recommends that the Benchers adopt a resolution such as this:

BE IT RESOLVED TO extend the appointment of those members of the hearing panel pool of non-Bencher lawyers and public representatives willing to accept the extension, to January 1, 2016.

### **C. Hearing panel member unable to continue**

12. The Act and Rules Committee discussed this issue and referred it to the Executive Committee for a discussion of the policy issues involved and a recommendation to the Benchers as to how to proceed to remedy the problems outlined below. The Executive Committee considered the question in 2012, but was unable to come to a consensus for a recommendation to the Benchers. It was one of the issues referred to this Task Force by the Benchers.
13. We bring this matter to the attention of the Benchers now because the question of continuity of hearing panels is current and ongoing, and the risk that hearing proceedings might be lost as a result of the inability of a hearing panellist to continue with a matter continues to be

present. Tackling this difficult question was delayed for some time so that it could be considered in the context of the review the Task Force is undertaking. The Task Force is now prepared to make a recommendation that we consider would reduce the risk of a lost hearing in the future.

14. As you know, Law Society tribunals have changed from hearing panels composed entirely of Benchers to a composition in which only the chair of the panel is a current lawyer Bencher and the other members (“wingers”) include a non-Bencher lawyer and a non-lawyer member of the public.

### **Winger unable to continue**

15. Under the current Rules, if one of the members of the panel is unable to continue for some reason the hearing may continue in some, but not all, circumstances. Rule 5-2(2)(d) allows the hearing to proceed and conclude with one Bencher sitting alone as chair.

- (2) A panel may consist of one Bencher who is a lawyer if

- (d) one or more of the original panel members cannot complete a hearing that has begun.

16. That Rule continues in force. In the event that the non-Bencher lawyer or the non-lawyer member of the panel is unable to complete the hearing, the Rule will allow the hearing panel to continue. That would allow the hearing to continue and the reduced panel would continue to comply with Rule 5-2(3):

- (3) A panel must be chaired by a Bencher who is a lawyer.

17. However, the panel cannot continue with just one winger because of Rule 5-2(1):

- (1) A panel must consist of an odd number of persons but, subject to subrule (2), must not consist of one person.

18. Since only the lawyer Bencher member of the panel can continue as a single Bencher panel, the other “winger” would have to be excused. This result is inconsistent with the program initiated by the Benchers in 2011 that involves the participation of a non-Bencher lawyer and a member of the public in every discipline or credentials hearing.

### **Bencher unable to continue**

19. There is a bigger problem when it is the lawyer-Bencher chair who cannot continue. Under the old regime, if a Bencher chair of a hearing panel was unable to proceed, one of the other Benchers could assume the chair and proceed as a single-Bencher panel. Now there is only one lawyer-Bencher on each panel. If that Bencher cannot continue, there is no one else on the hearing panel who can fulfill the requirement of Rule 5-2(3) that a Bencher who is a lawyer must chair the panel.

20. As a general proposition, an adjudicator who has not heard all of the evidence on which a decision is to be made must not participate in the decision. It would not be an option, in the midst of a hearing, to replace the Benchers-chair who cannot continue with another lawyer-Bencher who has not been present and heard the evidence up to that point.
21. As a result, the hearing must be abandoned and a new hearing begun with a new panel. That would cause a delay and potentially waste a lot of time and money. It could cause significant unfairness to the individual respondent or applicant who is the subject of the hearing.

## **Problems**

22. The Law Society has gone to a great deal of effort some and expense to include members of the public and non-lawyer Benchers in the hearing process. This has engendered significant good will with the public and the media and, less demonstrably, one would expect with many members of the profession as well. Terminating public involvement or non-Bencher lawyer involvement in the event that the other wing is unable to continue seems to go contrary to the purpose of the reforms to involve members of the public and non-Bencher lawyers in the process.
23. Terminating a hearing and starting again in the event that the one lawyer-Bencher on the panel cannot continue would have the same effect, as well as causing a delay and potentially wasting a lot of time and money.

## **Options**

24. When the hearing panel member who is unable to continue is the Benchers chair, one solution would be to give the President the discretion to allow the non-Bencher lawyer to continue as a single-member panel to complete the hearing. This would have the advantage of avoiding delay and costs thrown away by re-starting the hearing with a whole new panel. However, the appearance of excluding the public representative from the hearing and favouring the non-Bencher lawyer over the non-lawyer would be undesirable.
25. In the long run, the Task Force will consider the requirement that a Benchers must chair every hearing panel. It may be that members of the hearing panel pool who are not lawyer-Benchers, with the appropriate training in conducting hearings, could be allowed to act as chair in the ordinary course, and then it would not be an issue if the Benchers-chair cannot continue with a hearing. The Task Force will report on that consideration in its final report to the Benchers.
26. A further option would be to allow the President the discretion to continue both the non-Bencher members of the panel in the absence of a Benchers. This would require a relaxation of the Rule requiring an odd number of members of a panel for this sort of situation, as well as the requirement for a lawyer-Bencher chair in all cases.

27. The odd-number rule is intended to avoid a tie vote, in effect, by a hearing panel. The risk of that happening would be a disadvantage of this approach to the problem. It would also be inconsistent with the intention of the Benchers that individual lawyer-Benchers should continue to be involved in each hearing panel, albeit now one at a time. However, it would have the advantage of allowing proceedings to continue without sending an offensive message in relation to the involvement of non-lawyers and non-Benchers in the hearing process.
28. Without further direction in the Rules, the failure of the two panellists to agree would mean that there was no decision, and the hearing would have to be started over from the beginning with a new panel. That obviously would result in even greater delay and waste of time and money than restarting the hearing at the time that the Benchers became unable to continue.
29. It may also give rise to an argument that the citation should be dismissed for delay. The Rule change could require that both parties consent to the matter continuing with a panel of two and/or an undertaking that a delay argument would not be raised as a result.
30. If continuing with a panel of two is accepted when a Benchers chair is unable to continue, there is no reason why that would not also apply when one of the “wingers” is unable to continue. That would avoid the problem of having to excuse the other non-Benchers member of the panel who is able to continue.

## **Recommendation**

31. The Task Force considered the options discussed above, as well as some other more unorthodox approaches. It is the view of the Task Force that the best option to avoid future problems is to allow two non-Benchers members of a panel to conclude a hearing when the lawyer-Benchers chair of the panel cannot continue for any reason. On the whole, the risk that there may be a “tie vote” in the end is outweighed by the certainty of an unnecessary departure from the established principles, as described above.
32. The Task Force is also of the view that the same factors lead to allowing any two members of a hearing panel to continue when a third member cannot continue. This would require amendments to the governing rules to allow an exception to the rule that a panel must consist of an odd number of panel members. Another exception to the rule that a lawyer-Benchers must act as chair would also be required to allow for the case where the chair is the panel member who cannot continue.
33. The Task Force considered that the President should have the discretion to decide whether to allow the two remaining members to continue as a panel. There may be circumstances where that may not be appropriate. That would also allow the President to consider factors such as the positions of the parties and whether delay is likely be a factor in each of the options available to the President.

34. The Task Force also considered the case of review boards. The current rules require an odd number of members of each board. The Task Force recommends a change to the rules to allow all the remaining members of the review board to continue, even if that leaves an even number of members.

### **Suggested resolution**

35. The Task Force recommends that the Benchers adopt a resolution such as this:

#### **BE IT RESOLVED TO**

1. approve in principle changes to the Law Society Rules to allow for
  - (a) the remaining two members of a hearing panel to continue to conduct a hearing when one member is unable to continue for any reason, and
  - (b) the remaining members of a review board to continue to conduct a review when one member is unable to continue for any reason;
2. refer the matter to the Act and Rules Committee to recommend rule amendments to implement the changes.

# LAW SOCIETY RULES

## PART 5 – HEARINGS AND APPEALS

### Hearing panels

- 5-2** (1) A panel must consist of an odd number of persons but, subject to subrule (2), must not consist of one person.
- (2) A panel may consist of one Benchers who is a lawyer if
- (a) no facts are in dispute,
  - (b) the hearing is to consider a conditional admission under Rule 4-22 [*Consent to disciplinary action*],
  - (b.1) the hearing proceeds under Rule 4-24.1 [*Summary hearing*],
  - (b.2) the hearing is to consider a preliminary question under Rule 4-26.1 [*Preliminary questions*],
  - (c) it is not otherwise possible, in the opinion of the President, to convene a panel in a reasonable period of time, or
  - (d) one or more of the original panel members cannot complete a hearing that has begun.
- (3) A panel must be chaired by a Benchers who is a lawyer.
- (4) Panel members must be permanent residents of British Columbia over the age of majority.
- (5) The chair of a panel who ceases to be a Benchers may, with the consent of the President, continue to chair the panel, and the panel may complete any hearing or hearings already scheduled or begun.
- (6) [rescinded 10/2010]
- (7) Two or more panels may proceed with separate matters at the same time.
- (8) The President may refer a matter that is before a panel to another panel, fill a vacancy on a panel or terminate an appointment to a panel.
- (9) Unless otherwise provided in the Act and these Rules, a panel must decide any matter by a majority, and the decision of the majority is the decision of the panel.

### Panel member unable to continue

- 5-2.1** (1) Despite Rule 5-2 [*Hearing panels*], if a member of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may order that the panel continue with the remaining members.

## LAW SOCIETY RULES

(2) Despite Rule 5-2 [Hearing panels], if the chair of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may appoint another member of the hearing panel who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Bench.

### Review boards

- 5-12.1** (1) A review board must consist of
- (a) an odd number of persons, and
  - (b) more persons than the hearing panel that made the decision under review.
- (2) A review board must be chaired by a Bench who is a lawyer.
- (3) Review board members must be permanent residents of British Columbia over the age of majority.
- (4) The chair of a review board who ceases to be a Bench may, with the consent of the President, continue to chair the review board, and the review board may complete any hearing or hearings already scheduled or begun.
- (5) Two or more review boards may proceed with separate matters at the same time.
- (6) The President may refer a matter that is before a review board to another review board, fill a vacancy on a review board or terminate an appointment to a review board.
- (7) Unless otherwise provided in the Act and these Rules, a review board must decide any matter by a majority, and the decision of the majority is the decision of the review board.

### Review board member unable to continue

**5-12.3** (1) Despite Rule 5-12.1 [Review boards], if a member of a review board cannot, for any reason, complete a review that has begun, the President may order that the review board continue with the remaining members, whether or not the board consists of an odd number of persons.

(2) Despite Rule 5-12.1 [Review boards], if the chair of a review board cannot, for any reason, complete a review that has begun, the President may appoint another member of the review board who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Bench.



# LAW SOCIETY RULES

## PART 5 – HEARINGS AND APPEALS

### Hearing panels

- 5-2** (1) A panel must consist of an odd number of persons but, subject to subrule (2), must not consist of one person.
- (2) A panel may consist of one Benchers who is a lawyer if
- (a) no facts are in dispute,
  - (b) the hearing is to consider a conditional admission under Rule 4-22 [*Consent to disciplinary action*],
  - (b.1) the hearing proceeds under Rule 4-24.1 [*Summary hearing*],
  - (b.2) the hearing is to consider a preliminary question under Rule 4-26.1 [*Preliminary questions*],
  - (c) it is not otherwise possible, in the opinion of the President, to convene a panel in a reasonable period of time, or
  - (d) one or more of the original panel members cannot complete a hearing that has begun.
- (3) A panel must be chaired by a Benchers who is a lawyer.
- (4) Panel members must be permanent residents of British Columbia over the age of majority.
- (5) The chair of a panel who ceases to be a Benchers may, with the consent of the President, continue to chair the panel, and the panel may complete any hearing or hearings already scheduled or begun.
- (6) [rescinded 10/2010]
- (7) Two or more panels may proceed with separate matters at the same time.
- (8) The President may refer a matter that is before a panel to another panel, fill a vacancy on a panel or terminate an appointment to a panel.
- (9) Unless otherwise provided in the Act and these Rules, a panel must decide any matter by a majority, and the decision of the majority is the decision of the panel.

### Panel member unable to continue

- 5-2.1** (1) Despite Rule 5-2 [*Hearing panels*], if a member of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may order that the panel continue with the remaining members.

## LAW SOCIETY RULES

- (2) Despite Rule 5-2 [*Hearing panels*], if the chair of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may appoint another member of the hearing panel who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Benchers.

### Review boards

- 5-12.1** (1) A review board must consist of
- (a) an odd number of persons, and
  - (b) more persons than the hearing panel that made the decision under review.
- (2) A review board must be chaired by a Benchers who is a lawyer.
- (3) Review board members must be permanent residents of British Columbia over the age of majority.
- (4) The chair of a review board who ceases to be a Benchers may, with the consent of the President, continue to chair the review board, and the review board may complete any hearing or hearings already scheduled or begun.
- (5) Two or more review boards may proceed with separate matters at the same time.
- (6) The President may refer a matter that is before a review board to another review board, fill a vacancy on a review board or terminate an appointment to a review board.
- (7) Unless otherwise provided in the Act and these Rules, a review board must decide any matter by a majority, and the decision of the majority is the decision of the review board.

### Review board member unable to continue

- 5-12.3** (1) Despite Rule 5-12.1 [*Review boards*], if a member of a review board cannot, for any reason, complete a review that has begun, the President may order that the review board continue with the remaining members, whether or not the board consists of an odd number of persons.
- (2) Despite Rule 5-12.1 [*Review boards*], if the chair of a review board cannot, for any reason, complete a review that has begun, the President may appoint another member of the review board who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Benchers.

## CONTINUING HEARING PANELS AND REVIEW BOARDS

### SUGGESTED RESOLUTION:

***BE IT RESOLVED to amend the Law Society Rules by adding the following rules:***

#### **Panel member unable to continue**

- 5-2.1** (1) Despite Rule 5-2 [*Hearing panels*], if a member of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may order that the panel continue with the remaining members.
- (2) Despite Rule 5-2 [*Hearing panels*], if the chair of a hearing panel cannot, for any reason, complete a hearing that has begun, the President may appoint another member of the hearing panel who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Bencher.

#### **Review board member unable to continue**

- 5-12.3** (1) Despite Rule 5-12.1 [*Review boards*], if a member of a review board cannot, for any reason, complete a review that has begun, the President may order that the review board continue with the remaining members, whether or not the board consists of an odd number of persons.
- (2) Despite Rule 5-12.1 [*Review boards*], if the chair of a review board cannot, for any reason, complete a review that has begun, the President may appoint another member of the review board who is a lawyer as chair of the hearing panel, whether or not the lawyer is a current Bencher.

**REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT**

The Law Society  
*of British Columbia*



## 2014 Benchers and Committee Evaluation

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### Governance Committee

Miriam Kresivo, QC (Chair)  
Haydn Acheson (Vice-Chair)  
Pinder Cheema, QC  
Sharon Matthews, QC  
Elizabeth Rowbotham  
Herman Van Ommen, QC

February 2, 2015

Prepared for: Benchers

Prepared by: Adam Whitcombe

Purpose: Decision

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## Committee Process

1. In mid-December 2014, all of the Benchers and all the members of the 2014 committees, task forces and working groups were provided with links to online evaluation forms and asked to complete the forms by the end of business on January 7, 2015.
2. By the end of business on January 7, 17 of 31 Benchers (55%) had completed their evaluation. Last year, 81% (25/31) of the Benchers responded. The individual responses are attached as Appendix A. Appendix B provides a summary ordering of the statements from highest level of total agreement to lowest level of total agreement.
3. By the end of business on January 7, 76% (117/153) of the members of committees and task forces had completed their forms. Last year the response rate was 79% (104/131). Results for each of the committees and task forces are attached in Appendix C.
4. The following table shows the number of members for each committee and task force, along with the number of responses received from each.

<b>Committee/Task Force</b>	<b>Members</b>	<b>Responses</b>
<i>Access to Legal Services Advisory Committee</i>	10	8
<i>Act and Rules Committee</i>	5	4
<i>Complainants' Review Committee</i>	6	5
<i>Credentials Committee</i>	10	8
<i>Discipline Committee</i>	10	8
<i>Equity and Diversity Advisory Committee</i>	10	8
<i>Ethics Committee</i>	9	6
<i>Executive Committee</i>	7	5
<i>Family Law Task Force</i>	6	4
<i>Finance and Audit Committee</i>	7	5
<i>Governance Committee</i>	8	6
<i>Law Firm Regulation Task Force</i>	8	5
<i>Lawyer Education Advisory Committee</i>	6	4
<i>Legal Services Regulatory Framework Task Force</i>	11	8
<i>Practice Standards Committee</i>	11	9
<i>Rule of Law and Lawyer Independence Advisory Committee</i>	8	6
<i>Regulation and Insurance Working Group</i>	11	7
<i>Tribunal Program Review Task Force</i>	6	7
<i>Unauthorized Practice Committee</i>	4	4
<b>Total</b>	<b>153</b>	<b>117</b>

5. The response rates for individual committees and task forces ranged from 62% to 100%. Last year the range was from 57% to 100%.
6. The Committee reviewed the results at its meeting on January 30.

## Background

7. In 2013, the Committee recommended an annual evaluation process for the Benchers, committees, task forces and working groups. The recommendation was adopted by the Benchers. The first annual evaluation was conducted in December 2013 and the results were reported to the Benchers early in 2014.
8. While no specific criteria or format for reviewing and reporting on the annual evaluation was adopted by the Benchers, the Committee has been mindful of the comment in the Governance Review Task Force's interim report that, "*the most important part of the process is the follow up (i.e., that the board sets aside time to reflect on the results and consider what improvements can be made to improve overall effectiveness).*"
9. With that background in mind, the Committee has now reviewed the results of the 2014 annual evaluation.

# Analysis

## Benchers

10. The Committee expressed concern about the relatively low response rate from the Benchers, with just over half of the Benchers responding. In recommending the Bencher evaluation process to the Benchers in 2013, the Committee was strongly of the view that completion of the evaluations should not be optional. The intent was to ensure that a sufficient number of Benchers responded to the annual evaluation to permit the results to be relied upon in making suggestions and recommendations for better governance. The Committee was not sure that it could do so this year. With that reservation in mind, the Committee did nevertheless consider the results for the purpose of reporting to the Benchers.
11. Looking at the Bencher evaluations, overall there was considerable agreement from most respondents on the 39 statements included in the evaluation form. Overall, 67% of the statements elicited agreement, while 23% were ranked as neutral. Just over 8% resulted in disagreement and less than 1% of the responses indicated strong disagreement.. For comparison, in 2013, 77% of the statements elicited agreement while only 17% were neutral and 6% resulted in disagreement and less than 1% strongly disagreed with any of the statements.
12. Of the 39 Bencher evaluation statements, the five with the most agreement were:

	2014	2013
<i>Pre-meeting materials provide appropriate context and background information to support informed decision-making.</i>	100%	88%
<i>Pre-meeting materials are received in sufficient time to allow for adequate preparation.</i>	100%	88%
<i>Benchers come to meetings prepared.</i>	94%	92%
<i>The Benchers are aware of what is expected of them.</i>	94%	92%
<i>The Benchers respect the role of the CEO in managing the organization.</i>	88%	100%

13. While the relative ranking of the statements on which there was the most agreement varied year-over-year, the most notable changes were the increased agreement with the statements about pre-meeting materials and orientation for new Benchers and the slight decline in the percentage who agreed the Benchers respect the role of the CEO in managing the organization.



14. Although not in the top 5, the Committee commented last year on the low level of agreement (41%) with the statement “*The Benchers receive adequate briefings on the principal risks of the organization, and on its systems for identifying, managing and monitoring such risks.*” and suggested that more frequent reporting might raise awareness of the risks and the enterprise risk management plan and thereby address the concern that seems to have been expressed in the evaluation. These efforts may have resulted the higher level of agreement with this statement this year (71%).
15. At the other end of the range, the five statements that elicited the lowest level of agreement were:

	2014	2013
<i>The Benchers have ensured there is an adequate CEO succession plan in place.</i>	13%	16%
<i>Evaluation of the CEO’s performance is appropriate and well understood.</i>	35%	75%
<i>The Benchers take advantage of education/developmental opportunities to improve governance capabilities.</i>	35%	64%
<i>The Benchers work constructively as a team.</i>	41%	100%
<i>The process for developing strategic plan allows for sufficient Bencher review and input.</i>	47%	74%

16. The most obvious change, year-over-year, is the decline in the level of agreement with the statement “*The Benchers work constructively as a team.*” with only 41% agreeing with this statement compared with 100% last year. Although 65% of the Benchers agreed with the statement “*The Benchers spend sufficient time, at Bencher meetings and at other times, to get to know each other and build trust in one another.*” it is worth noting that this statement also elicited one of the highest levels of disagreement at 24%.
17. The Committee discussed this result in light of the acknowledged challenge of dealing with the proposed law school at Trinity Western University in 2014. The premise of the evaluation statement that Benchers should work as a team was questioned. It was suggested that the expression of diverse views and respectful disagreement were necessary to ensure that Bencher decisions do not suffer from “group think”. Debate should be encouraged and while consensus is desirable, it should not be achieved at the cost of discouraging appropriate dissent.
18. In last year’s report, the Committee noted that only 16% of the Benchers agreed with the statement “*The Benchers have ensured there is an adequate CEO succession plan in place.*” This year, the percentage agreement is even lower, at 13%. This statement also elicited the highest level of expressed disagreement at 50% of the responses.

19. Last year, the Committee reported to the Benchers that Mr. McGee had presented a memorandum with a suggested approach for CEO succession planning to the Executive Committee in 2013. The Benchers were encouraged to have the Executive Committee follow up on Mr. McGee's memorandum and bring the matter of succession planning forward to the Benchers so that the Benchers can meet their obligation to ensure there is an adequate CEO succession plan in place. The Committee reiterates that encouragement this year.
20. The Committee noted the lower level of agreement with two additional statements about the CEO when looking at the results year-over-year.
21. The statement "*Evaluation of the CEO's performance is appropriate and well understood.*" elicited only 35% agreement compared with 75% last year. Some of the difference between the two years is the increase in the number of neutral responses in 2014, from only 13% for 2013 to 24% for 2014. The results may simply mean that the Benchers are not aware of the detailed evaluation process in place for the CEO, particularly with a number of new Benchers in 2014.
22. Agreement with the statement "*The relationship between the Benchers and the CEO is clearly defined.*" declined from 88% agreement in 2013 to 53% in 2014. Much of difference between the two years is the significant increase in the number of neutral responses in 2014, from only 8% for 2013 to 41% for 2014, which may signal that the concern is not about whether the relationship is clearly defined but a lack of understanding about the relationship. This may, in turn, be another consequence of the number of new Benchers in 2014.
23. In light of the low response rate, the Committee was reluctant to draw significant conclusions from the responses to these three statements. However, the Committee concluded that it should endeavour in 2015 to detail for the Benchers the roles and responsibilities and the evaluation of the CEO so that there is a consistent understanding among the Benchers of this pivotal position.
24. Although just out of the bottom 5 this year, the statement "*The Benchers have an effective role in setting the annual budget.*" continued to elicit a low level of overall agreement. The Committee thought last year that the low level of agreement might reflect a lack of understanding about the budgeting process and the level of involvement of the Finance and Audit Committee. The Committee suggested that it might be helpful for Benchers to have briefing sessions on the budget separate from Bencher meetings and that budget and other issues should be presented to the Benchers by the Finance and Audit Committee, with the Chief Financial Officer providing support rather than the primary presentation. The Chair of the 2014 Finance and Audit Committee had invited Benchers to attend and the Chief Financial Officer did provide an information session prior to the Bencher meeting at which the budget and fees were discussed and approved. Despite these efforts in 2014, the level of agreement year-over-year did not change significantly.

25. The Committee spent some time discussing the responses to the statements about the strategic plan, understanding institutional risks and budget setting. There was concern that, despite the efforts made to ensure Benchers are informed and involved, some Benchers do not feel they have adequate understanding or involvement. The Committee notes that, addition to the other responsibilities that the Benchers assume as legislators, adjudicators and trusted advisors, section 4(2) provides that the Benchers govern and administer the affairs of the society and may take any action they consider necessary for the promotion, protection, interest or welfare of the society. The Chair commented that a recent statement about good governance emphasized the importance of the board being sufficiently engaged and informed on matters of strategy, finance and risk to fulfill their fiduciary responsibilities. The Committee considered whether Budgeting 101 sessions and increasing opportunities to discuss strategic planning at Bencher meetings might facilitate greater participation and understanding but did not reach a decision about recommending this to the Benchers. Overall, the Committee wished to emphasize that it is the responsibility of every Bencher, as a governor, to understand and participate fully in the affairs of the Law Society as an institution.

## Committees and Task Forces

26. As noted above, in total there were 117 individual responses to the committee and task force evaluations.

27. The Committee noted that, of the 1,395 individual answers to the committee and task force statements, there were only 26 instances (or just under 2%) where respondents disagreed with the statements and no instances where anyone strongly disagreed with any of the statements. In total, only 12 individual respondents of the 117 expressed any disagreement with one or more of the statement regarding their respective committees.

Strongly Agree	721	51.7%
Agree	556	40.6%
Neutral	82	5.9%
Disagree	26	1.9%
Strongly Disagree	0	0.0%

28. The Committee noted that, of the 1,395 individual answers to the committee and task force statements, there were only 26 instances (or just under 2%) where respondents disagreed with the statements and no instances where anyone strongly disagreed with any of the statements.

29. Overall, the most common disagreement was with the statement “*Members are aware of what is expected of them.*” followed by “*Presentations are generally of the appropriate length and content.*” and “*The right things are placed on the agenda.*”

30. Of the 26 responses expressing disagreement with the statements, 12 of them related to the Access to Legal Services Advisory Committee. In particular, more than one member of this committee disagreed with the statements “*The rights things are placed on the agenda.*” and “*Members are aware of what is expected of them.*”

31. The Committee noted the substantial level of agreement from committee and task force members regarding the statements in the committee and task force evaluations and concluded that no remedial action seemed warranted. The Committee did, however, think it would be useful for the chairs of this year’s committees and task forces to see and consider the responses for their respective committees and task forces from 2014 as they might signal opportunities for improvement in 2015.

## Recommendations

32. In light of the low participation rate by the Benchers in the 2014 evaluation, the Committee recommends that a reminder go out to Benchers in the month before the Bencher evaluation survey is sent to the Benchers reminding them of the importance of completing the evaluation and that it is not intended to be optional. The Committee would also recommend that the Chair of the Governance Committee remind the Benchers of this at the final Bencher meeting of the year.
33. The Committee also recommends that it undertake a review of the Bencher evaluation survey in light of two years of experience with the current evaluation form. The review would consider whether the right statements are being presented and whether they are worded appropriately. The Committee would report to the Benchers on the review before year-end in order to incorporate any changes into the 2015 evaluation process.
34. The Committee also recommends that a comments section be provided in conjunction with all of the evaluation forms.
35. The Committee recommends that the Executive Committee follow up on Mr. McGee's memorandum regarding CEO succession and bring the matter of succession planning forward to the Benchers so that the Benchers can meet their obligation to ensure there is an adequate CEO succession plan in place.
36. The Committee recommends that the President make the Benchers aware of the detailed and formal evaluation process in place for the CEO and the results of the annual evaluation.
37. The Committee again recommends that interested Benchers attend budget briefing sessions offered by the Chief Financial Officer and that the Finance and Audit Committee present the budget and practice fees to the Benchers in a manner that encourages discussion.
38. The Committee recommends that the Benchers continue to receive at least an annual report on enterprise risks and the enterprise risk management plan.
39. The Committee recommends that the Chairs of committees and task forces ensure that members of their respective committees or task forces understand what is expected of them, how and why matters are placed on the agenda and ensure that presentations are appropriate in terms of content and length.

## Appendix A

## 2014 Benchers

(Completion rate: 100.0%)

The Benchers have an effective role in the strategic planning process.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	9 (60.0%)	5 (33.3%)	1 (6.7%)	0 (0.0%)	15

I have a full understanding of the financial and operational risks associated with the strategic plan.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	10 (58.8%)	4 (23.5%)	3 (17.6%)	0 (0.0%)	17

The process for developing strategic plan allows for sufficient Bencher review and input.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	7 (41.2%)	7 (41.2%)	2 (11.8%)	0 (0.0%)	17

The Benchers are up to date with latest developments in the regulatory environment and the market for legal services.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	8 (47.1%)	6 (35.3%)	1 (5.9%)	0 (0.0%)	17

As part of the discussion around every major decision, the Benchers analyze the potential risks arising from the decision.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	8 (47.1%)	7 (41.2%)	1 (5.9%)	0 (0.0%)	17

The Benchers receive adequate briefings on the principle risks of the organization, and on its systems for identifying, managing and monitoring such risks.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	11 (64.7%)	3 (17.6%)	2 (11.8%)	0 (0.0%)	17

The Benchers regularly receive information on organizational performance including progress on strategic goals.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	13 (76.5%)	2 (11.8%)	0 (0.0%)	0 (0.0%)	17

The key performance indicators provide sufficient information about organizational performance to the Benchers.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	9 (52.9%)	4 (23.5%)	2 (11.8%)	0 (0.0%)	17

The Benchers receive sufficient information on financial performance.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (35.3%)	6 (35.3%)	4 (23.5%)	1 (5.9%)	0 (0.0%)	17

The Benchers have an effective role in setting the annual budget.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	6 (35.3%)	5 (29.4%)	2 (11.8%)	1 (5.9%)	17

Pre-meeting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
9 (52.9%)	8 (47.1%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	17

Pre-meeting materials provide appropriate context and background information to support informed decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
8 (47.1%)	9 (52.9%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	17

Presentations to the Benchers are generally of appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (35.3%)	7 (41.2%)	4 (23.5%)	0 (0.0%)	0 (0.0%)	17

Bencher meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (23.5%)	8 (47.1%)	3 (17.6%)	2 (11.8%)	0 (0.0%)	17

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	9 (52.9%)	4 (23.5%)	1 (5.9%)	0 (0.0%)	17

There is adequate time for discussion of agenda items during Bencher meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	11 (64.7%)	3 (17.6%)	0 (0.0%)	0 (0.0%)	17

Benchers come to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	14 (82.4%)	1 (5.9%)	0 (0.0%)	0 (0.0%)	17

Benchers use the meeting time effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (12.5%)	8 (50.0%)	6 (37.5%)	0 (0.0%)	0 (0.0%)	16

Bencher meetings allow sufficient time for interaction with management.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	10 (58.8%)	5 (29.4%)	1 (5.9%)	0 (0.0%)	17

The Benchers have the necessary information to resolve issues promptly.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (18.8%)	7 (43.8%)	6 (37.5%)	0 (0.0%)	0 (0.0%)	16

The Benchers are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (25.0%)	11 (68.8%)	1 (6.2%)	0 (0.0%)	0 (0.0%)	16



Bencher discussions are open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	8 (47.1%)	4 (23.5%)	2 (11.8%)	0 (0.0%)	17

Benchers are encouraged to participate fully in board discussions.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	8 (47.1%)	5 (29.4%)	1 (5.9%)	0 (0.0%)	17

Benchers have no hesitation raising issues in Bencher meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (17.6%)	8 (47.1%)	5 (29.4%)	1 (5.9%)	0 (0.0%)	17

The Benchers are actively engaged with each other and with management on issues.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (6.2%)	11 (68.8%)	3 (18.8%)	1 (6.2%)	0 (0.0%)	16

The Benchers work constructively as a team.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	5 (29.4%)	6 (35.3%)	4 (23.5%)	0 (0.0%)	17

The Benchers spend sufficient time, at Bencher meetings and at other times, to get to know each other and build trust in one another.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	10 (58.8%)	2 (11.8%)	4 (23.5%)	0 (0.0%)	17

The President effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (25.0%)	9 (56.2%)	1 (6.2%)	1 (6.2%)	1 (6.2%)	16

The President facilitates effective communication between the Benchers and management, both inside and outside of Bencher meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (23.5%)	8 (47.1%)	3 (17.6%)	1 (5.9%)	1 (5.9%)	17

Orientation for new Benchers meets their needs.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (29.4%)	9 (52.9%)	2 (11.8%)	1 (5.9%)	0 (0.0%)	17

The Benchers take advantage of education/developmental opportunities to improve governance capabilities.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	4 (23.5%)	7 (41.2%)	4 (23.5%)	0 (0.0%)	17

The relationship between the Benchers and the CEO is clearly defined.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	8 (47.1%)	7 (41.2%)	1 (5.9%)	0 (0.0%)	17

The Benchers respect the role of the CEO in managing the organization.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	13 (76.5%)	2 (11.8%)	0 (0.0%)	0 (0.0%)	17

Evaluation of the CEO's performance is appropriate and well understood.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	5 (29.4%)	4 (23.5%)	6 (35.3%)	1 (5.9%)	17

The Benchers have ensured there is an adequate CEO succession plan in place.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	2 (12.5%)	6 (37.5%)	7 (43.8%)	1 (6.2%)	16

The Benchers provide adequate direction and support to the CEO.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	10 (62.5%)	5 (31.2%)	1 (6.2%)	0 (0.0%)	16

There is good two-way communication between the CEO and the Benchers.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (5.9%)	11 (64.7%)	3 (17.6%)	1 (5.9%)	1 (5.9%)	17

The Benchers and senior management understand and respect each other's roles.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (11.8%)	12 (70.6%)	3 (17.6%)	0 (0.0%)	0 (0.0%)	17

The Benchers seek and obtain sufficient input from management and staff to support effective decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (23.5%)	9 (52.9%)	3 (17.6%)	1 (5.9%)	0 (0.0%)	17

## Appendix B

	2014 Agreement	2013 Agreement
<i>Pre-meeting materials provide appropriate context and background information to support informed decision-making.</i>	100%	88%
<i>Pre-meeting materials are received in sufficient time to allow for adequate preparation.</i>	100%	88%
<i>Benchers come to meetings prepared.</i>	94%	92%
<i>The Benchers are aware of what is expected of them.</i>	94%	92%
<i>The Benchers respect the role of the CEO in managing the organization.</i>	88%	100%
<i>The Benchers regularly receive information on organizational performance including progress on strategic goals.</i>	88%	84%
<i>There is adequate time for discussion of agenda items during Bencher meetings.</i>	82%	84%
<i>The Benchers and senior management understand and respect each other's roles.</i>	82%	83%
<i>Orientation for new Benchers meets their needs.</i>	82%	71%
<i>The President effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.</i>	81%	84%
<i>The Benchers seek and obtain sufficient input from management and staff to support effective decision-making.</i>	76%	88%
<i>Presentations to the Benchers are generally of appropriate length and content.</i>	76%	80%
<i>The Benchers are actively engaged with each other and with management on issues.</i>	75%	78%
<i>The President facilitates effective communication between the Benchers and management, both inside and outside of Bencher meetings.</i>	71%	84%
<i>Bencher meetings allow for candid, constructive discussion and critical questioning.</i>	71%	83%
<i>The Benchers receive sufficient information on financial performance.</i>	71%	80%
<i>There is good two-way communication between the CEO and the Benchers.</i>	71%	76%
<i>The right things are placed on the agenda.</i>	71%	71%
<i>The Benchers receive adequate briefings on the principle risks of the organization, and on its systems for identifying, managing and monitoring such risks.</i>	71%	41%

*The Benchers spend sufficient time, at Bencher meetings and at other times, to get to know each other and build trust in one another.  
Bencher discussions are open, meaningful and respectful.*

*Benchers are encouraged to participate fully in board discussions.*

*Bencher meetings allow sufficient time for interaction with management.*

*Benchers have no hesitation raising issues in Bencher meetings.*

*The key performance indicators provide sufficient information about organizational performance to the Benchers.*

*The Benchers have the necessary information to resolve issues promptly.*

*The Benchers provide adequate direction and support to the CEO.*

*Benchers use the meeting time effectively and efficiently.*

*The Benchers have an effective role in the strategic planning process.*

*I have a full understanding of the financial and operational risks associated with the strategic plan.*

*The Benchers are up to date with latest developments in the regulatory environment and the market for legal services.*

*The relationship between the Benchers and the CEO is clearly defined.*

*As part of the discussion around every major decision, the Benchers analyze the potential risks arising from the decision.*

*The Benchers have an effective role in setting the annual budget.*

*The process for developing strategic plan allows for sufficient Bencher review and input.*

*The Benchers work constructively as a team.*

*Evaluation of the CEO's performance is appropriate and well understood.*

*The Benchers take advantage of education/developmental opportunities to improve governance capabilities.*

*The Benchers have ensured there is an adequate CEO succession plan in place.*

65%	100%
65%	84%
65%	79%
65%	72%
65%	65%
65%	65%
63%	88%
63%	88%
63%	76%
60%	75%
59%	64%
59%	60%
53%	88%
53%	57%
53%	50%
47%	74%
41%	100%
35%	75%
35%	64%
13%	16%

## Appendix C

## 2014 Executive Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	3 (60.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	4 (80.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	3 (60.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	4 (80.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	4 (80.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	2 (40.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	1 (20.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
0 (0.0%)	2 (50.0%)	2 (50.0%)	0 (0.0%)	0 (0.0%)	4

## 2014 Act and Rules Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	3 (37.5%)	1 (12.5%)	1 (12.5%)	0 (0.0%)	8

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	4 (50.0%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (71.4%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7



Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (75.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (75.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	2 (25.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	8

## 2014 Finance and Audit Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	4 (80.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (50.0%)	2 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	4

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	3 (60.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	2 (40.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	2 (40.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	1 (20.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	1 (20.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	1 (20.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

## 2014 Governance Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (16.7%)	4 (66.7%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	3 (50.0%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	6

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	2 (33.3%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	6

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	2 (33.3%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	2 (33.3%)	2 (33.3%)	0 (0.0%)	0 (0.0%)	6

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (16.7%)	3 (50.0%)	1 (16.7%)	1 (16.7%)	0 (0.0%)	6

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	1 (16.7%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	2 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (20.0%)	4 (80.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

## 2014 Discipline Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	0 (0.0%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (75.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (75.0%)	1 (12.5%)	0 (0.0%)	1 (12.5%)	0 (0.0%)	8

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	3 (37.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
8 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	1 (12.5%)	0 (0.0%)	2 (25.0%)	0 (0.0%)	8

## 2014 Credentials Committee

(Completion rate: 100.0%)

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
8 (88.9%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	4 (44.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (44.4%)	3 (33.3%)	1 (11.1%)	1 (11.1%)	0 (0.0%)	9

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
8 (88.9%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (66.7%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (33.3%)	5 (55.6%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	9

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (75.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8



Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (77.8%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (77.8%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (66.7%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (66.7%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	2 (22.2%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	9

## 2014 Ethics Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	2 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	2 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	2 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

## 2014 Practice Standards Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (77.8%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (66.7%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	4 (44.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (77.8%)	1 (11.1%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	9

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (44.4%)	4 (44.4%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	9

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	3 (33.3%)	1 (11.1%)	0 (0.0%)	0 (0.0%)	9

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	4 (44.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (66.7%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
7 (77.8%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (55.6%)	4 (44.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	9

## 2014 Complainants Review Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (75.0%)	1 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	4

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

## 2014 Unauthorized Practice Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1	3	0	0	0	4

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4



Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

## 2014 Access to Legal Services Advisory Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	5 (62.5%)	1 (12.5%)	1 (12.5%)	0 (0.0%)	8

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	3 (37.5%)	2 (25.0%)	2 (25.0%)	0 (0.0%)	8

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	5 (62.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	3 (37.5%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	8

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	3 (37.5%)	1 (12.5%)	3 (37.5%)	0 (0.0%)	8

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	3 (37.5%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	8

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	5 (62.5%)	1 (12.5%)	1 (12.5%)	0 (0.0%)	8

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (25.0%)	5 (62.5%)	0 (0.0%)	1 (12.5%)	0 (0.0%)	8

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (25.0%)	4 (50.0%)	1 (12.5%)	1 (12.5%)	0 (0.0%)	8

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	6 (75.0%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	4 (50.0%)	2 (25.0%)	1 (12.5%)	0 (0.0%)	8

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (12.5%)	4 (50.0%)	2 (25.0%)	1 (12.5%)	0 (0.0%)	8

## 2014 Equity and Diversity Advisory Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	3 (37.5%)	1 (12.5%)	1 (12.5%)	0 (0.0%)	8

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (25.0%)	3 (37.5%)	2 (25.0%)	1 (12.5%)	0 (0.0%)	8

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	3 (42.9%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (42.9%)	2 (28.6%)	1 (14.3%)	1 (14.3%)	0 (0.0%)	7

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (25.0%)	3 (37.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	8

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	2 (25.0%)	2 (25.0%)	1 (12.5%)	0 (0.0%)	8

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (42.9%)	1 (14.3%)	2 (28.6%)	1 (14.3%)	0 (0.0%)	7

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	5 (62.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	5 (62.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (42.9%)	4 (57.1%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	3 (37.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

## 2014 Rule of Law Advisory Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (16.7%)	5 (83.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (50.0%)	3 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (33.3%)	4 (66.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	1 (16.7%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (66.7%)	1 (16.7%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (83.3%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	0 (0.0%)	6

## 2014 Lawyer Education Advisory Committee

Members understand and act within the mandate of the committee.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3	1	0	0	0	4

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3	1	0	0	0	4

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3	1	0	0	0	4

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3	1	0	0	0	4

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1	3	0	0	0	4

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4



Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4	0	0	0	0	4

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4	0	0	0	0	4

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3	1	0	0	0	4

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1	3	0	0	0	4

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2	2	0	0	0	4

## 2014 Family Law Task Force

Members understand and act within the mandate of the task force.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	0 (0.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	5

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	4

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	3

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (75.0%)	1 (25.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	4

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

## 2014 Law Firm Regulation Task Force

Members understand and act within the mandate of the task force.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (40.0%)	3 (60.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (60.0%)	2 (40.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (80.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (100.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	5

## 2014 Legal Services Regulatory Task Force

Members understand and act within the mandate of the task force.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	5 (62.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	4 (50.0%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (62.5%)	3 (37.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (37.5%)	3 (37.5%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	8

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (25.0%)	3 (37.5%)	2 (25.0%)	1 (12.5%)	0 (0.0%)	8

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	3 (37.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	8

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	2 (25.0%)	2 (25.0%)	0 (0.0%)	0 (0.0%)	8

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (50.0%)	4 (50.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (42.9%)	2 (28.6%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	7

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	2 (28.6%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	2 (28.6%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

## 2014 Tribunal Program Review Task Force Evaluation

Members understand and act within the mandate of the task force.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (71.4%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (71.4%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
3 (42.9%)	3 (42.9%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	2 (28.6%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (71.4%)	1 (14.3%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	3 (42.9%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
4 (57.1%)	3 (42.9%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7



Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
5 (71.4%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (85.7%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (85.7%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (85.7%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
6 (85.7%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

## 2014 Regulation and Insurance Working Group

Members understand and act within the mandate of the working group.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (14.3%)	5 (71.4%)	0 (0.0%)	1 (14.3%)	0 (0.0%)	7

Members are aware of what is expected of them.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (14.3%)	5 (71.4%)	0 (0.0%)	1 (14.3%)	0 (0.0%)	7

Meeting agendas and supporting materials are received in sufficient time to allow for adequate preparation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Pre-meeting materials provide appropriate context and background information to support informed discussion and decision-making.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The right things are placed on the agenda.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Everyone comes to meetings prepared.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	4 (57.1%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7

Presentations are generally of the appropriate length and content.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Meetings allow for candid, constructive discussion and critical questioning.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (14.3%)	6 (85.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

Discussion is open, meaningful and respectful.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
1 (14.3%)	6 (85.7%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair ensures that all agenda items are covered during the meetings.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair ensures that meeting time is used effectively and efficiently.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7

The Chair effectively manages dissent and works constructively towards arriving at decisions and achieving consensus.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Responses
2 (28.6%)	5 (71.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	7



# Memo

To: Benchers  
From: Jeffrey G. Hoskins, QC for Act and Rules Committee  
Date: January 2, 2015  
Subject: **Trust accounting rules—Fiduciary property**

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1. This memorandum is in response to the Benchers referral of a policy decision to the Act and Rules Committee to recommend Rule changes to implement the decision. The Committee recommends the adoption of the suggested resolution attached.

## Fiduciary property

2. This topic relates to the role of lawyers as personal representatives and trustees outside the practice of law but where the appointment derives from practice. The Law Society currently treats trust money and other property received in that capacity as if it were trust funds in the hands of the lawyer. The Benchers have agreed that that is too onerous and have mandated rule amendments that would relieve lawyers of some, but not all, of the responsibilities to the Law Society in that regard, while maintaining the Law Society's ability to regulate and audit lawyers' performance in this area. That is consistent with the protection of the public interest, maintaining the public confidence in the profession and preserving the members' money that would be called upon to make restitution for defalcation.
3. This topic was originally discussed under the heading of "trust property". As a result of suggestions that that term may be easily confused with trust funds and other terms connected with trust accounting, the Act and Rules Committee decided that the term should be changed to "fiduciary property". The attached draft includes a number of current provisions that could have been amended to provide that they apply to fiduciary property, but the Committee has decided in the past that they should not be amended. Please also note that, where provisions appear to be missing, I have not reproduced them because they are not affected by proposed changes.

4. The Committee considered that the Benchers should avoid introducing a regulatory scheme that was too complicated. Fiduciaries have well-defined responsibilities in the general law. The rules should remove the need to account as if the money and property received were trust funds, indicate that the lawyer must comply with the general law and indicate what records should be maintained so that the Law Society can audit for compliance. The recommended amendments attempt to do that.
5. The Committee recently conducted a consultation with the relevant CBA sections. Some adjustments have been made to the proposed, but a few concerns were also raised that, in the view of the Committee, are best dealt with in the published material explaining the rules and lawyers' obligations.
6. In addition to the changes mandated in the current project, the Committee also recommends a small change requested some time ago by the compliance audit department. They are concerned that Rule 3-57(3)(e) allows lawyers to make a bill "available" to a client when taking fees from trust. This has led some lawyers to essentially tell clients to come into the office if they want to see their bill, which is not in the spirit of the Rule. The Committee recommends removing the "make available" language and retaining the ability of the client to agree to some other form of delivery.

attached: suggested resolution

Benchers minute extract, May 10, 2013 DM705076

memo Executive Committee to Benchers April 25, 2013 DM65901, without attachment

draft amendments DM418594 versions 20 and 20A

JGH

## FIDUCIARY PROPERTY

### SUGGESTED RESOLUTION:

*BE IT RESOLVED to amend the Law Society Rules as follows:*

1. *In Rule 1, by rescinding the definitions of “general funds” and “trust funds” and substituting the following:*

**“fiduciary property”** means

- (a) funds, other than trust funds, and valuables for which a lawyer is responsible in a representative capacity or as a trustee, if the lawyer’s appointment is derived from a solicitor-client relationship,

but does not include

- (b) any funds and valuables that are subject to a power of attorney granted to the lawyer if the lawyer has not taken control of or otherwise dealt with the funds or valuables;

**“general funds”** means funds received by a lawyer in relation to the practice of law, but does not include

- (a) trust funds, or
- (b) fiduciary property;

**“trust funds”** includes funds received in trust by a lawyer acting in the capacity of a lawyer, including funds

- (a) received from a client for services to be performed or for disbursements to be made on behalf of the client, or
- (b) belonging partly to a client and partly to the lawyer if it is not practicable to split the funds;

**“valuables”** means anything of value that can be negotiated or transferred, including but not limited to

- (a) securities,
- (b) bonds,
- (c) treasury bills, and
- (d) personal or real property;;

2. *In Rule 3-47 by rescinding the definition of “valuables”;*

3. ***By adding the following Rule:***

**Fiduciary property**

**3-48.1**(1) In addition to any other obligations required by law and equity, this rule applies to lawyers who are responsible for fiduciary property.

- (2) A lawyer must make all reasonable efforts to determine the extent of the fiduciary property for which the lawyer is responsible and must maintain a list of that fiduciary property.
- (3) A lawyer must produce on demand the following records for any period for which the lawyer is responsible for fiduciary property:
  - (a) a current list of valuables, with a reasonable estimate of the value of each;
  - (b) accounts and other records respecting the fiduciary property;
  - (c) all invoices, bank statements, cancelled cheques or images, and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary property and any capital or income associated with the fiduciary property.
- (4) The records required under subrule (3) form part of the books, records and accounts of a lawyer, and the lawyer must produce them and permit them to be copied as required under these Rules.
- (5) Subrules (3) and (4) continue to apply for 10 years from the final accounting transaction or disposition of valuables.;

4. ***In Rule 3-57(3), by rescinding paragraph (e) and substituting the following:***

- (e) made available to the client by other means agreed to in writing by the client.;

5. ***In Rule 3-68, by rescinding subrules (1) and (2) and substituting the following:***

- (1) A lawyer must keep his or her records for as long as the records apply to money held as trust funds or to valuables held in trust for a client and for at least 10 years from the final accounting transaction or disposition of valuables.
- (2) A lawyer must keep his or her records, other than electronic records, at his or her chief place of practice in British Columbia for at least 3 years from the final accounting transaction or disposition of valuables.;

6. ***In Rule 3-80***

- (a) ***in subrule (1), by striking the phrase “in the lawyer’s possession or power” and substituting “in the lawyer’s possession or control”,***
- (b) ***by rescinding subrule (1)(e) and substituting the following:***
  - (e) trust accounts and trust funds;
  - (f) fiduciary property., ***and***
- (c) ***by rescinding subrule (2)(c) and substituting the following:***
  - (c) the lawyer or former lawyer has notified all clients and other persons for whom the lawyer is or potentially may become a personal representative, executor, trustee or other fiduciary regarding the lawyer or former lawyer’s withdrawal from practice and any change in his or her membership status.;

7. ***In Rule 3-82***

- (a) ***by striking the heading substituting “Payment of unclaimed money to the Society”, and***
- (b) ***by rescinding subrules (1), (4) and (5) and substituting the following:***
  - (1) A lawyer who has held money in trust on behalf of a person whom the lawyer has been unable to locate for 2 years may apply to the Executive Director to pay those funds to the Society under section 34 [*Unclaimed Trust Money*] of the Act.
  - (4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the money, the Executive Director may accept the money under section 34 [*Unclaimed Trust Money*] of the Act.
  - (5) The Executive Director must account for money received by the Society under subrule (4) separately from the other funds of the Society.;

8. ***In Rule 3-84, by rescinding subrule (9) and substituting the following:***

- (9) Following the hearing of the evidence and submissions, the Executive Committee must determine whether the claimant is entitled to the money held in trust by the Society.;



- 4 -

**9. In Rule 3-85, by rescinding subrule (2) and substituting the following:**

- (2) Interest calculated under subrule (1) is payable from the first day of the month following receipt of the unclaimed money by the Society, until the last day of the month before payment out by the Society.;

**10. By rescinding Rules 3-86 and 3-87 and substituting the following:**

**Efforts to locate the owner of money**

- 3-86** From time to time, the Executive Director must conduct or authorize efforts to locate the owner of money held under this Part.

**Payment to the Law Foundation**

- 3-87** Before paying the principal amount received under Rule 3-82 [*Payment of unclaimed money to the Society*] to the Foundation under section 34 [*Unclaimed trust money*] of the Act, the Executive Director must be satisfied that the owner of the money cannot be located following efforts to locate the owner..

**REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT**



# Minutes

## Benchers

Date: Friday, May 10, 2013

Present:	Art Vertlieb, QC President Ken Walker, QC 2 <sup>nd</sup> Vice-President Vincent Orchard, QC Rita Andreone, QC Kathryn Berge, QC David Crossin, QC Lynal Doerksen Thomas Fellhauer Leon Getz, QC Miriam Kresivo, QC Bill MacLagan Nancy Merrill Maria Morellato, QC David Mossop, QC Thelma O'Grady Richard Fyfe, QC, Deputy Attorney General of BC, Ministry of Justice, representing the Attorney General	Lee Ongman David Renwick, QC Phil Riddell Greg Petrisor Herman Van Ommen, QC Tony Wilson Barry Zacharias Haydn Acheson Satwinder Bains Stacy Kuiack Peter Lloyd, FCA Ben Meisner Claude Richmond Richard Stewart, QC
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Staff Present:	Tim McGee Adam Whitcombe Alan Treleaven Andrea Hilland Bill McIntosh Deborah Armour	Jeanette McPhee Jeffrey Hoskins, QC Lance Cooke Robyn Crisanti Su Forbes, QC
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### 3. Rules Concerning Trust and Other Client Property – Lawyers Acting as Attorneys and Executors

Ms. Berge briefed the Benchers regarding concerns raised by some members of the Victoria wills and estate bar regarding difficulties that may be faced by lawyers seeking to comply with the Law Society's current trust rules and honour their fiduciary duties, when their appointment as a personal representative derives from a solicitor-client relationship (such as an executor under a

will, an attorney under a power of attorney, or as a trustee). She referred to the Executive Committee's memorandum at page 3000 for detailed discussion of the issues, and particularly to page 3009 for a recommended approach:

After consideration, the recommended approach would be to carve out a definition of "trust property" from the current definition of "trust funds." "Trust property" would define funds and valuables received by a lawyer acting as a personal representative of a person or at the request of a person, or as a trustee under a trust established by a person, if a lawyer's appointment is derived from a solicitor-client relationship. In other words, "trust property" would be separately defined from "trust funds," applied to property that a lawyer holds as a fiduciary from a relationship in which the lawyer is not acting as a lawyer, but where the relationship has been derived from a solicitor-client relationship.

The balance of the trust rules would continue to apply to "trust funds" that a lawyer holds in connection with the solicitor-client relationship. Many of those rules will continue to apply to "trust property" as well. However, some rules would be amended to allow a lawyer to hold or deal with "trust property" in ways more consistent with the trust, thereby relieving the lawyer from some of the applications of the trust rules that may currently prove impractical or even, in some cases, inconsistent with a lawyer's trust obligations, and that gave rise to the tensions that prompted the analysis of this matter.

Ms. Berge noted that the Trust Assurance, Trust Regulation and Professional Conduct departments, and the Lawyers Insurance Fund were consulted and provided information and feedback to the content of the memorandum.

Ms. Berge moved (seconded by Mr. MacLagan) that the Benchers approve in principle amending the Law Society Rules to address the issues raised in the Executive Committee's memorandum, in the manner of the draft amendments appended to the Committee's memorandum (at page 3013); and that the Benchers refer the matter to the Act and Rules Subcommittee to finalize draft rules to be returned to the Benchers for consideration and approval.

Felicia Ciolfitto, Manager of Trust Assurance and Trust Regulation, noted that the clarification provided by the proposed separation of "trust property" from "trust funds" will be helpful to the Law Society's trust auditors.

Key points raised in the ensuing discussion were:

- It is important to ensure the fairness and practicality of the Law Society's regulatory approach to this matter, while also ensuring the protection of the public interest

- Guidance in the form of considerations noted in commentary to the Rules might be appropriate
- The draft rules appended to the Executive Committee's memorandum are provided for illustration and not intended to restrict the flexibility of the Act and Rules Subcommittee
- Consultation with the profession will be needed to support development of an appropriate set of criteria or considerations

There was a clear consensus to adopt the proposed resolution.

Ms. Berge noted with thanks the valuable contributions of Mr. Lucas, Mr. Hoskins and Ms. Ciolfitto.

# Memo

The Law Society  
of British Columbia



To The Benchers  
From The Executive Committee  
Date April 25, 2013  
Subject **Rules Concerning Trust and Other Client Property – Lawyers Acting as Attorneys and Executors**

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## **I. Introduction**

This matter was brought to the attention of the Executive Committee by Ms. Berge, arising from concerns, as discussed below, expressed to her from members of the Bar in Victoria. The matter has now been considered by the Executive Committee at its meetings of October 16, 2012 and April 25, 2013. The Committee also placed an earlier memorandum explaining the issue, prepared by Ms. Berge and Mr. Lucas, before the Benchers for information only at the Benchers' October 26, 2012 meeting. The matter is now placed before the Benchers with a recommendation for approval in principle to amend the rules to address the concerns as identified, and to then refer the matter to the Act and Rules Subcommittee.

Preliminary draft rules are appended to the memorandum to give a sense as to what rule changes will be necessary, but they will need further consideration by the Act and Rules Subcommittee before being returned to the Benchers for approval.

## **II. Identification of the Problem Under Examination**

Lawyers who act as a personal representative of a person where the appointment is derived from a solicitor-client relationship (such as an executor under a will, an attorney under a power of attorney, or as a trustee), have identified concerns about the current trust rules and how they can adversely affect such representations. These concerns have been raised directly with Law Society trust auditors, and have been of particular concern to a segment of the Victoria Bar. This matter was raised by Ms. Berge with the Executive Committee. The Committee suggested that further exploration of the underlying policy issues be examined.

The Trust Department, when conducting audits of law firms, has also noted a tension arising amongst those members practicing in the wills and estates area who are often asked to act as such fiduciaries, and who, quite properly, strive to practice within the Rules while endeavouring to meet their full fiduciary relationship to their clients. The Trust Department has also noticed that the Trust Rules are not always complied with where a lawyer-fiduciary is acting other than in a traditional solicitor-client role.

When handling trust funds, lawyers must operate under specific obligations set out in Division 7, Part 3 of the Law Society Rules (the “Trust Rules”). “Trust Funds” are defined in Rule 1 to include

...funds received in trust by a lawyer acting

(b) as a personal representative of a person or at the request of a person, or as a trustee under a trust established by a person, if the lawyer's appointment derived from a solicitor-client relationship;

Even if a lawyer is acting *qua* “personal representative in circumstances where his or her appointment is derived from a solicitor-client relationship” rather than *qua* lawyer, the funds received are “trust funds” and must be dealt with under the Trust Rules. This result raises difficulties in the administration of the responsibilities assumed by the lawyer. These are explained below.

This memorandum examines policy considerations surrounding the Trust Rules insofar as they relate to relationships where the lawyer is not acting as a lawyer but does have fiduciary responsibilities. It will consider whether the handling of trust funds and other client valuables in those situations may allow for some different considerations from those currently set out in the Trust Rules, which really address considerations where the lawyer is acting as a lawyer only and not in a general fiduciary capacity.

The possibility of a new rule governing the handling of funds and client property where the lawyer is not acting as a lawyer but is a fiduciary/personal representative arising from a solicitor-client relationship will be considered.

### **III. Background**

When reviewing and considering the trust rules in the early 2000s, the Trust Assurance Reform Task Force recognized that, in order to protect the public interest, it was important that it be clear that lawyers must properly handle and account for funds and valuables handled by them in circumstances where the lawyer was acting as a “personal

representative” (such as a trustee or a fiduciary) even if the relationship was not that of lawyer-client – and especially so where the relationship arose from the lawyer having acted for a client.

Therefore, where a lawyer was (for example) appointed executor over a client’s estate arising from circumstances where the lawyer had advised the client on legal matters and the client trusted the lawyer as a professional advisor, the Task Force considered it was important that the lawyer account for the funds of the estate as “trust funds” even though the lawyer was now acting *qua* executor rather than *qua* lawyer. Equally, where a client appointed a lawyer as his or her attorney under a power of attorney to handle part or all of the client’s assets either permanently or temporarily, the Task Force concluded that lawyers must account for these assets in accordance with the Trust Rules. Moreover, such appointments must be disclosed on the lawyer’s Trust Report and be subject to audit, as required.

In large part, the Task Force believed such reporting and handling of the funds and client property was necessary because, should the lawyer ever abscond with the funds, the Special Compensation Fund (now Part B Insurance) could be liable. Ensuring that an audit trail existed was therefore a prudent and necessary consideration to protect the public interest.

To be clear, the Trust Rules only apply where the trustee or fiduciary relationship arises from a solicitor-client relationship. Lawyers acting as a personal representative are not governed by the Trust Rules if the underlying relationship did not arise from a solicitor-client relationship, but instead arose from, for example, familial responsibilities or where the lawyer was appointed because he or she was a long-standing friend of the testator or donor. Nor is the lawyer, in those circumstances, required to disclose that relationship on his or her Trust Report. However, even in these situations lawyers, like all fiduciaries, are still required to account for the property handled in accordance with other legislation (such as the *Trustee Act*, the *Power of Attorney Act* or the *Estate Administration Act*) or pursuant to the laws of equity.

It is unknown exactly how widespread problems arising from the operation of the current Trust Rules are for lawyers acting as personal representatives, because the current rules have been in place for almost a decade and until recently no real concerns had been raised. However, concerns, as discussed below, have been identified, and it would be wise to give some policy consideration to them.

#### IV. Issues

The current requirements under the Trust Rules set out very specific obligations on how “trust funds” must be handled. Specifically, for example, such funds must be deposited in designated savings institutions. Funds may only be paid out by cheque. No automatic withdrawals are permitted. Therefore, if a lawyer is acting as a personal representative with fiduciary responsibilities where the appointment was derived from a solicitor-client relationship, the lawyer may be obligated, in accordance with the Trust Rules, to redesignate the accounts as trust accounts in the lawyer’s name, which may not be what the beneficiary desires nor may it be in the beneficiary’s best interests. In some cases, if the accounts are held in unusual ways (perhaps in off-shore accounts), the lawyer may be required to cash in all the accounts and re-deposit them in accounts that accord with those permitted by the Rules. This could have significant consequences. For example, if the lawyer is acting as a temporary Attorney for a client during a client’s absence from the country, it is doubtful that the client will want the lawyer to have to cash in all existing securities accounts, although this could be required on a strict reading of the current rules.

Equally, acting as an executor, it may be advantageous from an estate’s point of view to leave the funds of the estate in the accounts of the testator pre-existing death. For example, the executor may find it as easy to allow automatic withdrawals to continue to pay utility bills than to change account instructions and have to write cheques, as the Trust Rules would require. Alternatively, for the estate’s accounting purposes, it may be advantageous to pay estate expenses directly through the bank or maintain lucrative investments in an investment account that provides the possibility of much greater income than that which can be earned from a pooled trust account or an interest-bearing investment account.

If a lawyer is appointed as an attorney for his or her client and the client later becomes incapacitated, the standard approach is that the lawyer proceeds to administer the client’s assets in more or less the same, or similar, form as the investments were in at the time that the lawyer-attorney assumes his or her responsibilities: Investments and bank accounts are left intact, mortgages and other obligations paid from them and the funds are not liquidated and placed in the lawyer’s pooled trust. In many instances the client is a minor or disabled person and is expected to live many years into the future or the estate may take some years to administer; liquidation of all assets to convert into pooled trust, or interest-bearing trust, is not necessarily considered a prudent investment. Maintenance of the security of the client’s assets and income for the benefit of the client him or herself,



or heirs, is considered the first responsibility of the lawyer-fiduciary acting as a personal representative.

Further, a lawyer acting under a power of attorney or as an executor may, directly or indirectly, maintain control of the client's real estate investments in order to allow the estate to earn income, the client's children to benefit from the use of the real estate assets, or to plan for development or other investment in the land. Real estate is not a permitted investment in a pooled trust account under the Trust Rules.

All these examples raise issues with the application of the current Trust Rules to situations where a lawyer is acting as a fiduciary from an appointment arising out of a solicitor-client relationship.

## **V. Policy Considerations**

### **1. General considerations**

When lawyers are handling funds or property where the lawyer has been appointed as personal representative deriving from a solicitor-client relationship, the Law Society Rules ought to address how the funds and property are handled and accounted for. Lawyers are respected professionals and the public places a high level of trust in them. The assets should be handled and accounted for with the integrity expected of a lawyer, even if the lawyer is not performing solicitor-client functions in connection with the appointment. Lawyers handling property or trust funds in these circumstances should still be expected to be subject to audit by the Law Society with respect to their handling of the trust funds or property in the course of discharging obligations as a personal representative. Simply put, the lawyer has been appointed because of a past relationship that the lawyer and person making the appointment have had. It is reasonable to view the lawyer as a member of a regulated profession, and expect that the lawyer is handling the assets as a member of a regulated profession, even though the lawyer's principle function is as some other type of fiduciary.

Moreover, the Compulsory Professional Liability Insurance Policy, through Part B, now covers dishonest appropriation of money or other property that was entrusted and received by a lawyer in his or her capacity as a barrister and solicitor and in relation to the provision of professional services in certain circumstances. Dishonest appropriation by a lawyer acting as a personal representative deriving from a solicitor-client relationship may be covered through Part B. In order to be able to properly address claims under Part B, it is important for the Law Society to ensure that funds that may be

the subject of a claim are accounted for as “trust funds.” This protects both the public and the Law Society itself.

2. Specific considerations

The current Trust Rules, insofar as they relate to “trust funds” focus on “funds” that are received by a lawyer as a retainer or in the course of the retainer, such as settlement funds, or sale proceeds. These are particular funds that come into existence arising from a specific, or a series of specific, matters. While they may be held by the lawyer for a period of time, the lawyer’s principle function is in *holding* the funds, rather than *managing* them.

When acting as a personal representative, though, the trust funds (or other property) may be of a significantly different nature than those received for the purposes of a matter on which a lawyer is acting for a client. Rather than receiving funds in connection with a particular matter, the lawyer may in fact be taking over the *management* of pre-existing assets, such as securities or brokerage accounts.

Recognizing the differing functions that a lawyer has compared to a personal representative, an application of the Trust Rules to funds being held as a personal representative may raise the following considerations:

**a. Trust Funds must be deposited to a pooled account and interest must be paid to the Law Foundation.**

These requirements may be negated by specific instructions, and therefore should presumably be dealt with by the lawyer before agreeing to the appointment as personal representative. However, it is often likely that this will not be possible. In many situations, many years elapse between the appointment of the lawyer-fiduciary and the date upon which that lawyer takes control of the assets. At the time of the appointment, no detailed discussion may have been undertaken about the Trust Rules and their effect upon income and the overall assets should the lawyer-fiduciary be required to assume control of the client’s estate at some later date. Although anecdotal, most appointments of lawyers as attorneys and executors never are acted upon. To obtain detailed instructions regarding an unlikely eventuality is seen to be speculative and uncertain given that the Trust Rules may have changed by the time the attorney or executor controls the client’s estate.

Even if such detailed instructions were, however, obtained from each client where such a nomination is made, they are not binding in the event of the client's subsequent loss of capacity, unless provided irrevocably. Obtaining such irrevocable instructions would be unwise due to the likelihood that there will be significant changes in the underlying circumstances of the client in the years that intervene between the appointment and the assumption of responsibilities by the lawyer-fiduciary.

If instructions cannot or have not been received, the Trust Rules prescribe that any funds that the lawyer receives would have to be deposited to a pooled trust account rather than be deposited into an already existing account of the estate that the lawyer is to manage. The interest would accrue to a body external to the trust, which would be contrary to the personal representative's (lawyer's) obligations as a fiduciary.

**b. Trust Accounts must be kept in the name of the lawyer or the lawyer's firm and designated as a "trust account."**

Where the lawyer is acting as, for example, a temporary attorney under a limited power of attorney, it may make no sense and in fact be contrary to the intention of the donor for the accounts to be renamed and designated "in trust" for any funds that the lawyer was to receive while acting as personal representative (such as where the lawyer is acting under a limited power of attorney to collect rents). All of the concerns identified above apply here; in most instances of longer-term lawyer-fiduciary appointments, these investments are not being held in such accounts.

**c. Funds must be held in a designated savings institution.**

Unless instructions to the contrary can be received from the client (which in some cases may no longer be possible) some or all of the accounts of the estate handled by the lawyer may have to be converted to a designated savings institution. It may well be prudent for the lawyer, acting as a fiduciary, to make such a change in any event. However, there may be circumstances where the holding of the funds in a non-designated savings institution has been done for a reason, and it would be imprudent to have to cash in the account and re-deposit the funds. The issue should perhaps be addressed on the basis of prudent asset management, rather than adherence to prescribed formulas set out in the Trust Rules.

Even with specific instructions to hold funds in a non-designated savings institution, Rule 3-53 requires a trust account to be in a “savings institution” which is defined in the *Interpretation Act* to mean:

- (a) a bank,
- (b) a credit union,
- (c) an extraprovincial trust corporation authorized to carry on deposit business under the *Financial Institutions Act*,
- (d) a corporation that is a subsidiary of a bank and is a loan company to which the *Trust and Loan Companies Act* (Canada) applies, or
- (e) the B.C. Community Financial Services Corporation established under the *Community Financial Services Act*;

It is at least conceivable that funds could be held in something that was not a “savings institution” – cash in certain brokerage accounts, for example – in which case even with client instructions a lawyer acting as a personal representative managing assets as a fiduciary could be required under the Trust Rules to deal with the assets in a way not contemplated by his or her appointment.

It is worth noting that “funds” is defined to include coin or bank notes bills of exchange, cheques, drafts, money orders, etc. “Securities” are included in the definition of “valuables” in Rule 3-47 and therefore are not “trust funds.” They would have to be accounted for as valuables, but accounts in which securities are held probably escape the application of the rules to “trust accounts” (not defined) which seem to address the holding of “trust funds.”

#### **d. Payments or Withdrawals out of a Trust Account**

Rule 3-56 permits withdrawals to be made from a trust account only by certain methods and for specific reasons. It is likely that Rule 3-56(a) would cover most situations for payment of funds out of the trust, *provided that* “client” included the donor of the power of attorney, the settlor of the trust, or the testator of an estate, for example. However, if a situation arose where for some reason a payment of funds out of trust by a lawyer acting as a personal representative or executor did not fall within Rule 3-56, the Trust Rules would create problems for the lawyer.

Equally, funds may only be withdrawn from a trust account by cheque, electronic transfer as permitted by the Rules, by instruction to a savings institution (but only to pay funds to the Law Foundation), or by cash (but only in very specific and unusual circumstances that are not relevant to a normal trust). It may be advantageous for the lawyer, acting as fiduciary, to maintain the donor's previously authorized withdrawals or payments from the account.

What is it that Law Society needs to establish in these sorts of relationships to ensure that it can regulate and, if need be, audit how the lawyer has dealt with the assets? Do the requirements of accounting for trust funds set out in Trust Rules need to be discharged, or is it enough that the lawyer discharges (and is able to show he or she has discharged) general requirements that may be less prescriptive than the specific provisions of the existing Trust Rules, thereby permitting more flexible management of assets but still allowing a proper accounting and, if necessary, audit of the lawyer's activities?

### 3. Public interest

The public interest is to ensure that when a lawyer is acting either as a lawyer or as a personal representative, where the appointment derives from a solicitor-client relationship, the lawyer will hold trust assets properly and that the client or party appointing the lawyer can be assured that the lawyer's conduct is regulated or at least supervised by the Law Society. A finding of professional misconduct would be expected should a lawyer fail to hold trust funds properly when acting as a lawyer. A finding of conduct unbecoming a lawyer would be available should a lawyer not hold trust funds properly when acting in a capacity other than as a lawyer.

However, if the lawyer, acting as a personal representative where the appointment was derived from a solicitor-client relationship, were required to deal with trust property in a way not contemplated by the appointing party (the client or former client of the lawyer), it is likely that second thoughts would be given to the appointment of a lawyer as a fiduciary. This may not be generally in the public interest, because it may result in the client appointing someone else whose responsibilities are not regulated, or a trust company whose fees (we understand) may be higher.

Moreover, a trust company representative may not be generally expected to have all the same skills or experience as a lawyer, and certainly would not have the same comprehension and familiarity with a client's affairs as would a lawyer appointed as executor or other fiduciary arising out of the solicitor-client relationship. The client would not be expected to have the same degree of trust and confidence in what would,

essentially, amount to a stranger assuming an important fiduciary role in connection with the client's affairs. Ensuring therefore that lawyers remain able to undertake these responsibilities is in the public interest.

On the other hand, public confidence in the legal profession requires that lawyers abide strictly by Law Society regulations concerning the handling of funds entrusted to a lawyer. If the current rules allow the Law Society to best protect the public, then amending the rules to provide different standards for the handling of such funds depending on whether the lawyer was acting *qua* lawyer or *qua* personal representative could be counter-productive to effective regulation. The fact that the rules have been in place a considerable period of time and yet concerns have only been raised in the recent past suggests that lawyers have been able to work with the rules.

#### 4. Member relations

Lawyers should obviously give serious consideration before accepting an appointment as a personal representative, trustee or executor. However, given a lawyer's professional expertise and a general level of trust that may have developed with specific individual clients or former clients, it is to be expected that such appointments will occur and perhaps even be necessary. If so, it would be advisable to ensure that the Trust Rules do not interfere with the fiduciary obligations that a lawyer has undertaken in order that the lawyer is not caught between his or her responsibilities as a fiduciary and his or her obligations to the Law Society.

### VI. Options

#### 1. Amend the Rules

A rule amendment to permit a different manner of holding or dealing with funds by a lawyer acting *qua* personal representative could be considered.

There are different ways that this could be accomplished. After consideration, the recommended approach would be to carve out a definition of "trust property" from the current definition of "trust funds." "Trust property" would define funds and valuables received by a lawyer acting as a personal representative of a person or at the request of a person, or as a trustee under a trust established by a person, if a lawyer's appointment is derived from a solicitor-client relationship. In other words, "trust property" would be separately defined from "trust funds," applied to property that a lawyer holds as a

fiduciary from a relationship in which the lawyer is not acting as a lawyer, but where the relationship has been derived from a solicitor-client relationship.

The balance of the trust rules would continue to apply to “trust funds” that a lawyer holds in connection with the solicitor-client relationship. Many of those rules will continue to apply to “trust property” as well. However, some rules would be amended to allow a lawyer to hold or deal with “trust property” in ways more consistent with the trust, thereby relieving the lawyer from some of the applications of the trust rules that may currently prove impractical or even, in some cases, inconsistent with a lawyer’s trust obligations, and that gave rise to the tensions that prompted the analysis of this matter.

The application of the rules to trust property can be designed to track the language of the Power of Attorney Regulations under the recently proclaimed *Power of Attorney Act*, creating specific obligations on lawyers concerning the efforts they must make to establish the property and liabilities of the fiduciary obligations and to maintain a list accordingly.

Consequently, rules could be designed to ensure that a lawyer’s fiduciary obligations relating to “trust property” would track obligations as established elsewhere in legislation, but still be designed to ensure particular aspects of responsibility necessary to ensure that the lawyer’s handling of “trust property” will remain within the purview of the Law Society and be subject to Law Society audits.

A preliminary draft of rules that would effect changes consistent with this recommendation is attached.

## 2. Leave the Rules in their Current State

The other option is to leave the Rules as they currently read, and to leave it to lawyers to use their good sense in interpreting them insofar as they apply to their handling of trust funds and property where the lawyer is not acting as a lawyer but is acting as a personal representative where the appointment is derived from a solicitor-client relationship. The current rules have been in place for many years and while they do not seem to generate many complaints, the issue appears to be one that is of concern to the wills and estates bar. It has been reported to us that a considerable number of lawyers are appointed as trustees, executors, or attorneys arising out of a solicitor-client relationship.

However, given that concerns have been raised by lawyers engaged in this activity and that an examination as described above identifies that there are some policy

considerations that suggest some problems could arise from the application of the current rules to these situations, leaving the Trust Rules as they are currently drafted may not be a viable option. Providing clarity concerning how funds and property should be handled when acting as a fiduciary but not as a lawyer could be of valuable assistance to lawyers in the Province.

## **VII. Key Comparisons**

The Rules of some other law societies do address this issue to some greater extent than do the rules in British Columbia.

In particular, the Rules of the Law Society of Alberta create a category of lawyer acting “in a representative capacity.” Lawyers acting in a representative capacity are exempted from the application of the rule that sets out what a lawyer must do on the receipt of trust money.

## **VIII. Consultations**

The Trust Accounting Department, the Professional Conduct Department and the Lawyers Insurance Fund have been consulted and each has provided information and feedback to the content of this memorandum.

The issue itself was brought to the attention of the Law Society by members practicing in areas of law where a lawyer may be, on occasion, expected to act in a representative capacity as an executor, attorney, or trustee where the appointment has arisen as a result of a solicitor-client relationship. The problems that the current rules are said to create have been identified by those lawyers and expanded on in this memorandum, and this group of lawyers is awaiting a response from the Law Society in connection with the concerns it has raised.

## **IX. Recommendation**

The concerns and issues that have been identified by lawyers practising in areas of law where there is some real likelihood that the lawyer will act in a representative capacity are not speculative and could be problematic, putting lawyers acting in representative fiduciary capacities in conflict with their obligations as a lawyer in handling “trust funds” as defined in the Rules. Consequently, the Executive Committee recommends that rule amendments be approved in principle in the manner of those appended to this memorandum. The Benchers are asked to approve in principle amendments to the rules to address the concerns raised in this memorandum, and to refer the matter to the Act and



Rules Subcommittee to finalize draft rules that can then be returned to the Benchers for consideration and approval.

MDL/al

# LAW SOCIETY RULES

## Definitions

1 In these Rules, unless the context indicates otherwise:

**“fiduciary property” means**

(a) funds, other than trust funds, and valuables for which a lawyer is responsible in a representative capacity or as a trustee, if the lawyer’s appointment is derived from a solicitor-client relationship,

but does not include

(b) any funds and valuables that are subject to a power of attorney granted to the lawyer if the lawyer has not taken control of or otherwise dealt with the funds or valuables;

**“funds”** includes current coin, government or bank notes, bills of exchange, cheques, drafts, money orders, charge card sales slips, credit slips and electronic transfers;

**“general funds”** means funds ~~other than trust funds~~, received by a lawyer in relation to the practice of law, but does not include

(a) trust funds, or

(b) fiduciary property;

**“trust funds”** includes funds received in trust by a lawyer acting

~~— (a) —~~ in the capacity of a lawyer, including funds

~~(i)a~~ received from a client for services to be performed or for disbursements to be made on behalf of the client, or

~~(ii)b~~ belonging partly to a client and partly to the lawyer if it is not practicable to split the funds, and;

~~————— (b) as a personal representative of a person or at the request of a person, or as a trustee under a trust established by a person, if the lawyer’s appointment derived from a solicitor-client relationship;~~

**“valuables” means anything of value that can be negotiated or transferred, including but not limited to**

(a) securities,

(b) bonds,

(c) treasury bills, and

(d) personal or real property.

# LAW SOCIETY RULES

## PART 3 – PROTECTION OF THE PUBLIC

### Division 7 – Trust Accounts and Other Client Property

#### Definitions

**3-47** In this Division,

“**client**” includes any beneficial owner of funds or valuables received by a lawyer in connection with the lawyer’s practice;

~~“**valuables**” means anything of value that can be negotiated or transferred, including but not limited to~~

- ~~===== (a) securities,~~
- ~~===== (b) bonds,~~
- ~~===== (c) treasury bills, and~~
- ~~===== (d) personal or real property.~~

#### Personal responsibility

- 3-48** (1) A lawyer must account in writing to a client for all funds and valuables received on behalf of the client.
- (2) In this Division, the responsibilities of a lawyer may be fulfilled by the lawyer’s firm.
- (3) A lawyer is personally responsible to ensure that the duties and responsibilities under this Division are carried out, including when the lawyer
- (a) is authorized by the firm or lawyer through which the lawyer practises law to open, maintain, or deal with funds in a trust or general account, or
  - (b) delegates to another person any of the duties or responsibilities assigned to a lawyer under this Division.

#### Fiduciary property

- 3-48.1** (1) In addition to any other obligations required by law and equity, this rule applies to lawyers who are responsible for fiduciary property.
- (2) A lawyer must make all reasonable efforts to determine the extent of the fiduciary property for which the lawyer is responsible and must maintain a list of that fiduciary property.

## LAW SOCIETY RULES

- (3) A lawyer must produce on demand the following records for any period for which the lawyer is responsible for fiduciary property:
- (a) a current list of valuables, with a reasonable estimate of the value of each;
  - (b) accounts and other records respecting the fiduciary property;
  - (c) all invoices, bank statements, cancelled cheques or images, and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary property and any capital or income associated with the fiduciary property.
- (4) The records required under subrule (3) form part of the books, records and accounts of a lawyer, and the lawyer must produce them and permit them to be copied as required under these Rules.
- (5) Subrules (3) and (4) continue to apply for 10 years from the final accounting transaction or disposition of valuables.

### **Pooled trust account**

- 3-52** (3) Subject to subrule (4) and Rule 3-66 [*Trust shortage*], a lawyer must not deposit to a pooled trust account any funds other than trust funds.

### **Separate trust account**

- 3-53** (3) Subject to Rule 3-66 [*Trust shortage*], a lawyer must not deposit to a separate trust account any funds other than trust funds.

### **Payment of fees from trust**

- 3-57** (3) A bill or letter is delivered within the meaning of this Rule if it is
- (a) mailed to the client at the client's last known address,
  - (b) delivered personally to the client,
  - (c) transmitted by electronic facsimile to the client at the client's last known electronic facsimile number,
  - (d) transmitted by electronic mail to the client at the client's last known electronic mail address, or
  - (e) made available to the client
- ~~\_\_\_\_\_ (i) by means that allow the client to review the content of the document and save or print a copy, or~~
- ~~\_\_\_\_\_ (ii) by other means agreed to in writing by the client.~~

### **Retention and security of records**

- 3-68** (0.1) This Rule applies to records referred to in Rules 3-59 to 3-62.

## LAW SOCIETY RULES

- (1) A lawyer must keep his or her records for as long as the records apply to money held ~~in as~~ trust funds or to valuables held in trust for a client and for at least 10 years from the final accounting transaction or disposition of valuables.
- (2) A lawyer must keep his or her records, other than electronic records, at his or her chief place of practice in British Columbia ~~for as long as the records apply to money held in trust and, in any case,~~ for at least 3 years from the final accounting transaction or disposition of valuables.

### Disposition of files, trust money and other documents and valuables

- 3-80** (1) Before leaving a firm in British Columbia, a lawyer must advise the Executive Director in writing of his or her intended disposition of all of the following that relate to the lawyer's practice in British Columbia and are in the lawyer's possession or powercontrol:
- (a) open and closed files;
  - (b) wills and wills indices;
  - (c) titles and other important documents and records;
  - (d) other valuables;
  - (e) trust accounts and trust funds;
  - (f) fiduciary property.
- (2) Within 30 days after withdrawing from the practice of law in British Columbia, a lawyer or former lawyer must confirm to the Executive Director in writing that
- (c) the lawyer or former lawyer has notified all clients and other persons for whom the lawyer is or potentially may become a personal representative, executor, ~~or~~ trustee or other fiduciary regarding the lawyer or former lawyer's withdrawal from practice and any change in his or her membership status.

### Division 8 – Unclaimed Trust Money

#### Payment of unclaimed ~~trust funds~~ money to the Society

- 3-82** (1) A lawyer who has held ~~funds money~~ in ~~his or her~~ trust ~~account~~ on behalf of a person whom the lawyer has been unable to locate for 2 years may apply to the Executive Director to pay those funds to the Society under section 34 [Unclaimed trust money] of the Act.
- (4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the ~~funds money~~, the Executive Director may accept the ~~funds money~~ under section 34 of the Act.

## LAW SOCIETY RULES

- (5) The Executive Director must account for ~~funds-money~~ received by the Society under subrule (4) separately from the other funds of the Society.

### Adjudication of claims

- 3-84** (9) Following the hearing of the evidence and submissions, the Executive Committee must determine whether the claimant is entitled to the ~~funds-money~~ held in trust by the Society.

### Calculation of interest

- 3-85** (2) Interest calculated under subrule (1) is payable from the first day of the month following receipt of the unclaimed ~~trust funds~~~~money~~ by the Society, until the last day of the month before payment out by the Society.

### Efforts to locate the owner of ~~money~~~~funds~~

- 3-86** From time to time, the Executive Director must conduct or authorize efforts to locate the owner of ~~funds-money~~ held under this Part.

### Payment to the Law Foundation

- 3-87** Before paying the principal amount received under Rule 3-82 *[Payment of unclaimed trust money to the Society]* to the Foundation under section 34 of the Act, the Executive Director must be satisfied that the owner of the ~~funds-money~~ cannot be located following efforts to locate the owner.

# LAW SOCIETY RULES

## Definitions

**1** In these Rules, unless the context indicates otherwise:

**“fiduciary property”** means

- (a) funds, other than trust funds, and valuables for which a lawyer is responsible in a representative capacity or as a trustee, if the lawyer’s appointment is derived from a solicitor-client relationship,

but does not include

- (b) any funds and valuables that are subject to a power of attorney granted to the lawyer if the lawyer has not taken control of or otherwise dealt with the funds or valuables;

**“funds”** includes current coin, government or bank notes, bills of exchange, cheques, drafts, money orders, charge card sales slips, credit slips and electronic transfers;

**“general funds”** means funds received by a lawyer in relation to the practice of law, but does not include

- (a) trust funds, or
- (b) fiduciary property;

**“trust funds”** includes funds received in trust by a lawyer acting in the capacity of a lawyer, including funds

- (a) received from a client for services to be performed or for disbursements to be made on behalf of the client, or
- (b) belonging partly to a client and partly to the lawyer if it is not practicable to split the funds;

**“valuables”** means anything of value that can be negotiated or transferred, including but not limited to

- (a) securities,
- (b) bonds,
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- (d) personal or real property.

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(c) all invoices, bank statements, cancelled cheques or images, and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary property and any capital or income associated with the fiduciary property.



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  - (d) other valuables;
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  - (f) fiduciary property.
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- (4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the money, the Executive Director may accept the money under section 34 of the Act.
- (5) The Executive Director must account for money received by the Society under subrule (4) separately from the other funds of the Society.

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**3-87** Before paying the principal amount received under Rule 3-82 [*Payment of unclaimed trust money to the Society*] to the Foundation under section 34 of the Act, the Executive Director must be satisfied that the owner of the money cannot be located following efforts to locate the owner.



# Financial Report

December 31, 2014

Prepared for: Finance and Audit Committee Meeting – Feb 13, 2015  
Bencher Meeting – Mar 6, 2015

Prepared by: Jeanette McPhee, CFO & Director Trust Regulation

## **Financial Report – To December 31, 2014**

Attached are the draft 2014 financial results to budget for the year ended December 31, 2014. The final 2014 audited financial statements will be reviewed and recommended for approval at the February 13<sup>th</sup> Finance and Audit Committee meeting and approved by the Benchers at the March 6<sup>th</sup> Bencher meeting.

### **General Fund**

#### **General Fund (excluding capital and TAF)**

The 2014 General Fund operations finished the year with a negative variance of \$461,000 (equates to 2.2% variance of the operating expense budget).

In 2014, we had fewer than expected new members, but there were additional recoveries received, particularly in the areas of discipline and legal defense. There were also additional building revenues from a new lease in 835 Cambie and the renewal of the café lease. PLTC student enrolments were up, along with electronic filing revenues and interest revenue. The additional revenues were offset by unbudgeted costs relating to the Trinity Western University (TWU) law school application. Regulation and credentials related external counsel fees also exceeded budget. The additional costs were partially offset by compensation related savings.

### **Revenue**

Revenue was \$20,803,000, a positive budget variance of \$497,000 (2.4%) due to:

- PLTC revenues, a positive variance of \$51,000 with 470 students
- Additional recoveries, a positive variance of \$193,000
- Lease revenues were above budget by \$108,000
- Interest income exceeded budget by \$78,000
- Credentials fees, primarily relating to transfer applications were above budget by \$57,000
- Membership revenue was below budget, with practicing membership at 11,114 members, compared to a budget of 11,190 resulting in a budget shortfall of \$105,000

### **Operating Expenses**

Operating expenses (excluding planned Bencher approved use of reserve items of \$155,000) were \$21,109,000, a negative variance of \$803,000 (4%). In 2014, TWU-related expenses for meeting costs and external counsel fees were \$432,000.

Excluding the planned use of reserve items and the TWU-related expenses, the General Fund total operating expense results were \$20,677,000, compared to a budget of \$20,306,000, a negative variance of \$371,000 (or 1.8%).

There were operating expense savings relating to:

- Staff compensation costs below budget due to additional staff vacancy savings relating mainly to vacancies in PLTC and forensic accounting - \$237,000
- External forensic accounting fees below budget - \$80,000

Offsetting these savings were additional costs relating to:

- External counsel fees were \$464,000 higher than budget, with the increase due to a number of factors. There were a higher percentage of complex files, including an increased number of 4-43 forensic files. In addition, there have been a number of files handled by the investigations and discipline departments that have been much more challenging, causing a significant increase in workload for a number of staff members. In addition, there were staff vacancies that occurred in 2013, and into 2014, so there were a number of professional conduct files sent out to external counsel to ensure file timelines were addressed. The increase in external counsel fees is also reflective of the increase in the number of hearing/review days in 2014.
- Additional credentials investigations and professional fees due to more complex files - \$201,000
- Increase in building occupancy costs relating primarily to property taxes and utilities - \$80,000

The planned Benchers approved use of reserve items totaled \$155,000, as follows:

- CBA REAL funding for 2014 - \$48,000
- Articling student pilot program - \$57,000
- Update to Practice Standards/On-line courses - \$50,000

### **Net Assets**

The General Fund net asset balance (before capital allocation and TAF) is \$8.74 million, which is mainly invested in capital assets, including the 845 Cambie building.

Net assets also includes \$1.84 million in capital funding for planned capital projects related to the 845 building capital projects and workspace improvements for Law Society operations.

### **TAF-related Revenue and Expenses**

TAF results were above budget, with a positive budget variance of \$340,000 for the year. TAF revenue was \$3,500,000, \$263,000 above budget due to an increase in Trust Administration Fees (TAF). The number of real estate unit sales increased 15.2% during 2014. Operating expense savings of \$77,000, primarily related to travel and external fees, added to the surplus for 2014.

The TAF reserve has now returned to a positive net asset balance of \$1,038,000 at December 31, 2014. This reserve level is moving towards the recommended reserve level of 6 to 12 months of operating expenses.

### **Special Compensation Fund**

The Special Compensation Fund net assets are \$1.335 million at December 31, 2014. After any remaining recoveries are concluded, the Special Compensation Fund reserve will be transferred to the Lawyers Insurance Fund as required by the Legal Profession Amendment Act, 2012.

**Lawyers Insurance Fund (LIF)**

LIF assessment revenues were \$14.1 million, \$284,000 (2.1%) over budget. Operating expenses (excluding the claims provision) were \$6.2 million, \$472,000 (7.1%) below budget. The expense savings are a result of staff vacancies, lower travel, insurance and consulting fees.

The provision for claims liability is \$51.4 million at year end, \$872,000 (1.7%) below the 2013 provision of \$52.2 million.

The LIF investment portfolio earned a return of 9.6%, compared to a benchmark of 10.48%. The below benchmark result is mainly due to the performance of one of the investment managers. The Finance and Audit Committee will continue to closely monitor the on-going performance of the managers.

The market value of the LIF long term investment portfolio is \$118.9 million.

The LIF net assets are \$65.8 million at December 31, 2014, which includes \$17.5 million internally restricted for Part B claims, leaving \$48.3 million in unrestricted net assets.

**Summary of Financial Highlights - Dec 2014**  
(\$000's)

**2014 General Fund Results - YTD Dec 2014 (Excluding Capital Allocation & Depreciation)**

	Actual*	Budget	\$ Var	% Var
<b>Revenue (excluding Capital)</b>				
Membership fees	16,026	16,108	(82)	-0.5%
PLTC and enrolment fees	1,179	1,125	54	4.8%
Electronic filing revenue	744	714	30	4.2%
Interest income	393	315	78	24.8%
Recoveries	391	193	198	102.6%
Other revenue	1,062	951	111	11.7%
Building revenue & recoveries	1,008	900	108	12.0%
	20,803	20,306	497	2.4%
<b>Expenses (excl. dep'n)*</b>	21,264	20,306	(958)	-4.7%
	(461)	-	(461)	-2.2%

\* Note: Actuals include \$155,000 in costs related to Benchers approved items to be funded from the reserve

**2014 General Fund Year End Forecast (Excluding Capital Allocation & Depreciation)**

	Avg # of Members		
<b>Practice Fee Revenue</b>			
2008 Actual	10,035		
2009 Actual	10,213	178	1.8%
2010 Actual	10,368	155	1.5%
2011 Actual	10,564	196	1.9%
2012 Actual	10,746	182	1.7%
2013 Actual	10,938	192	1.8%
2014 Budget	11,190	176	1.6%
2014 Actual	11,114		

	Actual Variance
<b>Revenue</b>	
Membership revenue - below budget by 76 members	(105)
PLTC revenue, total of 470 students, versus budget of 450	51
Credentials Fees - Transfer Applications, etc.	57
Interest Income	78
Electronic Filing	30
Additional recoveries	193
845/835 Cambie - new lease on 3rd floor 835 Cambie, plus café lease renewal	108
Other	85
	497
<b>Expenses</b>	
Additional regulation external counsel fees	(464)
Credentials - professional fees	(201)
Compensation and staff related savings	237
Forensic accounting fee savings	80
Building - property taxes / utilities	(80)
Other cost savings	57
	(371)
<b>2014 General Fund Variance, prior to TWU</b>	126
Costs related to TWU (external counsel / meetings)	(432)
<b>2014 General Fund Variance, prior to approved costs funded from reserve</b>	(306)
<b>Reserve funded amounts (Benchers approved):</b>	
CBA REAL 2014 contribution (\$50K approved)	(48)
Articling student (\$57K approved)	(57)
Update Practice standards/On-line courses (\$80K approved)	(50)
Regulation and Insurance Working Group costs (\$75K approved)	-
Estimated Lawyer support & advice program set up costs - costs will be expended over 2014/2015 (\$235K approved)	-
	(155)
<b>2014 General Fund Actual, incl. items funded from reserve</b>	(461)

**Trust Assurance Program Actual**

	2014 Actual	2014 Budget	Variance	% Var
<b>TAF Revenue</b>	3,500	3,237	263	0.0%
Trust Assurance Department	2,424	2,501	77	3.1%
<b>Net Trust Assurance Program</b>	1,076	736	340	

**2014 Lawyers Insurance Fund Long Term Investments - YTD Dec 2014** Before investment management fees

Performance	9.60%
Benchmark Performance	10.48%



**The Law Society of British Columbia**  
**General Fund**  
**Results for the 12 Months ended December 31, 2014**  
(\$000's)

	<b>2014 Actual</b>	<b>2014 Budget</b>	<b>\$ Var</b>	<b>% Var</b>
<b>Revenue</b>				
Membership fees (1)	17,982	18,077		
PLTC and enrolment fees	1,179	1,125		
Electronic filing revenue	744	714		
Interest income	393	315		
Other revenue	1,454	1,145		
Building Revenue & Recoveries	1,008	900		
<b>Total Revenues</b>	<b>22,758</b>	<b>22,275</b>	<b>483</b>	<b>2.2%</b>
<b>Expenses</b>				
Regulation	7,581	7,374		
Education and Practice	3,707	3,483		
Corporate Services	3,012	3,023		
Benchers Governance	959	760		
Communications and Information Services	1,936	1,952		
Policy and Legal Services	2,278	2,004		
Occupancy Costs	2,290	2,293		
Depreciation	366	416		
<b>Total Expenses</b>	<b>22,129</b>	<b>21,303</b>	<b>826</b>	<b>3.9%</b>
<b>General Fund Results before TAP</b>	<b>630</b>	<b>972</b>	<b>(343)</b>	
<b>Trust Administration Program (TAP)</b>				
TAF revenues	3,500	3,237	263	
TAP expenses	2,424	2,501	77	3%
<b>TAP Results</b>	<b>1,076</b>	<b>736</b>	<b>340</b>	
<b>General Fund Results including TAP</b>	<b>1,706</b>	<b>1,708</b>	<b>(2)</b>	

(1) Membership fees include capital allocation of \$1.96m (YTD capital allocation budget = \$1.97m).

**The Law Society of British Columbia**  
**General Fund - Balance Sheet**  
**As at December 31, 2014**  
(\$000's)

	Dec 31 2014	Dec 31 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	110	179
Unclaimed trust funds	1,781	1,808
Accounts receivable and prepaid expenses	1,494	1,105
B.C. Courthouse Library Fund	569	505
Due from Lawyers Insurance Fund	24,127	22,211
	<u>28,081</u>	<u>25,808</u>
<b>Property, plant and equipment</b>		
Cambie Street property	12,691	12,721
Other - net	1,331	1,438
	<u>42,103</u>	<u>39,967</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	5,670	4,612
Liability for unclaimed trust funds	1,781	1,808
Current portion of building loan payable	500	500
Deferred revenue	18,807	18,971
Deferred capital contributions	34	47
B.C. Courthouse Library Grant	569	505
Deposits	28	16
	<u>27,389</u>	<u>26,459</u>
<b>Building loan payable</b>	<u>3,100</u>	<u>3,600</u>
	<u>30,489</u>	<u>30,059</u>
<b>Net assets</b>		
Capital Allocation	1,841	1,482
Unrestricted Net Assets	9,773	8,426
	<u>11,614</u>	<u>9,908</u>
	<u>42,103</u>	<u>39,967</u>

**The Law Society of British Columbia**  
**General Fund - Statement of Changes in Net Assets**  
**For the 12 Months ended December 31, 2014**  
(\$000's)

	<i>Invested in capital</i>	<i>Working Capital</i>	Unrestricted	Trust	Capital	2014	2013
	\$	\$	Net Assets	Assurance	Allocation	Total	Total
					\$	\$	\$
<b>Net assets - December 31, 2013</b>	10,059	(1,595)	8,464	(38)	1,482	9,908	8,426
Net (deficiency) excess of revenue over expense for the period	(980)	(346)	(1,326)	1,076	1,955	1,706	1,482
Repayment of building loan	500	-	500	-	(500)	-	-
Purchase of capital assets:							
LSBC Operations	350	-	350	-	(350)	-	-
845 Cambie	746	-	746	-	(746)	-	-
<b>Net assets - November 30, 2014</b>	10,676	(1,941)	8,735	1,038	1,841	11,614	9,908

**The Law Society of British Columbia**  
**Special Compensation Fund**  
**Results for the 12 Months ended December 31, 2014**  
(\$000's)

	2014 Actual	2014 Budget	\$ Var	% Var
<b>Revenue</b>				
Annual assessment	-	-		
Recoveries	22	-		
<b>Total Revenues</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>100.0%</b>
<b>Expenses</b>				
Claims and costs, net of recoveries	-	-		
Administrative and general costs	6	-		
Loan interest expense	(32)	-		
<b>Total Expenses</b>	<b>(26)</b>		<b>(26)</b>	<b>-100.0%</b>
<b>Special Compensation Fund Results</b>	<b>48</b>	<b>-</b>	<b>48</b>	

***The Law Society of British Columbia  
Special Compensation Fund - Balance Sheet  
As at December 31, 2014  
(\$000's)***

	Dec 31 2014	Dec 31 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1	1
Accounts receivable	-	-
Due from Lawyers Insurance Fund	1,334	1,289
	<u>1,335</u>	<u>1,290</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	-	3
Deferred revenue	-	-
	<u>-</u>	<u>3</u>
<b>Net assets</b>		
Unrestricted net assets	1,335	1,287
	<u>1,335</u>	<u>1,287</u>
	<u>1,335</u>	<u>1,290</u>

***The Law Society of British Columbia***  
***Special Compensation Fund - Statement of Changes in Net Assets***  
***Results for the 12 Months ended December 31, 2014***  
(\$000's)

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Unrestricted Net assets - December 31, 2013</b>	1,287	1,226
Net excess of revenue over expense for the period	<u>48</u>	<u>61</u>
<b>Net assets - November 30, 2014</b>	<u><u>1,335</u></u>	<u><u>1,287</u></u>

***The Law Society of British Columbia***  
***Lawyers Insurance Fund***  
***Results for the 12 Months ended December 31, 2014***  
(\$000's)

	<b>2014 Actual</b>	<b>2014 Budget</b>	<b>\$ Var</b>	<b>% Var</b>
<b>Revenue</b>				
Annual assessment	14,143	13,859		
Investment income	11,054	4,030		
Other income	98	50		
<b>Total Revenues</b>	<b>25,295</b>	<b>17,939</b>	<b>7,356</b>	<b>41.0%</b>
<b>Expenses</b>				
<b>Insurance Expense</b>				
Provision for settlement of claims	12,761	13,686		
Salaries and benefits	2,562	2,920		
Contribution to program and administrative costs of General Fund	1,299	1,319		
Office	777	853		
Actuaries, consultants and investment brokers' fees	459	462		
Allocated office rent	211	211		
Premium taxes	9	9		
Income taxes	6	6		
	<b>18,084</b>	<b>19,466</b>		
<b>Loss Prevention Expense</b>				
Contribution to co-sponsored program costs of General Fund	829	844		
<b>Total Expenses</b>	<b>18,913</b>	<b>20,310</b>	<b>1,397</b>	<b>6.9%</b>
<b>Lawyers Insurance Fund Results</b>	<b>6,382</b>	<b>(2,371)</b>	<b>8,753</b>	

***The Law Society of British Columbia  
Lawyers Insurance Fund - Balance Sheet  
As at December 31, 2014  
(\$000's)***

	<b>Dec 31 2014</b>	<b>Dec 31 2013</b>
<b>Assets</b>		
Cash and cash equivalents	26,984	24,440
Accounts receivable and prepaid expenses	745	766
Due from members	1,194	144
General Fund building loan	3,600	4,100
Investments	126,301	121,304
	<u>158,824</u>	<u>150,754</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,755	1,474
Deferred revenue	7,198	7,065
Due to General Fund	24,127	22,211
Due to Special Compensation Fund	1,334	1,290
Provision for claims	51,368	52,240
Provision for ULAE	7,231	7,045
	<u>93,013</u>	<u>91,325</u>
<b>Net assets</b>		
Unrestricted net assets	48,311	41,929
Internally restricted net assets	17,500	17,500
	<u>65,811</u>	<u>59,429</u>
	<u>158,824</u>	<u>150,754</u>



***The Law Society of British Columbia***  
***Lawyers Insurance Fund - Statement of Changes in Net Assets***  
***For the 12 Months ended December 31, 2014***  
(\$000's)

	Unrestricted \$	Internally Restricted \$	2014 Total \$	2013 Total \$
<b>Net assets - December 31, 2013</b>	41,929	17,500	59,429	49,821
Net excess of revenue over expense for the period	6,382	-	6,382	9,608
<b>Net assets - November 30, 2014</b>	48,311	17,500	65,811	59,429

# **The Law Society of British Columbia - General and Special Compensation Funds**

**Combined Financial Statements  
December 31, 2014**

**DRAFT**

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

\_\_\_\_\_, 2015

## **Independent Auditor's Report**

**To the Members of  
The Law Society of British Columbia - General and Special Compensation Funds**

Insert text here.

**Chartered Accountants**

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Combined Statement of Financial Position

As at December 31, 2014

	2014		2013 (note 3)
	General Fund \$	Special Compensation Fund \$	Total \$
<b>Assets</b>			
<b>Current assets</b>			
Cash (note 2)	110,651	500	111,151
Unclaimed trust funds (note 2)	1,780,867	-	1,780,867
Accounts receivable and prepaid expenses (note 4)	1,493,729	-	1,493,729
Courthouse Libraries BC Fund (note 2)	568,567	-	568,567
Due from Lawyers Insurance Fund (note 9)	24,126,610	1,334,551	25,461,161
	28,080,424	1,335,051	29,415,475
<b>Non-current assets</b>			
Cambie Street property - net (note 5)	12,691,113	-	12,691,113
Other property and equipment - net (note 5)	792,776	-	792,776
Intangible assets - net (note 5)	538,447	-	538,447
	42,102,760	1,335,051	43,437,811
			41,256,854
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (notes 2 and 6)	5,638,551	-	5,638,551
Liability for unclaimed trust funds (note 2)	1,780,867	-	1,780,867
Current portion of building loan payable (note 8)	500,000	-	500,000
Deferred revenue (note 2)	18,806,871	-	18,806,871
Deferred capital contributions	34,391	-	34,391
Courthouse Libraries BC Fund (note 2)	568,567	-	568,567
Deposits	59,205	-	59,205
	27,388,452	-	27,388,452
<b>Building loan payable</b> (notes 8 and 9)	3,100,000	-	3,100,000
	30,488,452	-	30,488,452
			30,061,325
<b>Net assets</b>			
Unrestricted (note 7)	11,614,308	1,335,051	12,949,359
	42,102,760	1,335,051	43,437,811
			41,256,854

**Commitments** (note 14)

**Approved by**

\_\_\_\_ President \_\_\_\_\_ Chair of Finance and Audit Committee

The accompanying notes are an integral part of these combined financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Combined Statement of Changes in Net Assets

For the year ended December 31, 2014

	<b>2014</b>		<b>2013</b>
	<b>General Fund - Unrestricted \$</b>	<b>Special Compensation Fund - Unrestricted \$</b>	<b>Total \$</b>
<b>Net assets - Beginning of year</b>	9,908,287	1,287,242	11,195,529
Net excess of revenue over expenses for the year	1,706,021	47,809	1,753,830
<b>Net assets - End of year</b> (note 7)	<b>11,614,308</b>	<b>1,335,051</b>	<b>12,949,359</b>

The accompanying notes are an integral part of these combined financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

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# The Law Society of British Columbia - General and Special Compensation Funds

## Combined Statement of Revenue and Expenses

For the year ended December 31, 2014

	<b>2014</b>		<b>2013</b> (note 3)
	<b>General Fund</b> \$	<b>Special Compensation Fund</b> \$	<b>Total</b> \$
<b>Revenue</b>			
Practice fees	17,982,384	-	17,982,384
Trust administration fees	3,500,090	-	3,500,090
Enrolment fees	1,173,250	-	1,173,250
Interest and other income (note 9)	960,553	-	960,553
E-filing revenue	743,562	-	743,562
Fines and penalties	378,541	-	378,541
Application fees	507,650	-	507,650
Rental revenue	789,957	-	789,957
	<b>26,035,987</b>	<b>-</b>	<b>26,035,987</b>
<b>Expenses</b>			
Bencher Governance			
Bencher, AGM and other committees	1,213,610	-	1,213,610
Communication and Information Services			
Communications and publications	1,008,599	-	1,008,599
Information services	1,288,220	-	1,288,220
Education and Practice			
Credentials	772,120	-	772,120
Ethics	79,495	-	79,495
Member services	715,332	-	715,332
Membership assistance programs	201,930	-	201,930
Practice advice	627,378	-	627,378
Practice standards	611,194	-	611,194
Professional Legal Training Course and Education	1,730,047	-	1,730,047
General and Administrative			
Accounting	746,010	-	746,010
Amortization of other property and equipment	456,210	-	456,210
General administration	1,597,485	-	1,597,485
Human resources	947,731	-	947,731
Records management and library	340,533	-	340,533
Policy and Legal Services			
Policy and tribunal counsel	1,564,751	-	1,564,751
External litigation and interventions	452,416	-	452,416
Unauthorized practice	341,244	-	341,244
Regulation			
Custodianship costs	1,342,462	-	1,342,462
Discipline	1,505,922	-	1,505,922
Professional conduct - intake and investigations	4,243,363	-	4,243,363
Forensic accounting	489,021	-	489,021
Trust assurance	2,065,138	-	2,065,138
Occupancy costs, net of tenant recoveries	2,116,342	-	2,116,342
Carried forward	<b>26,456,553</b>	<b>-</b>	<b>26,456,553</b>
			<b>24,657,074</b>

The accompanying notes are an integral part of these combined financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT**

**NOT TO BE FURTHER COMMUNICATED**

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# The Law Society of British Columbia - General and Special Compensation Funds

Combined Statement of Revenue and Expenses ...continued

For the year ended December 31, 2014

	<b>2014</b>		<b>2013</b> (note 3)
	<b>General Fund \$</b>	<b>Special Compensation Fund \$</b>	<b>Total \$</b>
Brought forward	26,456,553	-	26,456,553
Special Compensation Fund			
Recoveries	-	(22,131)	(22,131)
General and administrative costs	-	6,412	6,412
Loan interest income from Lawyers Insurance Fund (note 9)	-	(32,090)	(32,090)
	26,456,553	(47,809)	26,408,744
<b>Costs recovered from Special Compensation and Lawyers Insurance Funds</b>			
Co-sponsored program costs	(828,975)	-	(828,975)
Program and administrative costs	(1,297,612)	-	(1,297,612)
	(2,126,587)	-	(2,126,587)
	24,329,966	(47,809)	24,282,157
<b>Net excess of revenue over expenses for the year</b>	<b>1,706,021</b>	<b>47,809</b>	<b>1,753,830</b>

The accompanying notes are an integral part of these combined financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Combined Statement of Cash Flows

For the year ended December 31, 2014

	2014		2013 (note 3)	
	General Fund \$	Special Compensation Fund \$	Total \$	Total \$
<b>Cash flows from operating activities</b>				
Net excess of revenue over expenses for the year	1,706,021	47,809	1,753,830	1,426,015
Items not affecting cash				
Amortization of Cambie Street building and tenant improvements	776,062	-	776,062	699,682
Amortization of other property and equipment	271,512	-	271,512	293,941
Amortization of intangible assets	184,692	-	184,692	170,473
Amortization of deferred capital contributions	(12,604)	-	(12,604)	(11,378)
Loss on disposal of capital assets	1,259	-	1,259	320
	2,926,942	47,809	2,974,751	2,579,053
(Increase) decrease in current assets				
Unclaimed trust funds	27,189	-	27,189	(136,528)
Accounts receivable and prepaid expenses	(388,449)	-	(388,449)	(123,593)
Courthouse Libraries BC Fund	(63,704)	-	(63,704)	1,982,478
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	51,990	(2,708)	49,282	2,846,147
Liability for unclaimed trust funds	(27,189)	-	(27,189)	136,528
Deferred revenue	826,937	-	826,937	(244,982)
Courthouse Libraries BC Fund	63,704	-	63,704	(1,982,478)
Deposits	26,997	-	26,997	1,309
	3,444,417	45,101	3,489,518	5,057,934
<b>Cash flows from financing activities</b>				
Decrease in building loan payable	(500,000)	-	(500,000)	(500,000)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(918,597)	-	(918,597)	(2,273,841)
Purchase of intangible assets	(178,215)	-	(178,215)	(74,807)
	(1,096,812)	-	(1,096,812)	(2,348,648)
<b>Interfund transfers</b>	(1,915,744)	(45,101)	(1,960,845)	(2,702,264)
<b>(Decrease) increase in cash</b>	(68,139)	-	(68,139)	(492,978)
<b>Cash - Beginning of year</b>	178,790	500	179,290	672,268
<b>Cash - End of year</b>	110,651	500	111,151	179,290
<b>Supplementary cash flow information</b>				
Interest paid	88,086	-	88,086	100,657
Interest income received	332,805	32,090	364,895	338,673

The accompanying notes are an integral part of these combined financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**



# **The Law Society of British Columbia - General and Special Compensation Funds**

Notes to Combined Financial Statements

December 31, 2014

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## **1 Nature of operations**

The Law Society of British Columbia (the Society) regulates the legal profession in British Columbia, protecting public interest in the administration of justice by setting and enforcing standards of professional conduct for lawyers.

The General Fund comprises the assets, liabilities, net assets, revenue and expenses of the operations of the Society other than those designated to the statutory Special Compensation Fund and the Lawyers Insurance Fund (including its wholly owned subsidiary, LSBC Captive Insurance Company Ltd.).

The Special Compensation Fund is maintained by the Society pursuant to Section 31 of the Legal Profession Act (LPA). The Special Compensation Fund claims are recorded net of recoveries from the Special Compensation Fund's insurers when they have been approved for payment by the Special Compensation Fund Committee as delegated by the Benchers and the settlement has been accepted by the claimant. The LPA provides that the assets of the Special Compensation Fund are not subject to process of seizure or attachment by creditors of the Society.

Effective January 1, 2013, the Legal Profession Amendment Act, 2012 repealed Section 31 of the LPA. The legislation was changed pursuant to Section 50 of the Legal Profession Amendment Act, 2012 (SBC 2012, C16), to initiate the transfer of unused reserves that remain within the Special Compensation Fund, after all recoveries are received and expenses and claims are paid, to be used in the Lawyers Insurance Fund. Additionally, Section 23 of the LPA was amended to remove the requirement that practising lawyers pay the Special Compensation Fund assessment. Accordingly, for 2014, the per member Special Compensation Fund assessment remained at \$nil (2013 - \$nil).

Effective May 1, 2004, Part B to the B.C. Lawyers' Compulsory Professional Liability Insurance Policy provides defined insurance coverage for dishonest appropriation of money or other property entrusted to and received by insured lawyers in their capacity as barrister and solicitor and in relation to the provision of professional services. Part B (Trust Protection Coverage) is recorded in the Lawyers Insurance Fund.

The Society is a not-for-profit organization and the Funds are considered to be non-assessable under current income tax legislation.

Separate consolidated financial statements have been prepared for the Lawyers Insurance Fund, including LSBC Captive Insurance Company Ltd.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

Notes to Combined Financial Statements

December 31, 2014

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## 2 Significant accounting policies

These combined financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

### Allocated administrative expenses

Administrative expenses are recovered by the General Fund from both the Lawyers Insurance and Special Compensation Funds. Recoveries are based on amounts derived either on percentage of use, the proportion of the Lawyers Insurance Fund's staff compared to the Society's total staff costs, or a set amount.

### Courthouse Libraries BC Fund

The Society administers funds held on behalf of the Courthouse Libraries BC. Such funds are held in trust and the use of the funds is not recorded in the combined statement of revenue and expenses of the General Fund. The Society collects fees for the Courthouse Libraries BC through its fees per lawyer assessments.

### Cash

Cash comprises cash on hand and held with a Canadian chartered bank.

### Claims liabilities

In accordance with the absolute discretionary nature of the Special Compensation Fund arrangements, the claims become a liability only when approved by the Special Compensation Fund Committee and accepted by the claimant.

### Deferred capital contributions

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the capital assets are amortized.

### Fair value of financial instruments

The fair values of cash, accounts receivable and prepaid expenses and accounts payable and accrued liabilities correspond to their carrying values due to their short-term nature.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Notes to Combined Financial Statements

December 31, 2014

### Intangible assets

Intangible assets comprise computer software. Software is recorded at cost and amortized on a straight-line basis at 10% - 20% per annum.

### Property and equipment

Property and equipment, including leasehold improvements, are recorded at cost less accumulated amortization.

The Society provides for amortization on a straight-line basis as follows:

Buildings	40 years from purchase date
Computer hardware	10% - 20% per annum
Furniture and fixtures	10% per annum
Leasehold improvements	10% per annum
Building improvements and equipment	10% per annum
Tenant improvements	over lease period

The Society recognizes a full year's amortization expense in the year of acquisition, with the exception of building improvements and equipment and leasehold improvements which are amortized from their date of completion.

### Revenue recognition

The Society follows the deferral method of accounting for annual fees and assessments. Fees and assessments are billed and received in advance on a calendar-year basis. Accordingly, fees and assessments for the next fiscal year received prior to December 31 have been recorded as deferred revenue for financial reporting purposes and will be recognized as revenue in the next calendar year. Revenue will be recognized on a monthly basis as earned. Surplus funds are invested in the Lawyers Insurance Fund's investment portfolio.

All other revenues are recognized when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Unclaimed trust funds

The General Fund recognizes unclaimed trust funds as an asset as well as a corresponding liability on the statement of financial position. If these funds are claimed, the owner of the trust fund balance is entitled to the principal balance plus interest at prime rate minus 2%. Due to the historically low collection rates on these balances, the General Fund does not accrue for any interest owing on the trust fund amounts held and recognizes income earned from the unclaimed trust fund investments in the combined statement of revenue and expenses. Unclaimed funds outstanding for more than five years are transferred to the Law Foundation of British Columbia.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

Notes to Combined Financial Statements

December 31, 2014

## Use of estimates

The preparation of combined financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of certain revenues and expenses during the year. Actual results could differ from these estimates.

## 3 Allocated rent and external organization funding

The Society treats the 845 Cambie Street property as a separate cost centre. Historically, allocated rental revenue, which represented an estimated market rent, was allocated to rental revenue. The corresponding rental expense was included within the relevant functions.

In 2014, the Society stopped allocating estimated market rent to the functions within the General Fund so that the actual building costs would be a clearer representation of the true cost of occupancy. Rental revenue now only includes rental income from external tenants and the rental expense allocated to the Trust Assurance program (within the General Fund) and the Lawyers Insurance Fund. For comparative purposes, allocated rental revenue of \$1,460,160 has been reversed. The corresponding rental expense was reversed from the following functional departments:

	\$
Benchers Governance	112,000
Communication and Information Services	92,400
Education and Practice	466,326
General and Administrative	240,945
Policy and Legal Services	96,348
Regulation	452,141
	<hr/>
	1,460,160
	<hr/>

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Notes to Combined Financial Statements

December 31, 2014

The Society collects funding from its members on behalf of several external organizations including, the Federation of Law Societies, CanLII and pro bono. In the years prior to 2014, these fees were included as part of the Society's practice fee revenue and payments of the fees to these external organizations were treated as an expense.

In 2014, the Society stopped including these fees as part of its practice fee revenue as these funds did not represent revenue to the Society, but continued to collect these funds on behalf of these external organizations. The Society believes that this is a better representation of the existing funding arrangements. The funds collected are paid out to the external organizations at various specified dates throughout the year. For comparative purposes for 2013, \$991,211 has been reclassified from deferred revenue to accounts payable and accrued liabilities on the combined statement of financial position. This change also resulted in \$855,441 being reversed from the 2013 practice fee revenue and the corresponding expenses in the following cost centres:

	\$
Federation of Law Societies' contribution	271,783
CanLII's contribution	382,809
Pro bono contribution	200,849
	<u>855,441</u>

### 4 Accounts receivable

Accounts receivable are presented net of the allowance for doubtful accounts of \$615,722 (2013 - \$579,096).

### 5 Property, equipment and intangible assets

#### a) 845 Cambie Street property

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Land	4,189,450	-	4,189,450
Buildings and equipment	14,124,190	6,952,946	7,171,244
Leasehold improvements	6,137,256	5,201,425	935,831
Tenant improvements	826,619	432,031	394,588
	<u>25,277,515</u>	<u>12,586,402</u>	<u>12,691,113</u>

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

Notes to Combined Financial Statements

December 31, 2014

	2013		
	Cost \$	Accumulated amortization \$	Net \$
Land	4,189,450	-	4,189,450
Buildings and equipment	13,777,397	6,449,201	7,328,196
Leasehold improvements	5,979,980	4,985,221	994,759
Tenant improvements	604,124	395,768	208,356
	<u>24,550,951</u>	<u>11,830,190</u>	<u>12,720,761</u>
b) Other property and equipment			
	2014		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and fixtures	2,463,649	1,892,907	570,742
Computer hardware	1,058,420	840,141	218,279
Artwork and collectibles	49,159	45,405	3,754
Law libraries - at nominal value	1	-	1
	<u>3,571,229</u>	<u>2,778,453</u>	<u>792,776</u>
	2013		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and fixtures	2,404,514	1,766,392	638,122
Computer hardware	1,011,271	759,779	251,492
Artwork and collectibles	49,158	45,405	3,753
Law libraries - at nominal value	1	-	1
	<u>3,464,944</u>	<u>2,571,576</u>	<u>893,368</u>

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

## Notes to Combined Financial Statements

December 31, 2014

### c) Intangible assets

	<b>2014</b>		
	<b>Cost \$</b>	<b>Accumulated amortization \$</b>	<b>Net \$</b>
Computer software	1,457,497	919,050	538,447
	<b>2013</b>		
	<b>Cost \$</b>	<b>Accumulated amortization \$</b>	<b>Net \$</b>
Computer software	1,279,282	734,362	544,920

In 2014, intangible assets, consisting entirely of computer software, with an aggregate amount of \$178,215 (2013 - \$74,807) were purchased.

## 6 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts collected on behalf of external organizations, but not yet paid.

	<b>2014 \$</b>	<b>2013 \$</b>
Advocate	367,304	356,918
Courthouse Libraries BC	2,150,574	2,061,082
Lawyers Assistance Program	752,824	687,608
Pro bono	331,620	329,608
CanLII	407,961	390,454
Federation of Law Societies	330,958	271,149

## 7 Unrestricted net assets

The General Fund unrestricted net assets include \$1,840,532 (2013 - \$1,481,350) which has been allocated to capital expenditures in accordance with the capital plan. The remaining General Fund net assets represent amounts invested in capital assets.

The General Fund unrestricted net assets also include \$1,037,184 (2013 - deficit of \$38,600) which has been appropriated for contribution to future trust administration fee related expenses. During the year, \$3.5 million (2013 - \$2.2 million) in trust administration fee revenue was collected, and \$2.4 million (2013 - \$2.3 million) in trust administration fee expenses were incurred.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

Notes to Combined Financial Statements

December 31, 2014

## 8 Building loan payable

In 1992, the Benchers authorized the borrowing of monies from the Lawyers Insurance Fund to fund the capital development of the Society's buildings at 845 Cambie Street, Vancouver, BC. The loan is secured by the buildings, has no fixed repayment terms and bears interest calculated monthly at a rate equal to the stated monthly bond yield to maturity earned on the Lawyers Insurance Fund investment portfolio. Interest paid on the building loan is disclosed in note 8. The outstanding building loan balance at the end of the 2014 year is \$3.6 million (2013 - \$4.1 million). It is the intention of the Benchers to require the General Fund to repay a minimum of \$500,000 of the principal each year. During 2014, principal of \$500,000 (2013 - \$500,000) was repaid. The loan will be paid off in total by 2022.

	2014 %	2013 %
Weighted average rate of interest	2.63	2.44

## 9 Interfund transactions

The operations of the General, Lawyers Insurance and Special Compensation Funds are controlled by the management of the Society. Balances between the funds generally arise from transactions of an operating nature and are recorded at the exchange amount at the dates of the transactions. Surplus funds are invested in the Lawyers Insurance Fund's investment portfolio.

Amounts due to and from the Lawyers Insurance Fund are due on demand and have no fixed terms of repayment. The Lawyers Insurance Fund has authorized a loan facility of up to \$1 million, of which \$nil has been drawn down at December 31, 2014 (2013 - \$nil), to the General Fund to fund capital expenditures in accordance with the capital plan. The Lawyers Insurance Fund has also authorized a loan facility of up to \$8 million, of which \$nil has been drawn down at December 31, 2014 (2013 - \$nil), to the Special Compensation Fund.

Monthly interest on the Lawyers Insurance Fund's net loan position with the General and Special Compensation Funds is earned at the rate equal to the stated monthly bond yield to maturity earned on the Lawyers Insurance Fund investment portfolio. The average bond yield for 2014 was 2.63% (2013 - average bond yield - 2.44%). The General Fund's net loan position includes the General Fund's building loan and other operating balances with the Lawyers Insurance Fund. The net loan position fluctuates during the year as amounts are transferred between the General Fund, the Special Compensation Fund and the Lawyers Insurance Fund to finance ongoing operations.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**



# **The Law Society of British Columbia - General and Special Compensation Funds**

## **Notes to Combined Financial Statements**

**December 31, 2014**

During 2014, interest of \$88,086 was paid on the building loan and interest revenue of \$300,715 was received from General Fund cash balances held by the Lawyers Insurance Fund and \$32,090 was received from Special Compensation Fund cash balances held by the Lawyers Insurance Fund for a net interest income of \$244,719.

During 2013, interest of \$100,657 was paid on the building loan and interest revenue of \$255,714 was received from General Fund cash balances held by the Lawyers Insurance Fund and \$32,619 was received from Special Compensation Fund cash balances held by the Lawyers Insurance Fund for a net interest income of \$187,676.

Other interfund transactions are disclosed elsewhere in these combined financial statements.

### **10 Special Compensation Fund claims and program changes**

#### **a) Outstanding claims**

Pursuant to section 31(6) of the Legal Profession Act, the payment of Special Compensation Fund claims is at the discretion of the Special Compensation Fund Committee as delegated by the Benchers. As at December 31, 2014, there were no remaining claims for which statutory declarations had been received. All claims for which statutory declarations were received have been reviewed by the Special Compensation Fund Committee.

For claims reported prior to May 1, 2004, the insurance bond provided that total claims attributable to the period in excess of \$2,500,000 were 100% reimbursed by a commercial insurer up to a maximum of \$15,000,000 for claims against one lawyer and in total, other than as noted in note 9(b). As set out in note 1, claims reported after May 1, 2004, are subject to Part B coverage by the Lawyers Insurance Fund.

#### **b) Wirick case**

In May 2002, the Discipline Committee ordered an audit investigation, pursuant to Rule 4-43, of Martin Keith Wirick's practice.

At December 31, 2014, there were no remaining claims still under consideration.

Until May 1, 2004, the Special Compensation Fund carried insurance of \$15,000,000 for each bond period (\$17,500,000 total coverage with a deductible of \$2,500,000). The bond period is defined as the year in which the Society becomes aware of evidence indicating a member may have been guilty of an act or acts of misappropriation or wrongful conversion. All claims concerning Mr. Wirick fell into the 2002 bond period and, as such, the Special Compensation Fund had claims greater than its level of insurance. In early 2005, the final proof of loss that reached this limit was filed. In 2002, the Benchers agreed to allow the Special Compensation Fund Committee to exceed the \$17,500,000 cap they had imposed in the Society rules.

In 2006, the Benchers approved a payment of \$7,543,528 to be paid to claimants over four years commencing in fiscal 2007 at \$1,885,882 per year. The final payment was made in 2010.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# **The Law Society of British Columbia - General and Special Compensation Funds**

## **Notes to Combined Financial Statements**

**December 31, 2014**

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In December, 2012, the Benchers approved a further payment of \$162,399 that was paid to claimants in 2013.

In 2014, the Special Compensation Fund recovered \$400 (2013 - \$54,612) related to the Wirick case.

### **11 Related parties**

The elected Benchers include members drawn from law firms across the province. These law firms may at times be engaged by the Society in the normal course of business. During the year ended December 31, 2014, expenses of \$215,208 (2013 - \$177,087) recorded at carrying amount were incurred by the General Fund during the normal course of business with these law firms.

### **12 Capital management**

The Society defines its capital as the amounts included in its unrestricted net assets. Its objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to fulfil its objectives and meet its requirements.

### **13 Financial instruments**

The General and Special Compensation Funds' financial instruments consist of cash, accounts receivable and prepaid expenses and accounts payable and accrued liabilities.

The significant financial risks to which the Society is exposed are credit risk and liquidity risk.

#### **a) Credit risk**

Cash and accounts receivable expose the Funds to credit risk.

The maximum exposure to credit risk arising from the above-noted items is \$1,400,734 (2013 - \$1,164,416). Credit risk arises from the possibility that a counterparty to an instrument fails to meet its obligations.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Funds will not be able to meet all cash outflow requirements. Financial instruments held by the Society are limited to cash, accounts receivable and accounts payable and accrued liabilities and, therefore, bear no significant liquidity risk.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - General and Special Compensation Funds

Notes to Combined Financial Statements

December 31, 2014

## 14 Obligations and commitments under operating leases

The Society has committed to payments under certain operating leases relating to vehicle costs. Future minimum lease payments required in each of the next five fiscal years and thereafter are:

	\$
For the year ended December 31	
2015	20,069
2016	17,158
2017	1,911
	<hr/>
Total future minimum lease payments	39,138
	<hr/>

For the year ended December 31, 2014, an amount of \$24,399 representing payments under operating leases was expensed (2013 - \$39,149).

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# **The Law Society of British Columbia - Lawyers Insurance Fund**

**Consolidated Financial Statements  
December 31, 2014**

**DRAFT**

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

\_\_\_\_\_, 2015

## **Independent Auditor's Report**

**To the Members of  
The Law Society of British Columbia**

**Chartered Accountants**

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

**DRAFT****The Law Society of British Columbia - Lawyers Insurance Fund****Consolidated Statement of Financial Position****As at December 31, 2014**

	<b>2014</b> \$	<b>2013</b> \$
<b>Assets</b>		
<b>Cash</b>	23,763,120	19,320,297
<b>Accounts receivable</b> - net of allowance (note 3)	1,425,353	532,829
<b>Prepaid expenses</b>	513,801	397,334
<b>Short-term investments</b> (note 5)	3,220,686	5,119,563
<b>Members' share of provision for claims</b>	1,191,735	1,034,638
<b>General Fund building loan</b> (note 7)	3,600,000	4,100,000
<b>Investments</b> (note 6)	126,300,946	121,303,940
	<u>160,015,641</u>	<u>151,808,601</u>
<b>Liabilities</b>		
<b>Accounts payable and accrued liabilities</b> (notes 4 and 8)	1,754,951	1,495,025
<b>Deferred revenue</b>	7,198,328	7,064,705
<b>Due to General Fund</b> (note 10)	24,126,610	22,210,866
<b>Due to Special Compensation Fund</b> (note 10)	1,334,551	1,289,451
<b>Provision for claims</b> (note 9)	52,559,565	53,274,766
<b>Provision for ULAE</b> (note 9)	7,231,000	7,045,000
	<u>94,205,005</u>	<u>92,379,813</u>
<b>Net assets</b>		
<b>Unrestricted net assets</b>	48,310,636	41,928,788
<b>Internally restricted net assets</b> (note 11)	17,500,000	17,500,000
	<u>65,810,636</u>	<u>59,428,788</u>
	<u>160,015,641</u>	<u>151,808,601</u>
<b>Commitments</b> (note 10)		
<b>Subsequent event</b> (note 14)		
<b>Contingencies</b> (note 15)		

**Approved by**

\_\_\_\_\_ President \_\_\_\_\_ Chair of Finance and Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

**DRAFT****The Law Society of British Columbia - Lawyers Insurance Fund****Consolidated Statement of Changes in Net Assets****For the year ended December 31, 2014**

	<b>2014</b>		<b>2013</b>
	<b>Unrestricted \$</b>	<b>Internally restricted \$</b>	<b>Total \$</b>
<b>Net assets - Beginning of year</b>	41,928,788	17,500,000	59,428,788
Excess of revenue over expenses for the year	6,381,848	-	6,381,848
<b>Net assets - End of year</b>	48,310,636	17,500,000	65,810,636

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

**DRAFT****The Law Society of British Columbia - Lawyers Insurance Fund****Consolidated Statement of Revenue and Expenses****For the year ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Annual assessments	14,142,918	13,899,938
Investment income (note 6)	5,722,793	5,484,823
Other income	98,000	51,665
	<u>19,963,711</u>	<u>19,436,426</u>
<b>Insurance expenses</b>		
Actuary, consultant and investment manager fees	459,036	423,571
Allocated office rent from General Fund	211,294	147,663
Contribution to program and administrative costs of General Fund	1,298,910	1,581,283
Insurance	384,074	502,354
Office	391,554	268,937
Premium taxes	9,396	7,697
Provision for settlement of claims (note 9)	12,575,235	14,204,717
Provision for (recovery of) ULAE (note 9)	186,000	(110,000)
Salaries, wages and benefits	2,562,048	2,431,348
	<u>18,077,547</u>	<u>19,457,570</u>
<b>Loss prevention expenses</b>		
Contribution to co-sponsored program costs of General Fund	828,975	808,602
	<u>18,906,522</u>	<u>20,266,172</u>
<b>Excess (deficiency) of revenue over expenses before the following</b>	1,057,189	(829,746)
<b>Fair value changes in investments</b> (note 6)	5,330,829	10,442,848
	6,388,018	9,613,102
<b>Provision for income taxes</b>	6,170	5,785
<b>Excess of revenue over expenses for the year</b>	<u>6,381,848</u>	<u>9,607,317</u>

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**



**DRAFT****The Law Society of British Columbia - Lawyers Insurance Fund****Consolidated Statement of Cash Flows****For the year ended December 31, 2014**

	2014 \$	2013 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	6,381,848	9,607,317
Items not affecting cash		
Unrealized gain on investments	(2,784,630)	(8,565,482)
Realized gain on disposal of investments	(2,546,199)	(1,877,366)
Pooled distributions from investments	(5,646,853)	(5,265,681)
Amortization of 750 Cambie Street building	439,188	439,188
Amortization of deferred tenant inducement	38,487	38,487
	(4,118,159)	(5,623,537)
Decrease (increase) in assets		
Accounts receivable	(892,524)	(41,508)
Prepaid expenses	(116,467)	100,892
Short-term investments	1,898,877	14,235,488
Members' share of provision for claims	(157,097)	59,250
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	259,926	(212,065)
Deferred revenue	133,623	117,440
Provision for claims	(715,201)	1,222,438
Provision for ULAE	186,000	(110,000)
Purchase of investments	(5,267,400)	(4,160,425)
Proceeds from disposal of investments	10,770,400	6,660,426
	1,981,978	12,248,399
<b>Cash flows from investing activities</b>		
Decrease in General Fund building loan	500,000	500,000
<b>Cash flows from financing activities</b>		
Interfund transfers (note 10)	1,960,845	2,702,264
<b>Increase in cash</b>	4,442,823	15,450,663
<b>Cash - Beginning of year</b>	19,320,297	3,869,634
<b>Cash - End of year</b>	23,763,120	19,320,297
<b>Supplementary cash flow information</b>		
Interest paid	332,805	288,333
Interest income received	88,086	100,657

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### 1 Nature of operations

The Lawyers Insurance Fund (the Fund) is maintained by The Law Society of British Columbia (the Society) pursuant to Section 30 of the Legal Profession Act. The Society is a not-for-profit organization, and only the subsidiary, LSBC Captive Insurance Company Ltd. (the Captive), is considered assessable for income tax under current legislation. The Captive is subject to Financial Institutions Commission (FICOM) regulation. Effective January 1, 1990, the Fund began underwriting the program by which errors and omissions insurance is provided to members of the Society.

#### Part A

The Society's members have limits of coverage for claims and potential claims arising from negligent acts, errors or omissions under Part A of the B.C. Lawyers' Compulsory Professional Liability Insurance Policy (the Policy) as follows:

	\$	\$
The Fund	995,000 or	990,000
Deductible - applicable to indemnity payments only	5,000 or	10,000
Limit per error or related errors		<u>1,000,000</u>
Annual aggregate limit for all errors per member		<u>2,000,000</u>

The amount of the member deductible is \$5,000 for each initial claim resulting in the payment of damages and \$10,000 for each additional claim within a three-year period resulting in the payment of damages.

For claims reported between 1990 and 1996, the Captive entered into reinsurance contracts under which all claim payments above a per claim limit and in excess of inner aggregate retentions were ceded to reinsurers. Reinsurance does not relieve the Captive of primary liability as the originating insurer. All losses on claims since 1997 are fully reimbursed by the Fund on behalf of the Society under agreement.

For the 2014 and 2013 policy years, the Society and the Captive have obtained stop-loss reinsurance in the amount of \$12,000,000 to cover aggregate payments over \$25,000,000 for Parts A and C of the Policy. This limit is co-insured 80/20 with the reinsurer paying 80% of losses over \$25,000,000 to a maximum of \$12,000,000 and the Fund paying 20%.

#### Part B

Effective May 1, 2004, Part B of the Policy provides defined insurance coverage for dishonest appropriation of money or other property entrusted to and received by insured lawyers in their capacity as barristers and solicitors and in relation to the provision of professional services.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

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For the 2014 and 2013 policy years, there is a \$300,000 per claim limit and a \$17,500,000 profession-wide annual aggregate limit. The Society and the Captive have obtained insurance in the amount of \$5,000,000 to cover a portion of the annual aggregate limit. There is no deductible payable by the member. This insurance is subject to a \$3,000,000 group deductible and is co-insured 80/20 with the insurer paying 80% of losses over \$3,000,000 to a maximum of \$5,000,000 and the Fund paying 20%.

### Part C

Effective January 1, 2012, Part C of the Policy provides defined insurance coverage for trust shortages suffered by insured lawyers as a result of relying on fraudulent certified cheques.

For the 2014 and 2013 policy years, there is a limit of \$500,000 per claim, and per lawyer and firm annually, a profession-wide annual aggregate of \$2 million, and a deductible of 35% of the client trust fund shortage (reduced by the amount of any overdraft paid). Coverage is contingent upon compliance with the Society's client identification and verification rules.

## 2 Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

### Basis of consolidation

These consolidated financial statements include the accounts of the Fund and the Captive, a wholly owned subsidiary.

Separate combined financial statements have been prepared for the Society's General Fund and Special Compensation Fund.

### Allocated administrative expenses

Administrative expenses are recovered by the General Fund of the Society from the Fund. Recoveries are based on amounts derived either on percentage of use or the proportion of the Fund's staff compared to the Society's total staff cost, or a set amount.

### Cash

Cash comprises cash on hand and held with a Canadian chartered bank.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
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# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### Deferred tenant inducements

In 2006, the Fund provided one of its tenants in the 750 Cambie Street building with free gross rent of \$384,868 at the start of the lease. This free gross rent is amortized over the term of the lease.

### Fair value of financial instruments

The fair values of cash, accounts receivable, short-term investments and accounts payable and accrued liabilities correspond to their carrying values due to their short-term nature.

The fair values of the provision for claims payable correspond to their carrying values because they are discounted.

The interfund balances including the building loan receivable and other interfund transactions are recorded at their carrying amounts which approximate their exchange amounts.

### Short-term investments

Short-term investments consist of pooled money market funds, whose investments have original maturities of < 90 days, and the carrying amount approximates the fair value at the reporting date due to their short-term maturities.

### Investments

The Fund's investments consist of units in pooled equity and bond funds and are initially and subsequently measured at fair value. Changes in fair value are recognized in the consolidated statement of revenue and expenses in the year incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in the consolidated statement of revenue and expenses in the period incurred.

In addition, the 750 Cambie Street building is a property that is held as an investment for the Fund. The property is recognized at cost. Amortization is provided on a straight-line basis as follows:

Building - 750 Cambie Street	2-1/2% per annum
Base building improvements	2-1/2% per annum
Tenant improvements	over lease period
Deferred tenant inducements	over lease period

### Investment income

Investment income and pooled fund distributions are recorded on an accrual basis. Dividends are recorded on the date of record. Gains and losses realized on the disposal of investments are taken into income on the date of disposal.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

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### Provision for claims

The provision for claims and unallocated loss adjustment expenses (ULAE) represent an estimate for all external costs of investigating and settling claims and potential claims reported prior to the date of the consolidated statement of financial position. The provision is adjusted as additional information on the estimated amounts becomes known during the course of claims settlement. All changes in estimates are expensed in the current period. The Fund presents its claims on a discounted basis.

### Reinsurance

The Fund reflects reinsurance balances on the consolidated statement of financial position on a gross basis to indicate the extent of credit risk related to reinsurance and its obligations to policyholders, and on a net basis on the consolidated statement of revenue and expenses to indicate the results of its retention of assessments retained.

### Revenue recognition

The Fund follows the deferral method of accounting for annual assessments. Assessments are billed and received in advance on a calendar-year basis. Accordingly, assessments for the next fiscal year received prior to December 31 have been recorded as deferred revenue for financial reporting purposes and will be recognized as revenue in the next calendar year.

All other revenues are recognized when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. The determination of the provision for claims and ULAE and the reinsurers' share of the provision for claims, and the fair value of the investment property, involves significant estimation. Actual results could differ from those estimates and the differences could be material.

### Financial instruments

The Fund's financial instruments consist of cash, accounts receivable, short-term investments, investments and accounts payable and accrued liabilities.

The significant financial risks to which the Fund is exposed are credit risk, market risk, price risk, and liquidity risk.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

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### Credit risk

Cash, accounts receivable, members' share of provision for claims and bond pooled funds indirectly expose the Fund to credit risk.

The maximum exposure to credit risk arising from the above-noted items is \$71,297,599 (2013 - \$63,117,780).

Credit risk arises from the possibility that a counterparty to an instrument fails to meet its obligations.

The cash deposits are held only with schedule 1 banks. The accounts receivable balances are spread across the broad membership base with no significant exposure to any one individual. The investment guidelines mitigate credit risk by ensuring the investments in the bond pooled funds have an adequate minimum credit rating and well-diversified portfolios.

### Market risk

Market risk is the potential for loss to the Fund from changes in the value of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices.

The Fund manages market risk by diversifying investments within the various asset classes and investing in pooled funds as set out in the guidelines of the Society's statement of investment policies and procedures (SIPP).

### Price risk

Price risk is the risk that the fair value of the Society's investments will fluctuate due to changes in the market prices whether these changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. It arises primarily on pooled equity and bond fund investments.

To manage price risk, the Society has guidelines on the diversification and weighting of investments within pooled funds which are set and monitored against the Society's SIPP.

As at December 31, 2014, if pooled fund prices increased or decreased by 10% with all other factors remaining constant, net assets would have increased or decreased by approximately \$11.6 million (2013 - \$11.0 million).

### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow requirements. At December 31, 2014, the sum of the Fund's cash, short-term investments and pooled fund investments, at fair value, which are available to settle the liabilities of the Society as they come due, exceeded the sum of the liabilities by \$48.4 million, or 51% (2013 - \$42.3 million, or 46%).

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### 3 Accounts receivable

	2014 \$	2013 \$
Member deductibles	360,078	391,898
Allowance for doubtful accounts	(252,604)	(228,083)
Receivable for premium taxes under appeal (note 15)	1,087,025	-
Straight line rent receivable	57,475	124,563
GST/HST receivable	169,970	244,451
Other receivables	3,409	-
	<u>1,425,353</u>	<u>532,829</u>

### 4 Government remittances

The following government remittances are included in accounts payable:

	2014 \$	2013 \$
Ministry of Finance - PST	362	1,598
Receiver General - corporate income tax	6,171	1,102
Ministry of Finance - premium tax	9,396	7,697
	<u>15,929</u>	<u>10,397</u>

### 5 Short-term investments

Short-term investments comprise pooled money market funds with the following balances:

	2014 \$	2013 \$
Money market funds	<u>3,220,686</u>	<u>5,119,563</u>

### 6 Investments

	2014 \$	2013 \$
Investments - at fair value	115,670,106	110,195,425
750 Cambie Street Building	<u>10,630,840</u>	<u>11,108,515</u>
	<u>126,300,946</u>	<u>121,303,940</u>

FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED

**DRAFT****The Law Society of British Columbia - Lawyers Insurance Fund**

## Notes to Consolidated Financial Statements

December 31, 2014

				2014
	Carrying cost \$	Gross unrealized gains \$	Gross unrealized losses \$	Estimated fair value \$
Bonds				
Pooled Funds	44,609,012	308,379	-	44,917,391
Equities				
Canadian Pooled Funds	16,225,301	11,813,739	-	28,039,040
International Pooled Funds	30,340,676	12,372,999	-	42,713,675
	46,565,977	24,186,738	-	70,752,715
	91,174,989	24,495,117	-	115,670,106
				2013
	Carrying cost \$	Gross unrealized gains \$	Gross unrealized losses \$	Estimated fair value \$
Bonds				
Pooled Funds	43,624,016	-	(1,394,000)	42,230,016
Equities				
Canadian Pooled Funds	17,367,734	10,466,396	-	27,834,130
International Pooled Funds	27,493,187	12,638,092	-	40,131,279
	44,860,921	23,104,488	-	67,965,409
	88,484,937	23,104,488	(1,394,000)	110,195,425

The effective yield on the investment portfolio was 2.25% (2013 - 2.39%).

**Investment risk management**

The Society has adopted policies which establish the guidelines for all investment activities. These guidelines apply to the investment funds controlled by the Fund.

The Society's overall investment philosophy is to maximize the long-term real rate of return subject to an acceptable degree of risk.

The Society's long-term funding requirements and relatively low level of liquidity dictate a portfolio with a mix of fixed income and equity securities. The Society invests in bonds and equities through pooled funds.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**



# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### Investment income

	2014 \$	2013 \$
Interest on cash	4,932	5,055
Pooled distributions	5,693,074	5,375,138
Net interfund loan interest expense (note 10)	(244,719)	(187,676)
Building income - 750 Cambie Street (revenue of \$1,793,451 (2013 - \$1,744,585); net of expenses of \$1,523,945 (2013 - \$1,452,279))	269,506	292,306
Investment income	5,722,793	5,484,823

### Fair value changes in investments

	2014 \$	2013 \$
Realized gain on disposal of investments	2,546,199	1,877,366
Unrealized gain on investments measured at fair value	2,784,630	8,565,482
Fair value changes in investments	5,330,829	10,442,848

### 750 Cambie Street building (see note 14)

The 750 Cambie Street building is held as an investment for the Fund.

	2014		2013	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	4,299,850	-	4,299,850	4,299,850
Building	4,971,376	1,318,466	3,652,910	3,778,873
Base building improvements	3,143,555	744,007	2,399,548	2,482,278
Tenant improvements	2,314,520	2,074,475	240,045	470,540
Deferred tenant inducements	384,868	346,381	38,487	76,974
	15,114,169	4,483,329	10,630,840	11,108,515

FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### 7 General Fund building loan

In 1992, the Benchers authorized the lending of monies from the Fund to support the capital development of the Society's buildings at 845 Cambie Street, Vancouver, BC. The loan is secured by the building, has no fixed repayment terms and bears interest calculated monthly at a rate equal to the stated monthly bond yield to maturity earned on the Fund's investment portfolio. It is the intention of the Benchers to require the General Fund to repay a minimum of \$500,000 of the principal each year. During 2014, principal of \$500,000 (2013 - \$500,000) was repaid.

	2014 %	2013 %
Weighted average rate of return	2.63	2.44

### 8 Accounts payable and accrued liabilities

	2014 %	2013 %
Trade payables	1,245,174	1,142,537
Accrued trade expenses	489,850	242,384
Taxes payable	1,310	98,253
Premium taxes payable	9,396	7,697
Income taxes payable	6,171	1,102
Security deposit	3,050	3,052
	1,754,951	1,495,025

FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### 9 Provision for claims and unallocated loss adjustment expenses (ULAE)

The changes in unpaid claims recorded in the consolidated statement of financial position are as follows:

	2014 \$	2013 \$
<b>Part A and Part C Insurance Coverage</b>		
Provision for claims - Beginning of year	53,203,597	51,756,469
Provision for losses and expenses for claims occurring in the current year	13,649,000	16,225,000
Decrease in estimated losses and expenses for losses occurring in prior years	(1,656,000)	(1,817,000)
Provision for claims liability	65,196,597	66,164,469
Less:		
Payments on claims incurred in the current year	(919,445)	(2,095,337)
Payments on claims incurred in prior years	(12,754,419)	(10,938,968)
Recoveries on claims	317,735	132,683
Change in due to (from) members	157,097	(59,250)
Claim payments - net of recoveries	(13,199,032)	(12,960,872)
Provision for claims - End of year	51,997,565	53,203,597
<b>Part B Insurance Coverage</b>	562,000	71,169
<b>Total provision for Parts A, B and C Insurance Coverage</b>	<b>52,559,565</b>	<b>53,274,766</b>

The determination of the provision for unpaid claims and adjustment expenses and the related reinsurers' share requires the estimation of three major variables or quanta, being development of claims, reinsurance recoveries and the effects of discounting, to establish a best estimate of the value of the respective liability or asset.

The provision for unpaid claims and adjustment expenses and related reinsurers' share is an estimate subject to variability, and the variability, as with any insurance company, could be material in the near term. The variability arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Variability can be caused by receipt of additional claim information, changes in judicial interpretation of contracts, significant changes in severity of claims from historical trends, the timing of claims payments, the recoverability of reinsurance, and future rates of investment return. The estimates are principally based on the Fund's historical experience. Methods of estimation have been used that the Society believes produce reasonable results given current information.

The provision for ULAE is an actuarially determined estimate of the Fund's future costs relating to the administration of claims and potential claims reported up to the consolidated statement of financial position date.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

(10)

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

The Fund discounts its best estimate of claims provisions at a rate of interest 2.52% (2013 - 2.68%). The Fund determines the discount rate based upon the expected return on its investment portfolio of assets with appropriate assumptions for interest rates relating to reinvestment of maturing investments.

A 1% increase in the discount rate will have a favourable impact on the claims liability of \$1.746 million (2013 - \$1.760 million) and a 1% decrease in the discount rate will have an unfavourable impact on the claims liability of \$1.868 million (2013 - \$1.883 million).

To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience, and to provide greater comfort that the actuarial liabilities are adequate to pay future benefits, the Fund includes a Provision for Adverse Deviations (PFAD) in some assumptions relating to claims development and future investment income. The PFAD is selected based on guidance from the Canadian Institute of Actuaries.

The effects of discounting and the application of PFAD are as follows (in thousands of dollars):

	2014 \$	2013 \$
Undiscounted	53,982	54,884
Effect of present value	(4,117)	(4,436)
PFADs	8,736	8,837
Discounted	58,601	59,285

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### Claims development tables

A review of the historical development of the Fund's insurance estimates provides a measure of the Fund's ability to estimate the ultimate value of claims. The top half of the following tables illustrates how the Fund's estimate of total undiscounted claims costs for each year has changed at successive year-ends. The bottom half of the tables reconcile the cumulative claims to the amount appearing in the consolidated statement of financial position.

#### Part A insurance claims (in thousands of dollars)

Claims year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimate of undiscounted ultimate claims costs											
At end of claims year	17,150	12,260	13,580	13,670	11,520	13,650	14,560	13,390	15,230	12,690	
One year later	14,730	12,770	14,980	13,230	11,310	12,990	13,550	13,080	15,100		
Two years later	12,470	11,530	15,250	13,470	11,500	12,610	11,570	11,970			
Three years later	11,080	9,960	14,940	13,360	13,470	13,210	10,920				
Four years later	10,500	9,650	14,820	13,170	13,960	13,920					
Five years later	10,320	8,960	14,610	13,060	14,540						
Six years later	9,910	8,560	16,190	12,780							
Seven years later	9,710	7,770	16,400								
Eight years later	9,920	7,970									
Nine years later	10,110										
Current estimate of cumulative claims	10,110	7,970	16,400	12,780	14,540	13,920	10,920	11,970	15,100	12,690	126,400
Cumulative payments to date	(8,826)	(7,087)	(15,522)	(10,808)	(12,432)	(9,199)	(6,906)	(4,043)	(6,633)	(902)	(82,358)
Undiscounted unpaid liability	1,284	883	878	1,972	2,108	4,721	4,014	7,927	8,467	11,788	44,042
Undiscounted unpaid liability in respect of 2004 and prior years											2,751
Undiscounted unallocated loss adjustment expense reserve											6,665
<b>Total undiscounted unpaid claims liability</b>											<b>53,458</b>
Discounting adjustment (includes Claim PFAD)											4,581
<b>Total discounted unpaid claims liability</b>											<b>58,039</b>

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

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# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

### Part B insurance claims (in thousands of dollars)

Claims year	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Estimate of undiscounted ultimate claims costs											
At end of claims year	334	189	251	8	107	23	28	18	53	562	
One year later	134	229	250	7	196	19	24	13	82		
Two years later	109	222	274	9	197	22	23	12			
Three years later	12	221	322	9	197	26	23				
Four years later	15	279	353	9	197	26					
Five years later	16	297	375	9	197						
Six years later	16	336	121	9							
Seven years later	16	342	124								
Eight years later	16	351									
Nine years later	16										
Current estimate of cumulative claims	16	351	124	9	197	26	23	12	82	562	1,402
Cumulative payments to date	(16)	(351)	(121)	(9)	(197)	(26)	(23)	-	(82)	(52)	(877)
Undiscounted unpaid liability	-	-	3	-	-	-	-	12	-	510	525
Undiscounted unpaid loss adjustment expense reserve											-
<b>Total undiscounted unpaid claims liability</b>											<b>525</b>
Discounting adjustment (includes Claim PFAD)											37
<b>Total discounted unpaid claims liability</b>											<b>562</b>

The expected maturity of the unpaid claims provision is analyzed below (undiscounted and gross of reinsurance):

(in thousands of dollars)	Less than one year \$	One to two years \$	Two to three years \$	Three to four years \$	Four to five years \$	Over five years \$	Total \$
December 31, 2014	13,589	10,303	8,476	5,603	4,120	11,891	53,982
December 31, 2013	13,739	10,994	8,137	5,511	3,804	12,699	54,884

### Role of the actuary

The actuary is appointed to fulfill reporting requirements pursuant to the Insurance (Captive Company) Act of B.C. With respect to preparation of these consolidated financial statements, the actuary is required to carry out a valuation of the Fund's policy liabilities and to provide an opinion regarding their appropriateness at the date of the consolidated statement of financial position. The factors and techniques used in the valuation are in accordance with accepted actuarial practice, applicable legislation and associated regulations. The scope of the valuation encompasses the policy liabilities as well as any other matter specified in any direction that may be made by the regulatory authorities. The policy liabilities consist of a provision for unpaid claims and adjustment expenses. In performing the valuation of the liabilities for these contingent future events, which are by their very nature inherently variable, the actuary makes assumptions as to future loss ratios, trends, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Fund and the nature of the insurance policies.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

(13)

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

The valuation is based on projections for settlement of reported claims and claim adjustment expenses. It is certain that actual claims and claim adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for new classes of claims or claims categories not sufficiently recognized in the claims database.

The actuary relies on data and related information prepared by the Fund. The actuary also analyzes the Fund's assets for their ability to support the amount of policy liabilities.

### 10 Interfund transactions

The operations of the Fund, the General Fund and the Special Compensation Fund are administered by the management of the Society. Balances between the funds arise from transactions of an operating nature and are recorded at exchange amounts at the dates of the transactions. Surplus funds are invested in the Fund's investment portfolio.

Amounts due to and from the General Fund and the Special Compensation Fund are due on demand and have no fixed terms of repayment. The Fund has authorized a loan facility of up to \$1 million to the General Fund to fund capital expenditures in accordance with the 10-year capital plan. The Fund has also authorized a loan facility of up to \$8 million to the Special Compensation Fund. As of December 31, 2014, no amounts have been drawn on the facilities (2013 - \$nil).

Monthly interest on the Fund's net loan position with the General Fund and Special Compensation Fund is paid to the Fund at a rate equal to the stated monthly bond yield to maturity earned on the Fund's investment portfolio. The average bond yield for 2014 was 2.63% (2013 average rate - 2.44%). The Fund's net loan position of \$21,861,161 (2013 - \$19,400,316) includes the General Fund building loan, other operating balances with the General Fund and the loan with the Special Compensation Fund. This net loan position fluctuates during the year as amounts are transferred between the General Fund, the Special Compensation Fund and the Fund to finance ongoing operations.

During 2014, interest revenue of \$88,086 (2013 - \$100,657) was received on the General Fund building loan and interest of \$300,715 (2013 - \$255,714) was paid on General Fund cash balances held by the Fund and \$32,090 (2013 - \$32,619) was paid on the Special Compensation Fund cash balances held by the Fund for a net interest expense of \$244,719 (2013 - \$187,676).

Other interfund transactions are disclosed elsewhere in these consolidated financial statements.

### 11 Internally restricted net assets

The Benchers have allocated \$17,500,000 (2013 - \$17,500,000) of the net assets to the Part B defalcation coverage.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**

# The Law Society of British Columbia - Lawyers Insurance Fund

## Notes to Consolidated Financial Statements

December 31, 2014

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### 12 Regulatory requirements and capital management

The Captive is required to maintain a minimum of \$200,000 in shareholder's equity and \$100,000 in reserves under the regulations of the Insurance (Captive Company) Act of B.C. The Captive was in compliance with these regulations throughout the year and as at December 31, 2014.

### 13 Related parties

The elected Benchers include members drawn from law firms across the province. These law firms may at times be engaged by the Society in the normal course of business. During the year ended December 31, 2014, expenses of \$275,196 (2013 - \$148,040) were incurred by the Fund with these law firms.

### 14 Subsequent event

On February 16, 2015, the Fund sold its interest in the 750 Cambie Street property for \$21,500,000.

### 15 Contingencies

During the 2011 year, the Ministry of Finance (the Ministry) informed the Captive that the Ministry contended that the annual assessments contributed by members to the Fund constituted premiums payable to the Captive for purposes of the Insurance Premium Tax Act and the Ministry proposed to adjust the Captive's net taxable premiums from 2005 to 2009 to reflect this. The Captive maintained that it is liable for premium tax only on amounts received by it from the Fund as a reimbursement of reinsurance premiums and general and administrative costs, and that premium tax has been paid in full. The Captive disputed the Ministry's proposal in 2011.

During the 2014 year, the Ministry sent a notice of Revised Assessment to the Captive assessing it for premium tax for 2008 and 2009, in the amount of \$1.087 million. The Captive has appealed this revised assessment. The Captive has accounted for this matter using the contingent liability method, whereby a provision is established only when it is considered likely that a liability will be incurred. The Captive does not consider the liability likely and a decision on the appeal has not yet been made. Accordingly the payment of the revised assessment has been posted to accounts receivable as it is expected to be refunded. If the appeal is unsuccessful, the \$1.087 million payment will be reversed from accounts receivable and expensed through the statement of earnings. The Captive has been advised that the Captive's returns for 2010 to 2013 are being audited. The additional disputed premium tax expense applicable to the 2010 to 2014 years is estimated between \$2.0 million to \$2.5 million in total. If any amounts become due, the Fund will reimburse the Captive.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT  
NOT TO BE FURTHER COMMUNICATED**



# Memo

The Law Society  
of British Columbia



To Benchers  
From Finance and Audit Committee  
Date February 25, 2015  
Subject **Benchers Approval of the 2014 Audited Financial Statements**

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The annual audited financial statements are to be reviewed and recommended for approval by the Finance and Audit committee, and approved by the Benchers.

Attached are the 2014 audited financial statements for the General and Special Compensation Fund, and the consolidated Lawyers Insurance Fund. These statements were reviewed by the Finance and Audit Committee at the February 13, 2015 meeting.

The Finance and Audit Committee recommends the following resolution for approval by the Benchers:

*BE IT RESOLVED to approve the Law Society's 2014 Financial Statements, for the General & Special Fund and the Consolidated Lawyers Insurance Fund.*



*Lawyers  
Insurance  
Fund*

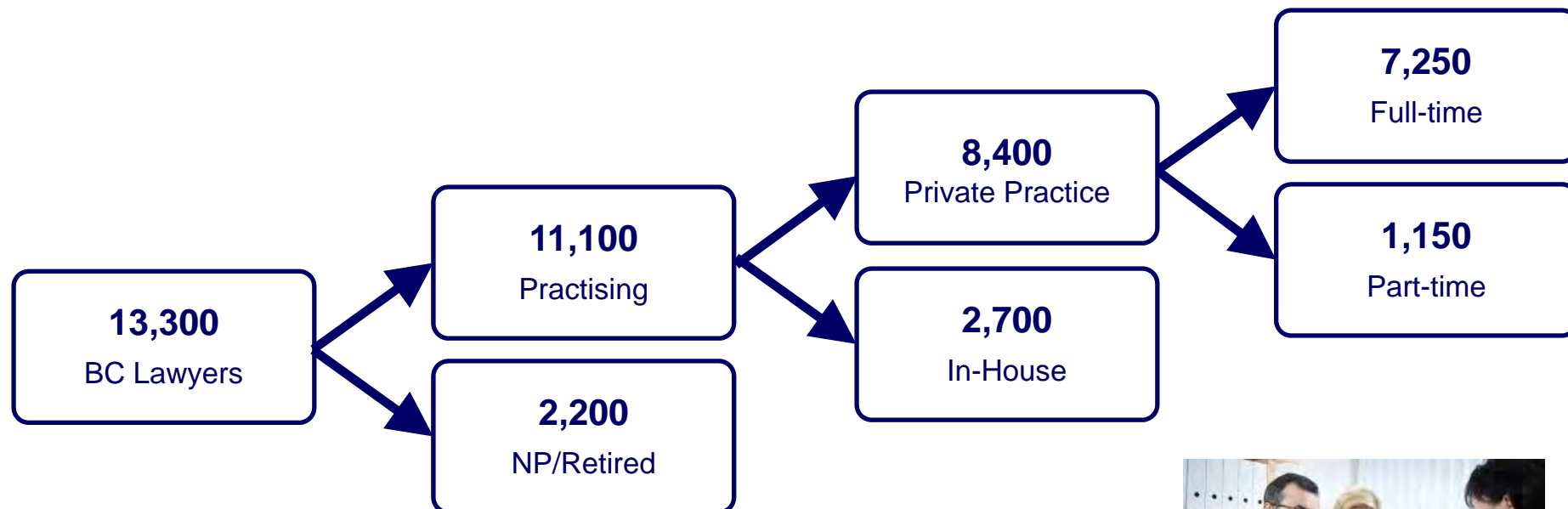
# Lawyers Insurance Fund

## 2014 Year End Report

# Overview

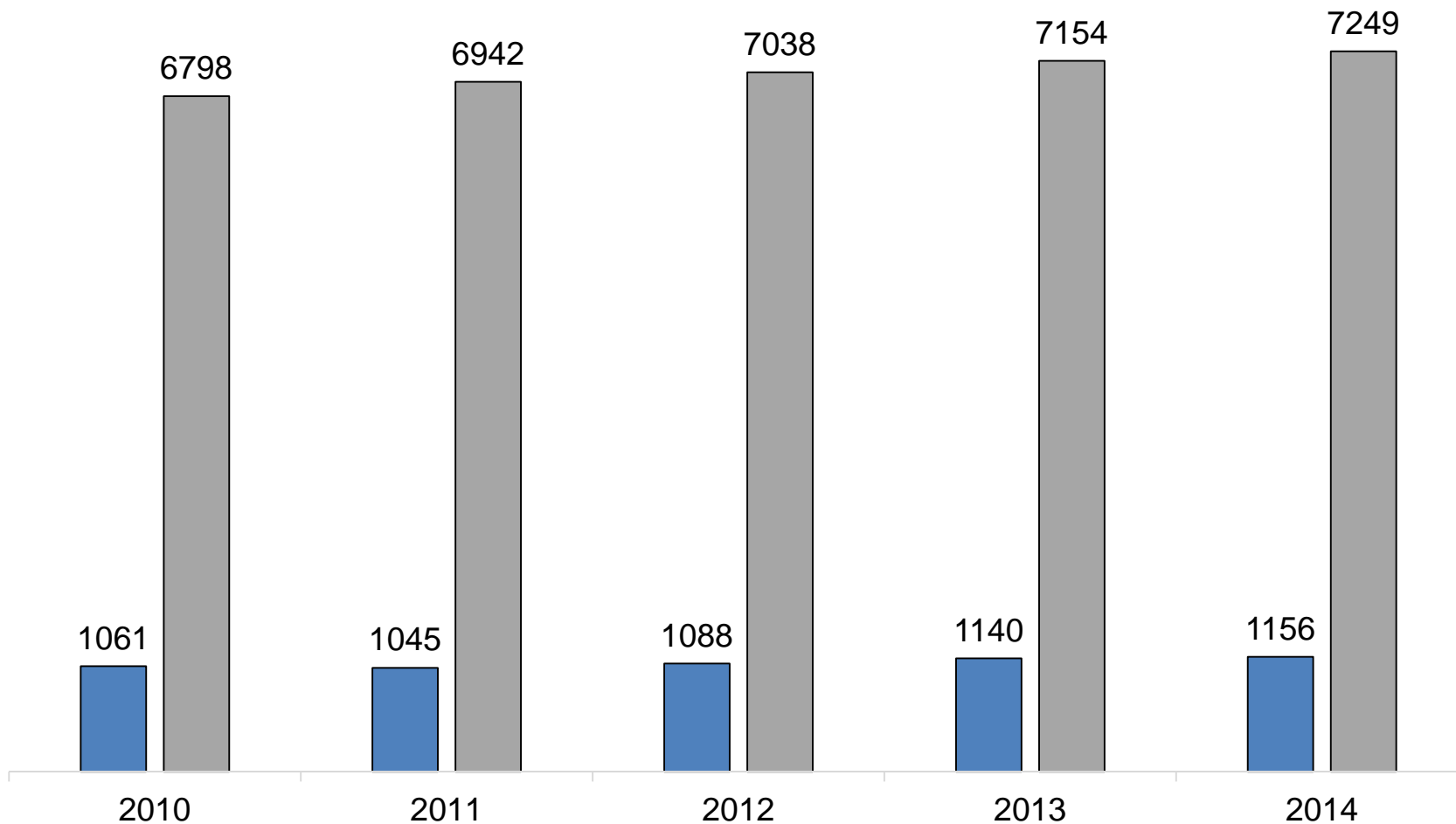
1. BC lawyers
2. Part A (negligence)
3. Part B (theft)
4. Service Evaluation
5. Risk Management

# BC Lawyers



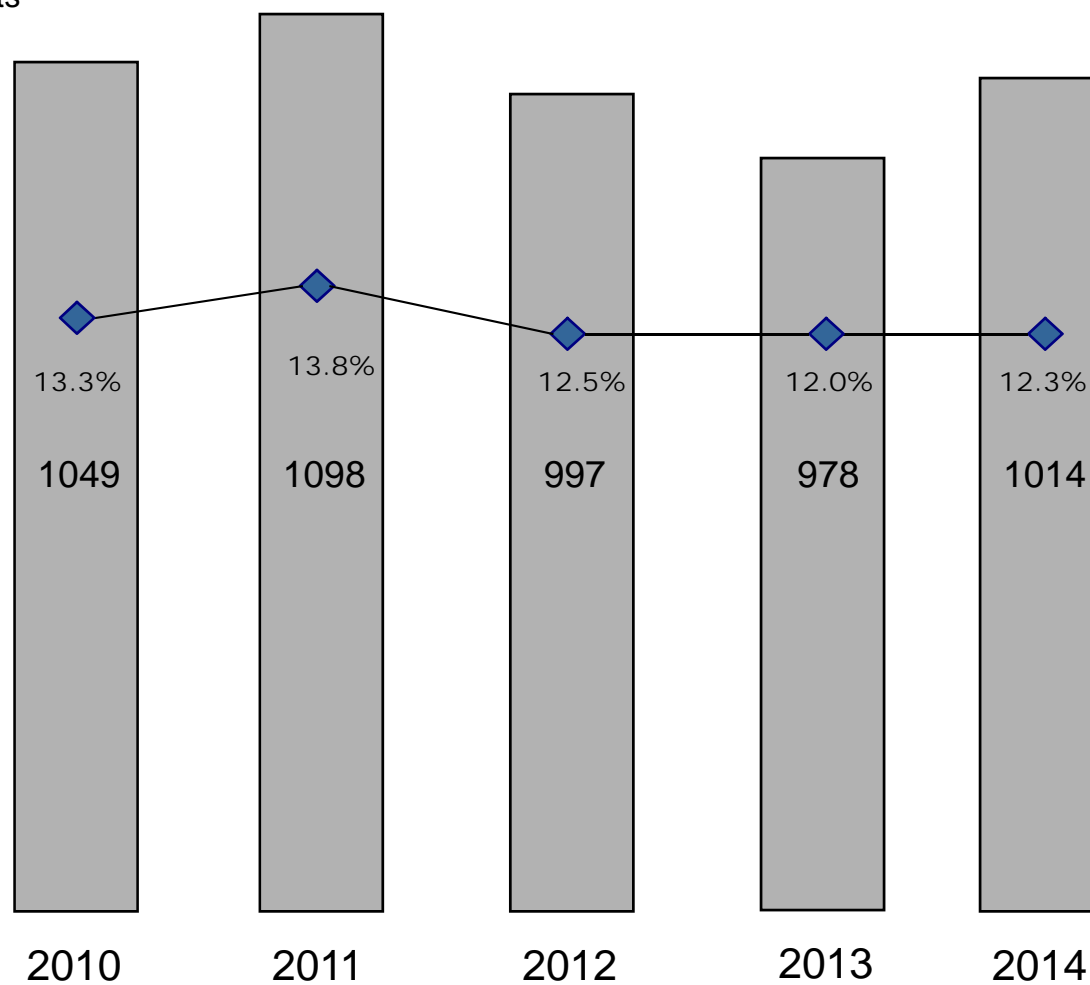
# Full and Part Time Insureds

■ Part time ■ Full time

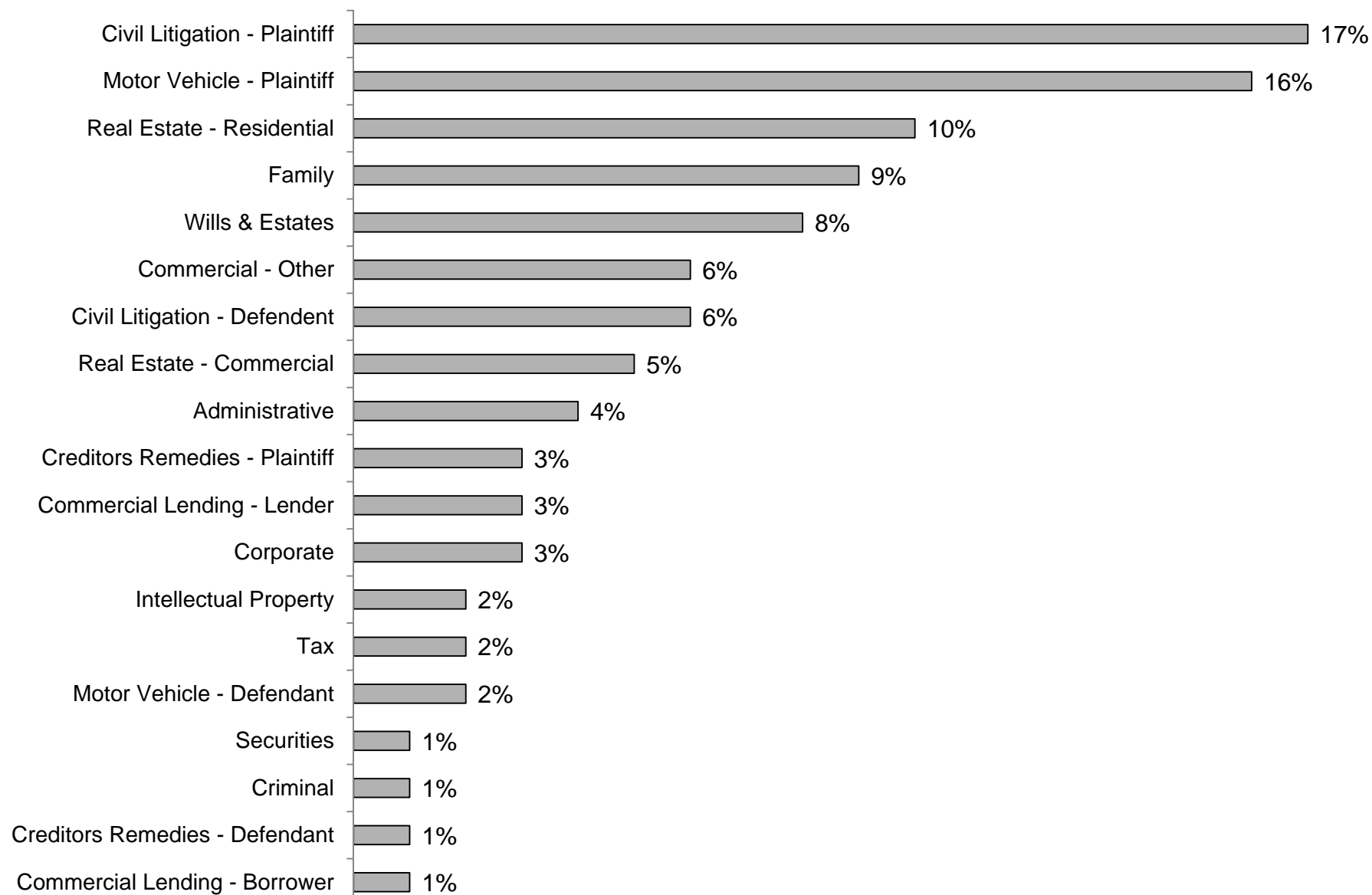


## Number and Frequency of Reports

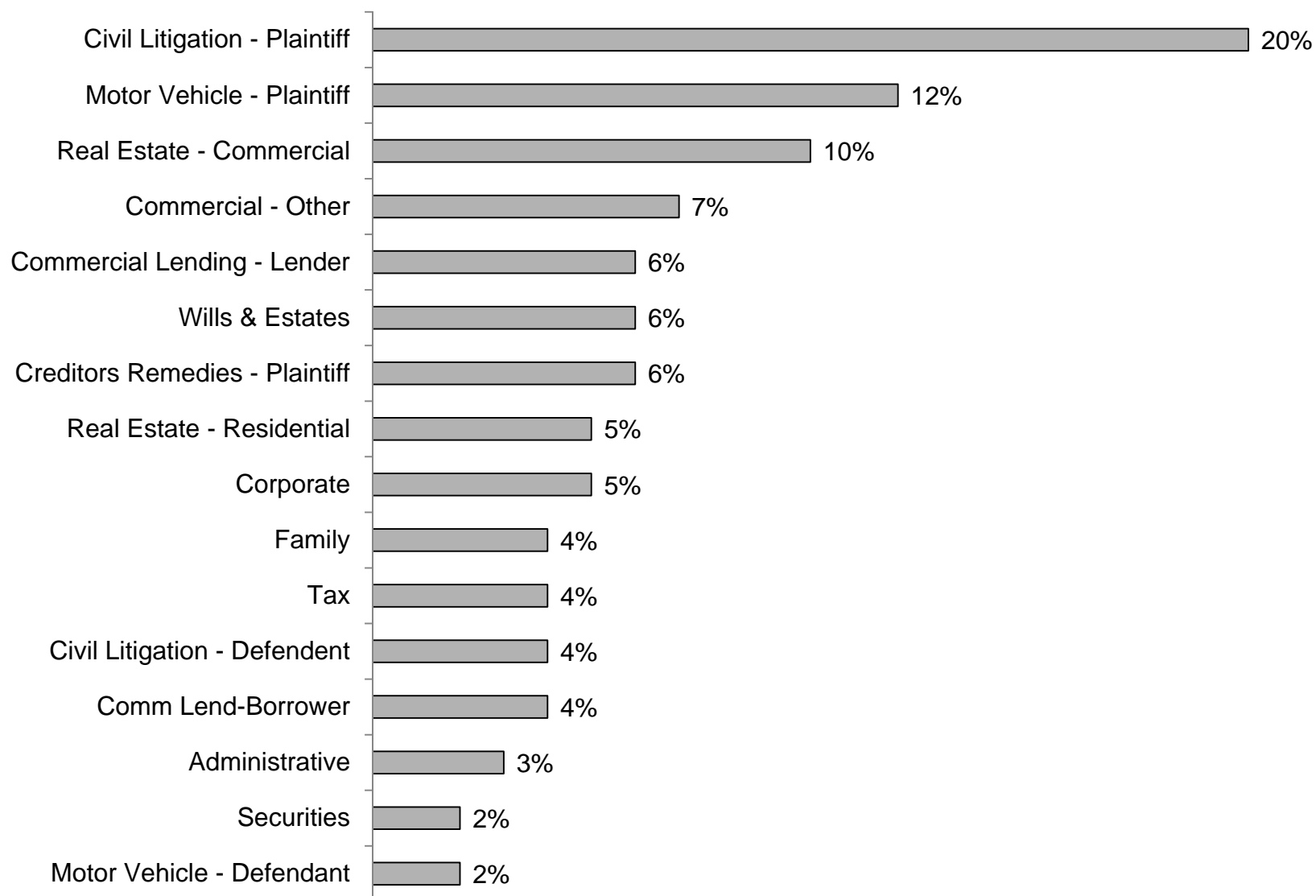
■ Number of Reports  
◆ Frequency of Reports



## Frequency by Area of Practice



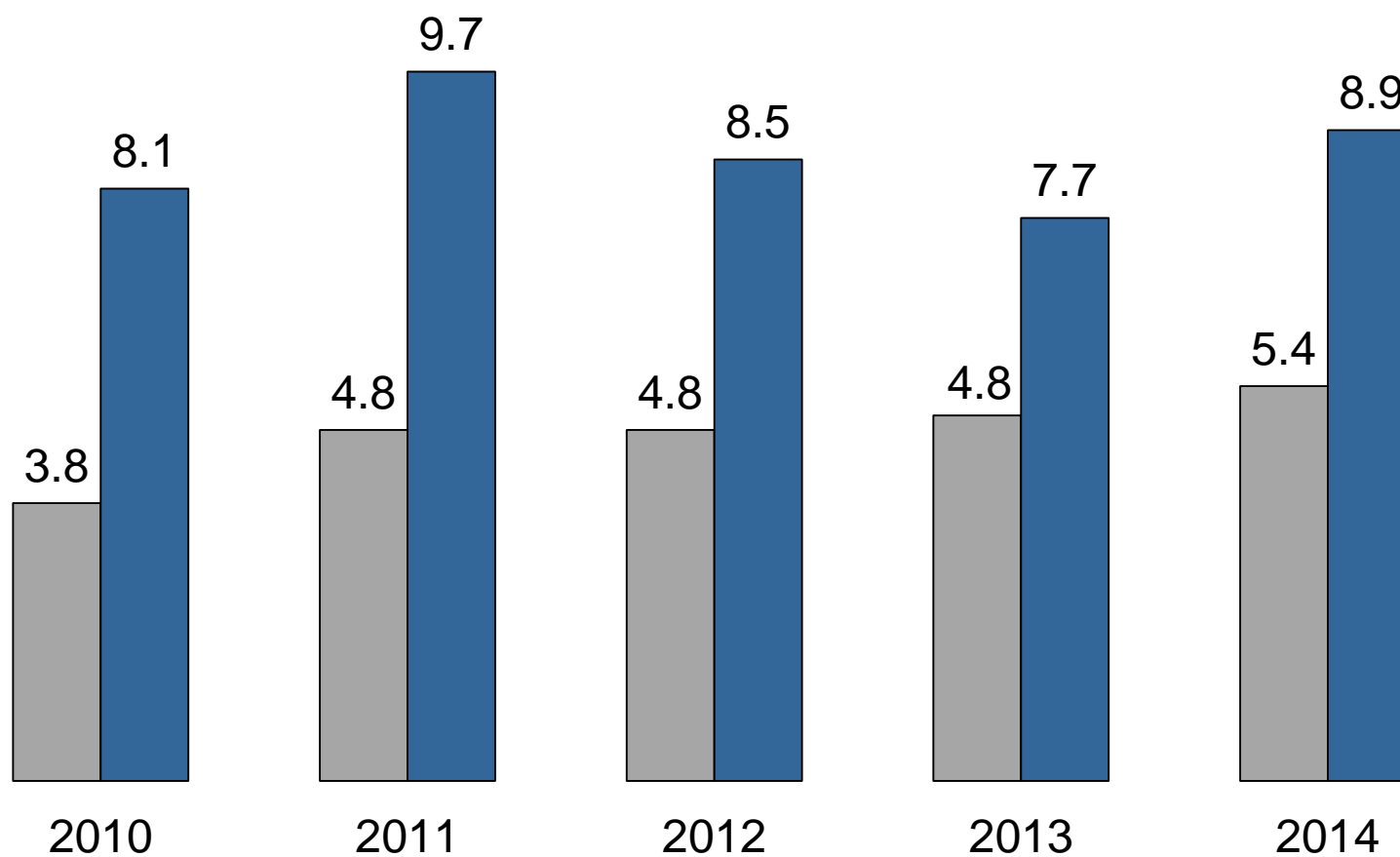
## Severity by Area of Practice





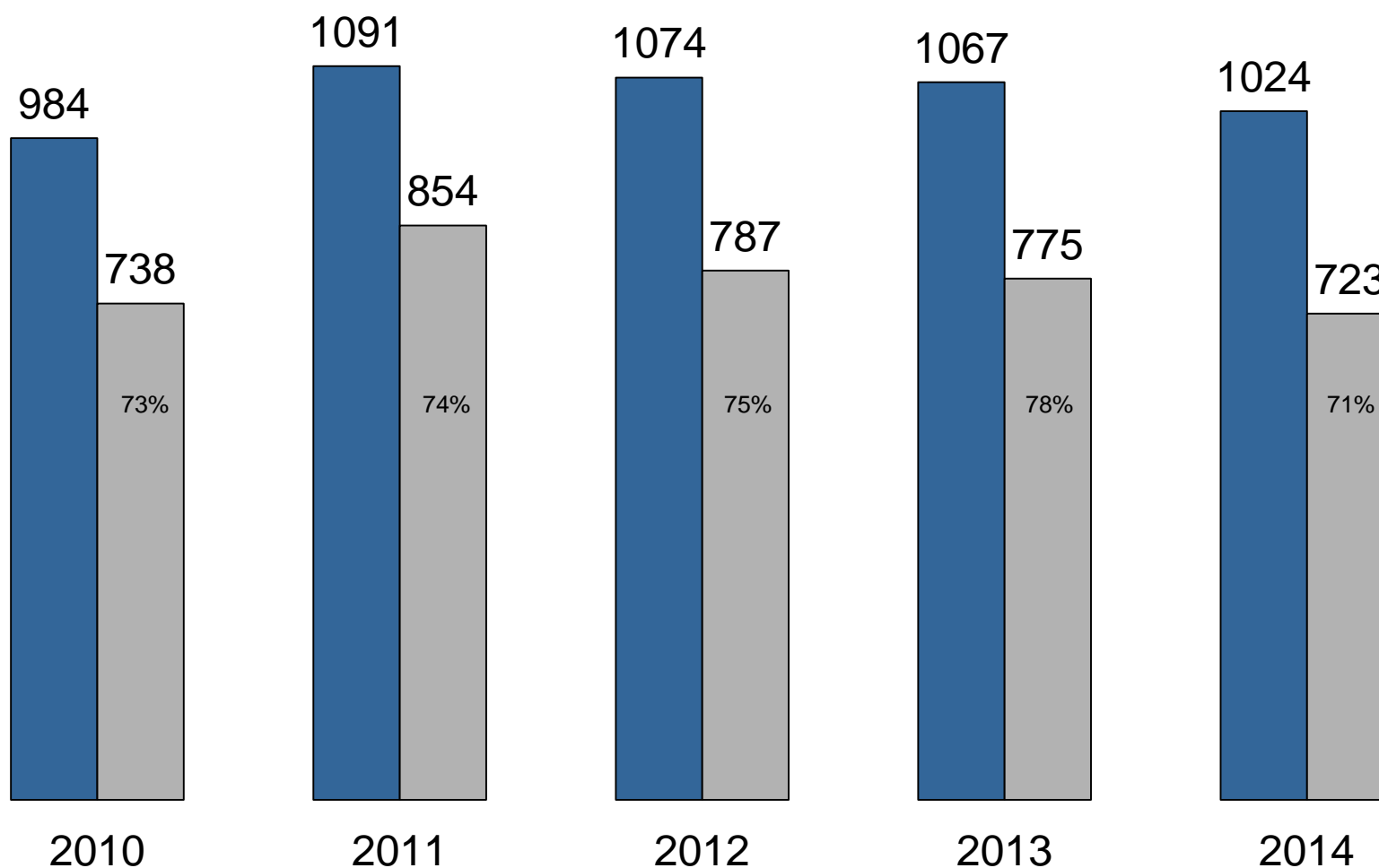
## Claim Payments

Expense  
Indemnity

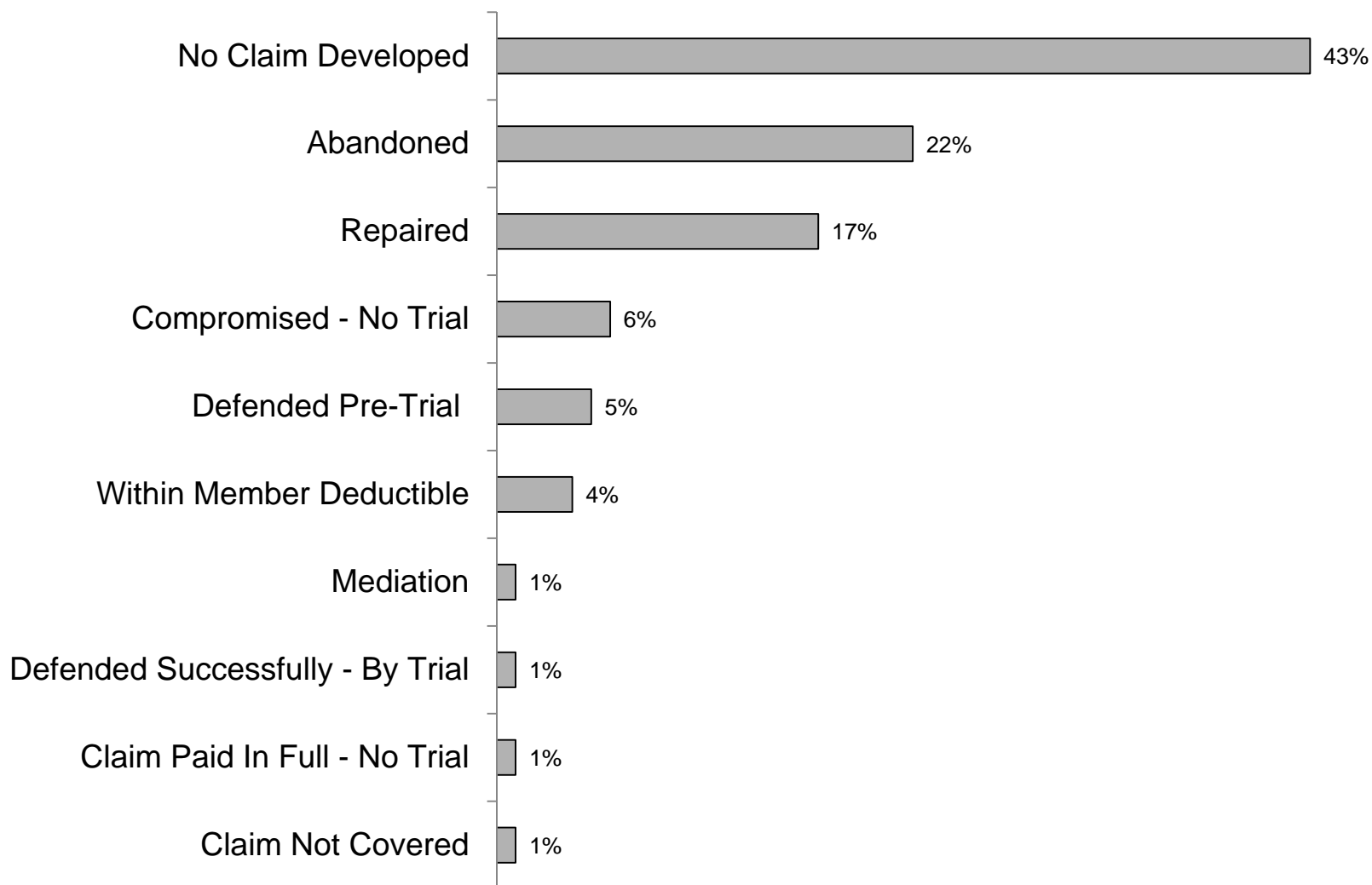


## Closed Reports with No Payment

■ Total Reports Closed  
■ Reports Closed with No Payment



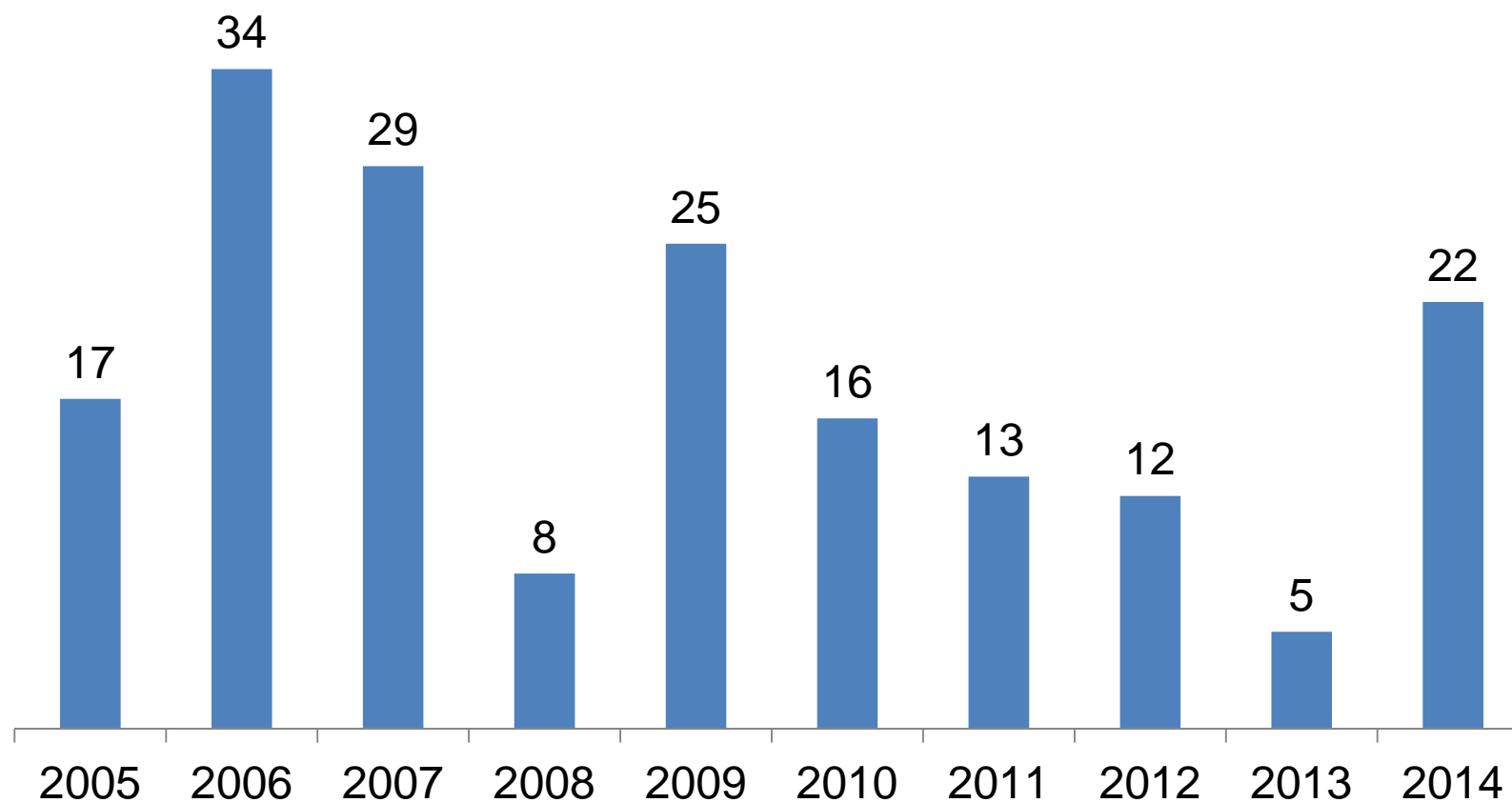
## Results of Reports



## Other Results in 2014

	2013	2014
Indemnity payments	124	137
Excess payments (settlements over \$1 million)	1	0
Number of risk management presentations	8	22
Matters tried	10	3
• Trials won	8	3
• Trials lost	2	0
• Appeals won	0	1
• Appeals lost	1	0

## Part B Claims: 2005 - 2014

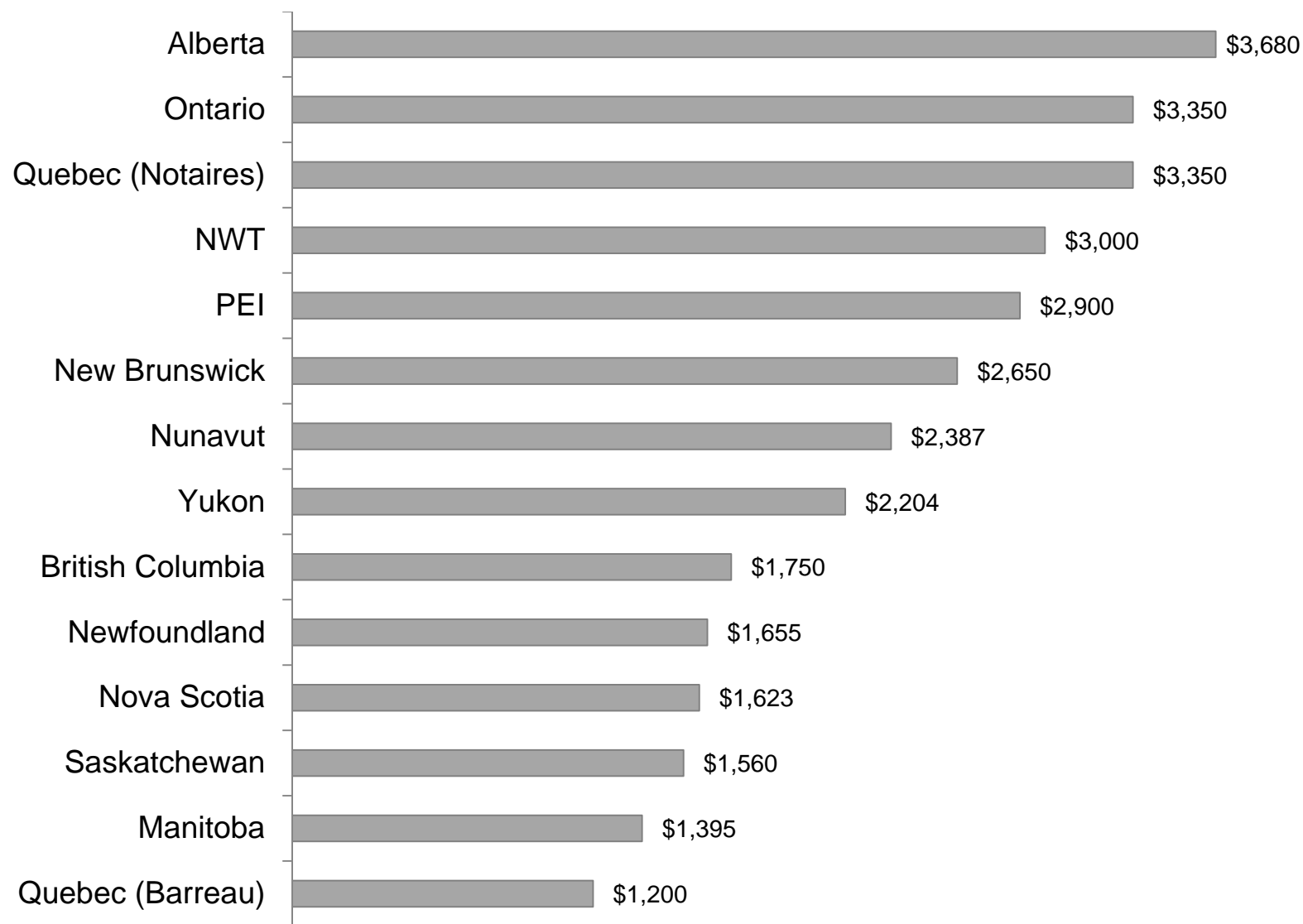


## Part B

In 2014:

- 22 reports
- 2 claims – 2 lawyers – totaling \$132,900
- 2 actions against former members - 2 default judgments
- \$53,500 recovered

## Insurance Fee Comparison



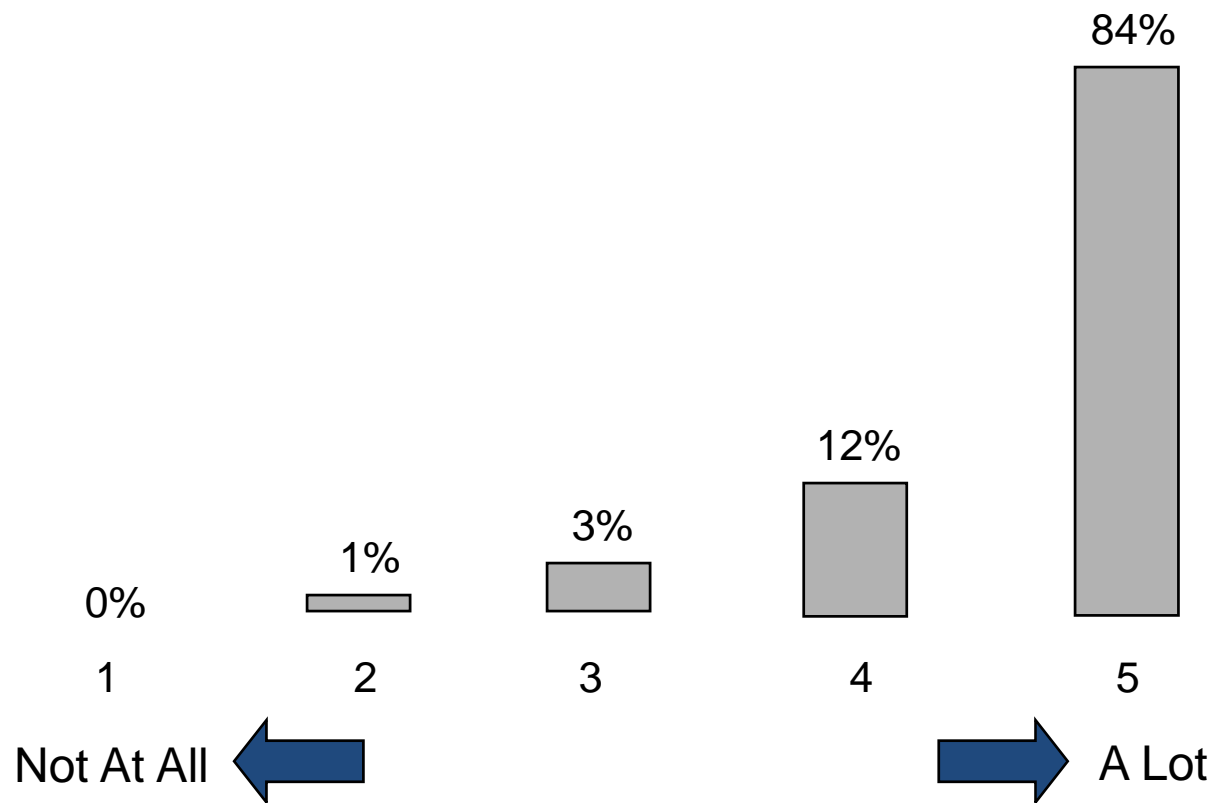
## Service Evaluation Forms

- SEF's completed – 268 (out of 723)
- Kudos (good) – 190
- Grumbles (bad) – 7



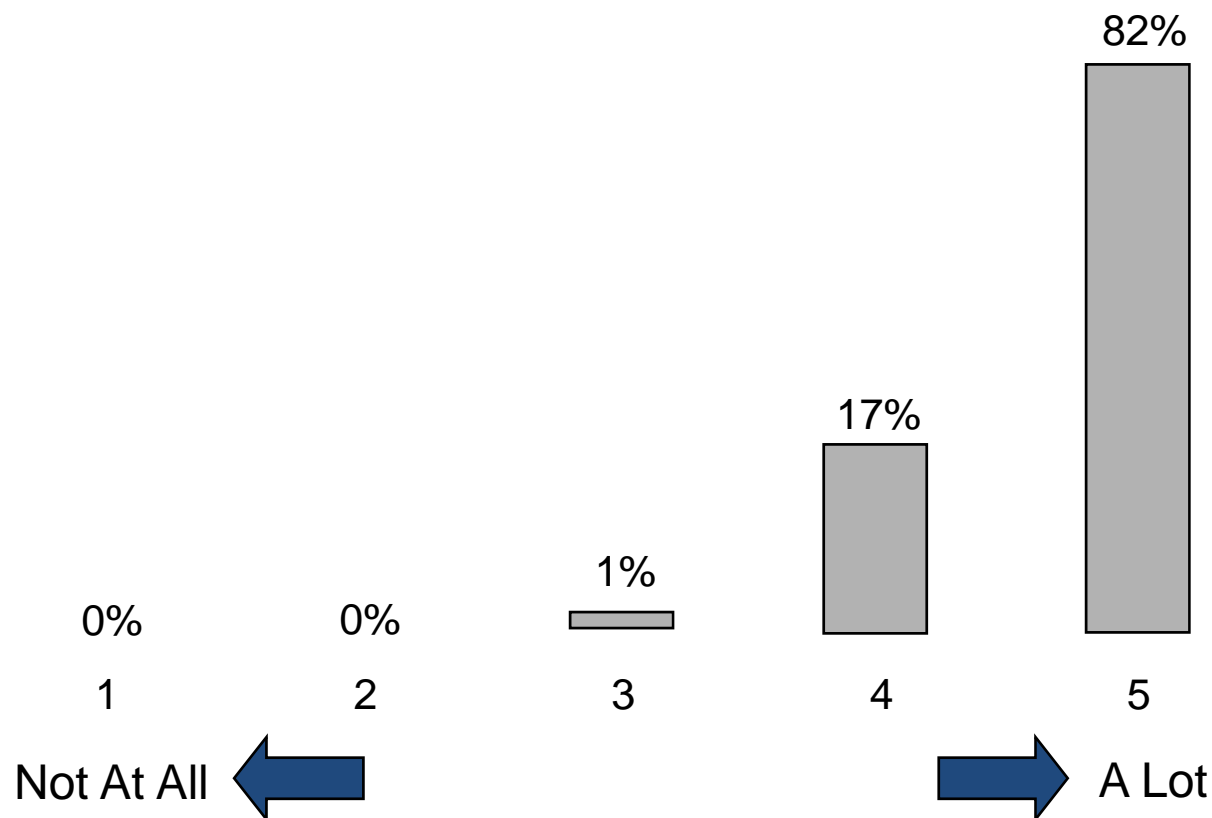
## Service Evaluation Form Results

How satisfied overall were you with the outcome of your claim?



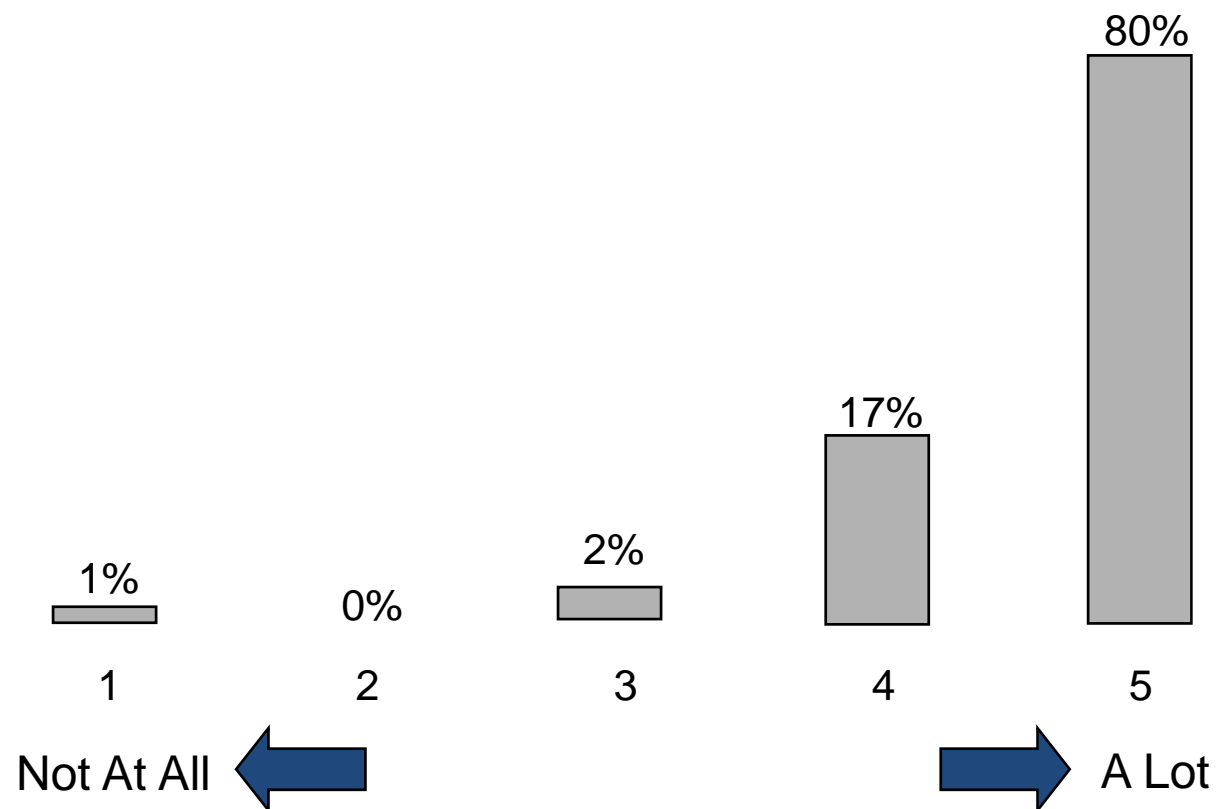
## Service Evaluation Form Results

How satisfied overall were you with the services provided by LIF claims counsel?

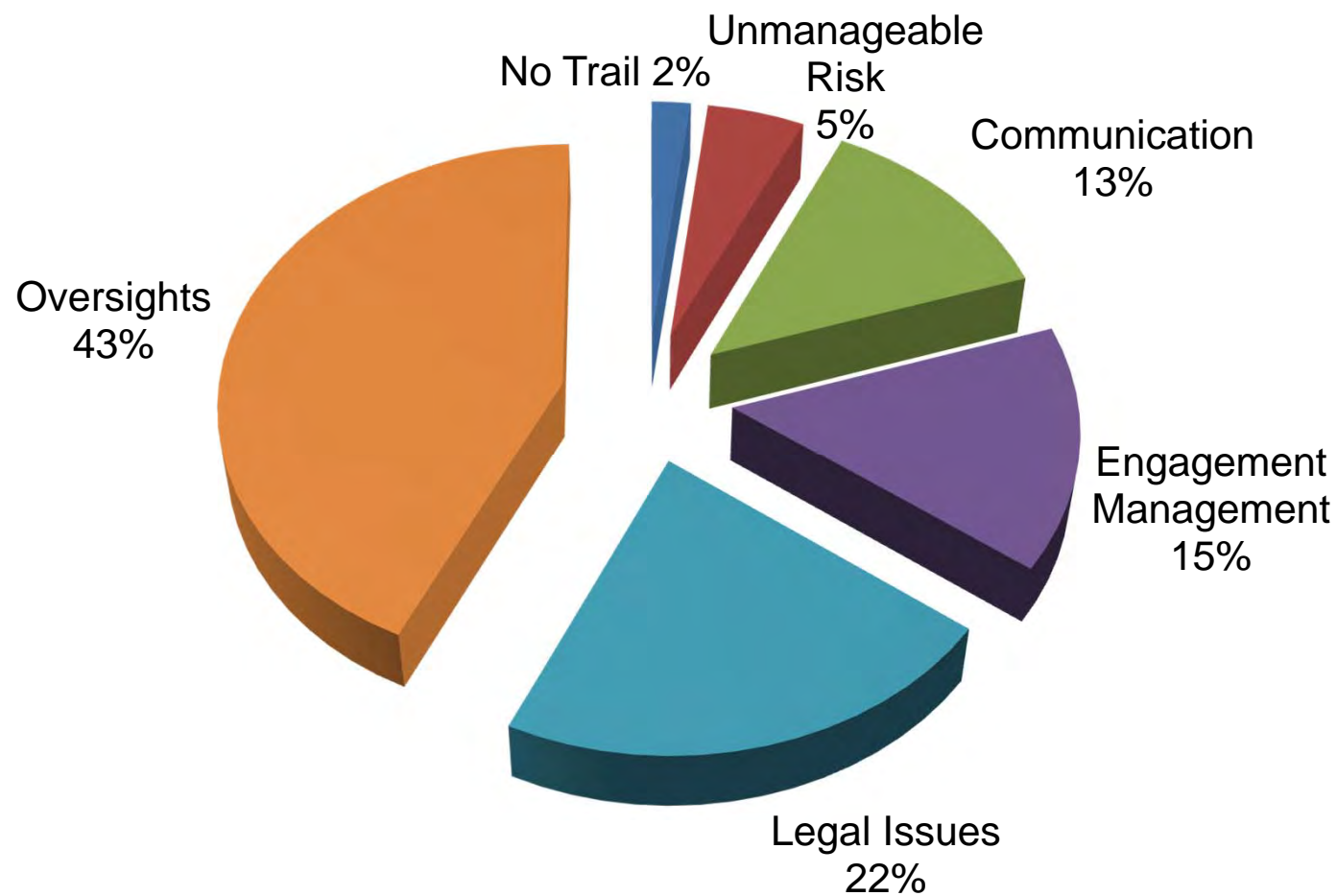


## Service Evaluation Form Results

How satisfied overall were you with the handling of your claim?



## Causes of Reports





*Lawyers  
Insurance  
Fund*

# Thank you

# The Law Society *of British Columbia*



## Key Performance Measures

Report on 2014 Performance

Presented to Benchers – March 6, 2015



# Table of Contents

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Custodianships.....	18
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Credentials, Articling & PLTC .....	32
Practice Advice .....	39
Practice Standards .....	45
Lawyers Insurance Fund .....	52



## Background

This is the eighth time that the key performances measures of the Law Society of British Columbia have been reported. The key performance measures are reviewed periodically, most recently by the Audit Committee in 2011.

The key performance measures are intended to provide the Benchers and the public with evidence of the effectiveness of the Law Society in fulfilling its mandate to protect the public interest in the administration of justice by setting standards for its members, enforcing those standards and regulating the practice of law.



# The Law Society *of British Columbia*



## **Bellwether Measures**



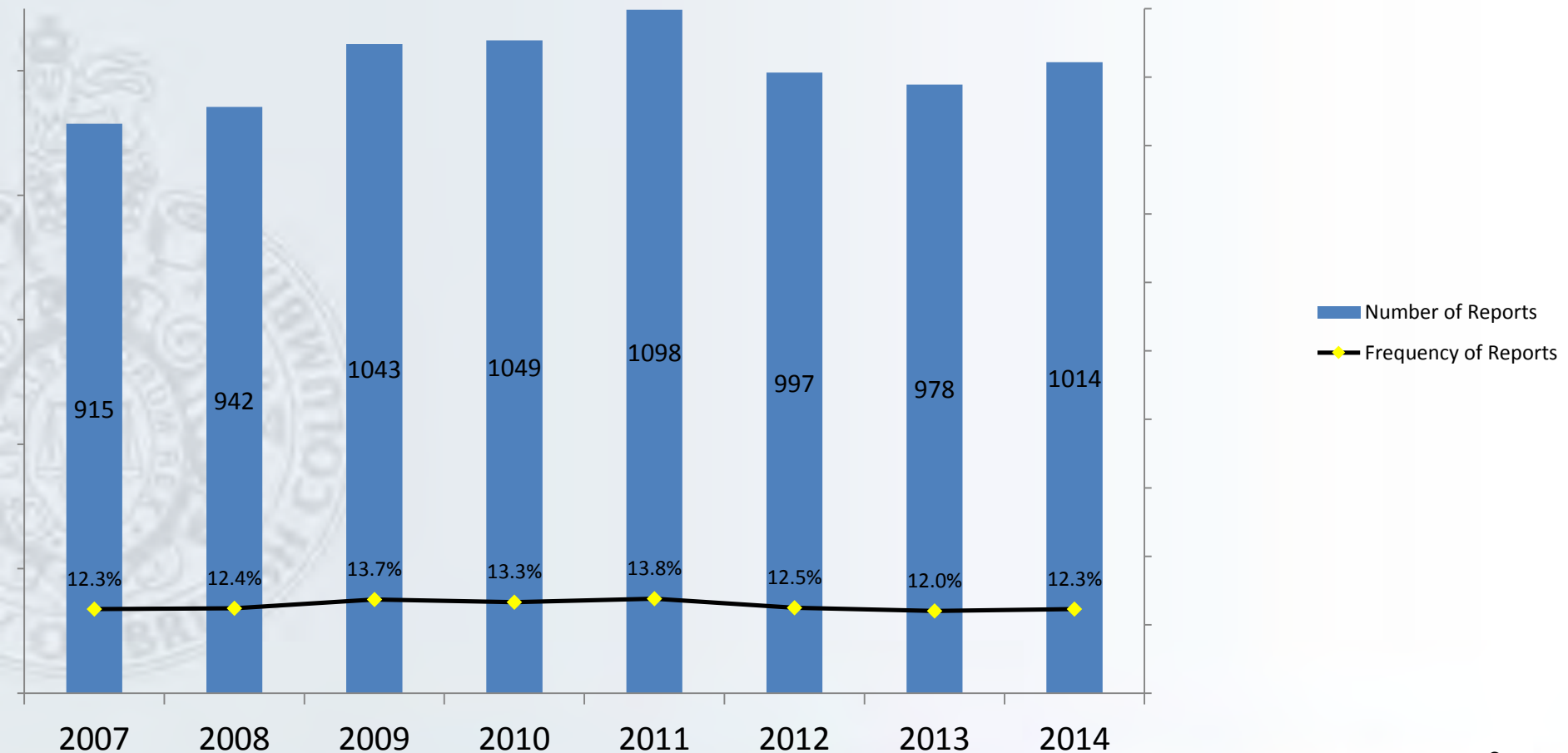
# Frequency of Complaints

The number of complaints divided by the median number of practising lawyers



# Frequency of Insurance Reports

The number of reports divided by the median number of insured lawyers



# The Law Society *of British Columbia*

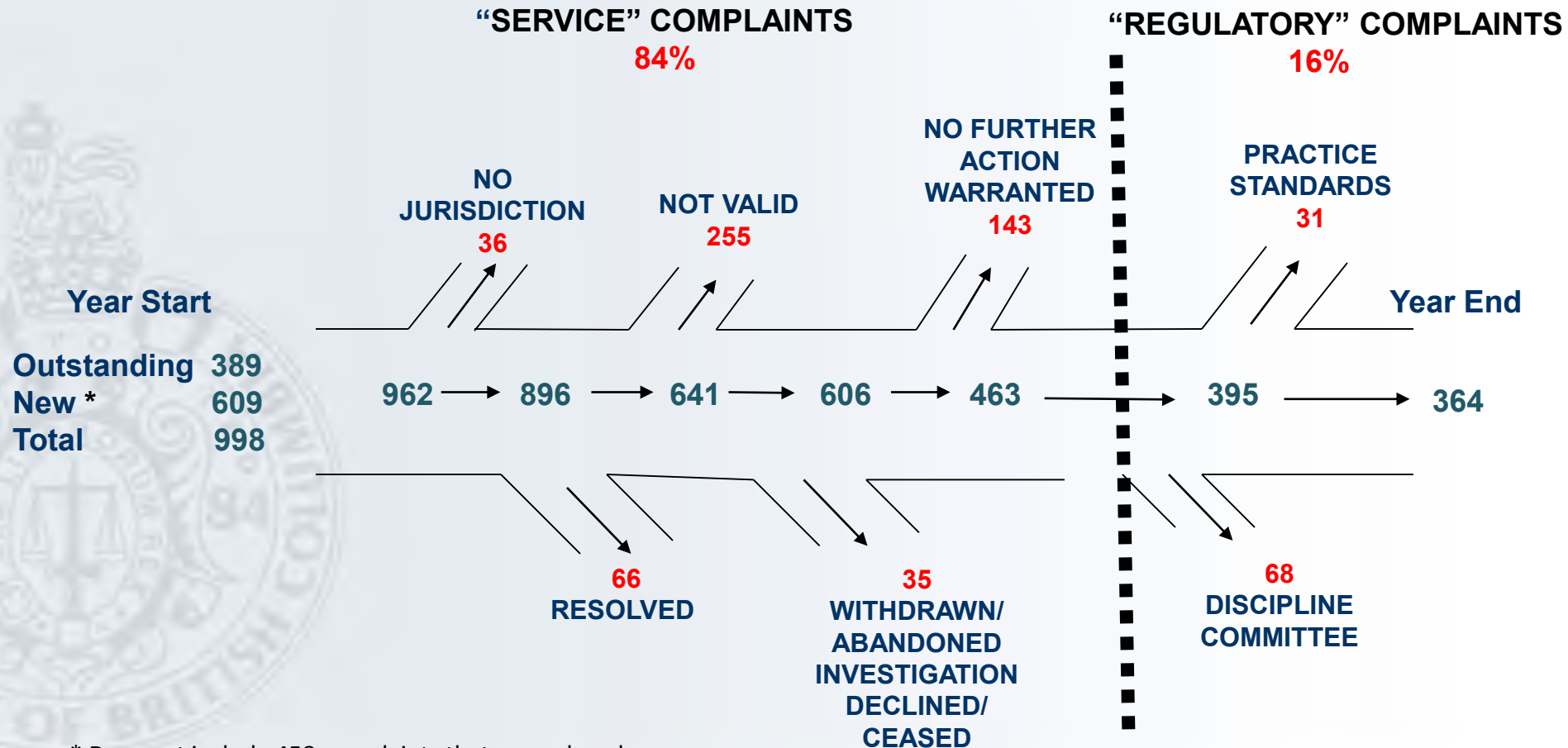


## **Professional Conduct and Discipline**

# Department Highlights

- In 2014, the Professional Conduct Department received 609 substantiated complaints (an additional 458 intakes were closed as unsubstantiated). We closed 634 complaints leaving 25 fewer open files at the end of the year than the beginning.
- The 2014 KPM results were a significant improvement over the previous year. We are meeting or exceeding all targets for complainant satisfaction. With the exception of courtesy, where we are simply meeting our target, we are higher than the targets by 5% or more.
- The Department continues to surpass national standards for timelines. As an example, 95% of the files closed in 2014 were completed in less than one year and 98% were completed within 18 months. Both of these percentages surpass the Federation of Law Societies of Canada National Discipline Standards of 80% and 90% respectively.
- Both the CRC and the Ombudsperson continue to be satisfied with our complaints handling processes and procedures.

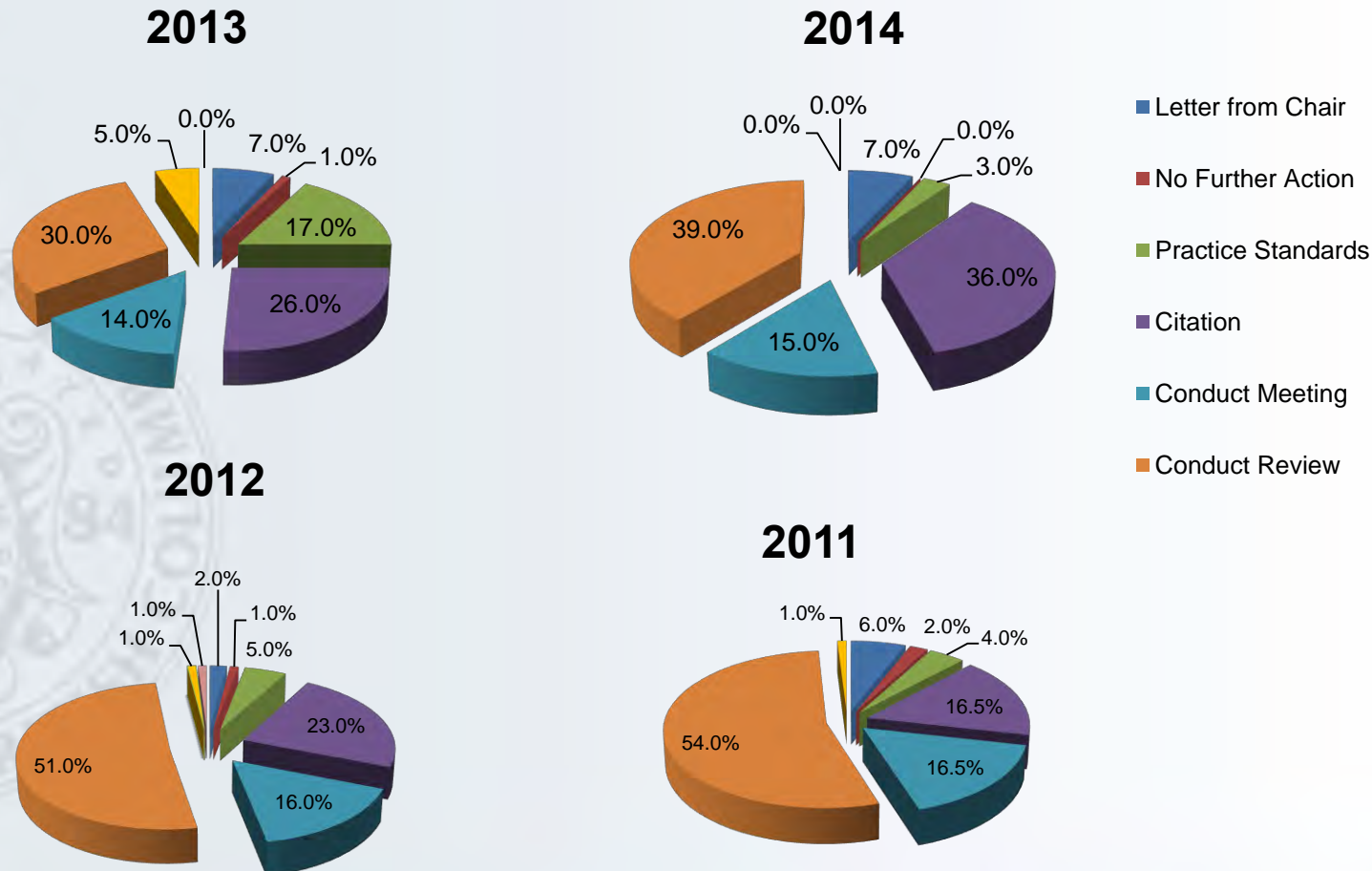
# 2014 Complaints Results



\* Does not include 458 complaints that were closed as unsubstantiated intakes



# 2014 Discipline Committee Dispositions



# Key Activities

Number of Member Complaints Opened and Closed Each Year

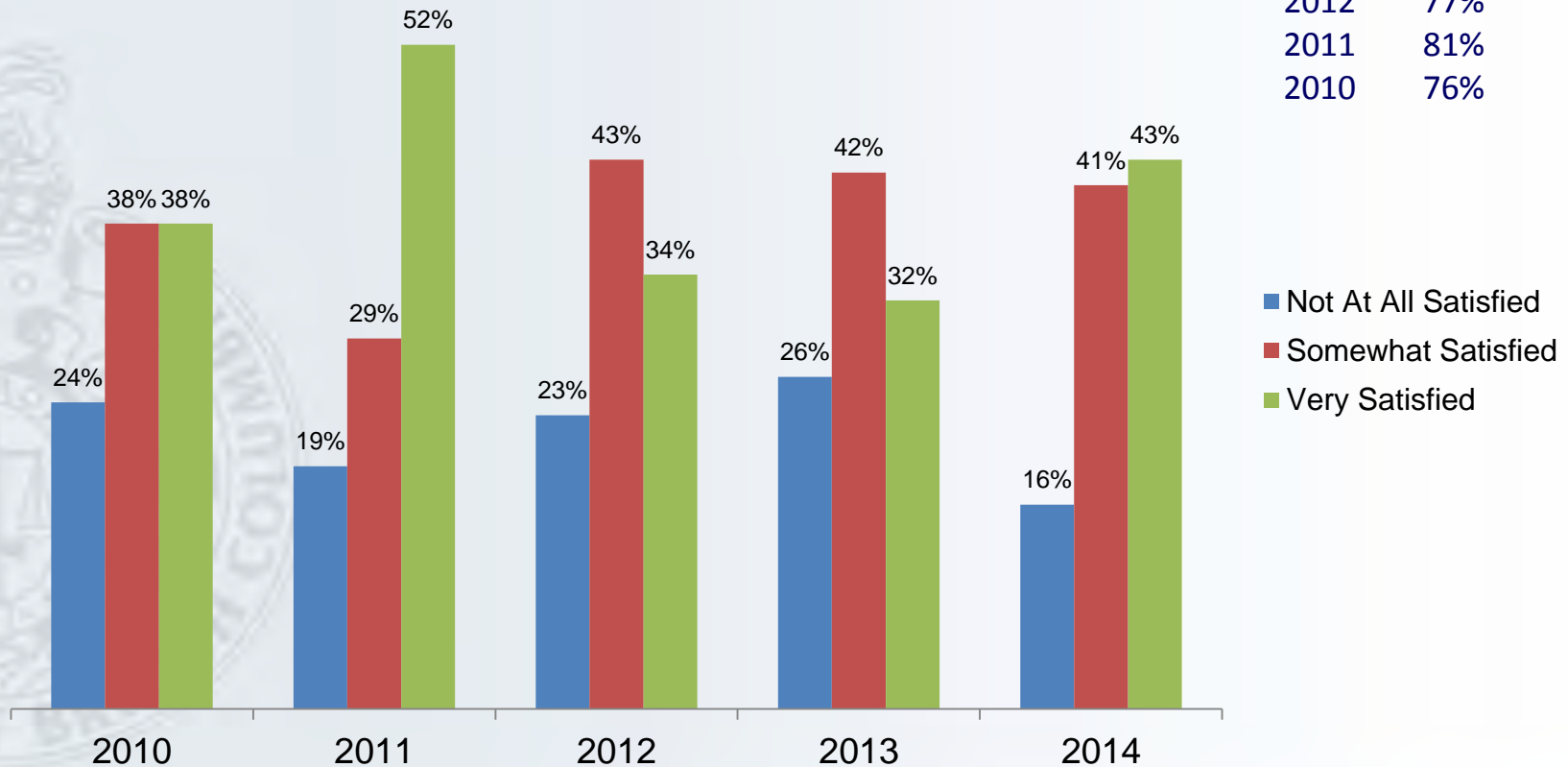


\* The 2011 through 2014 figures have been adjusted to include matters that were closed as unsubstantiated.



# Key Performance Measures

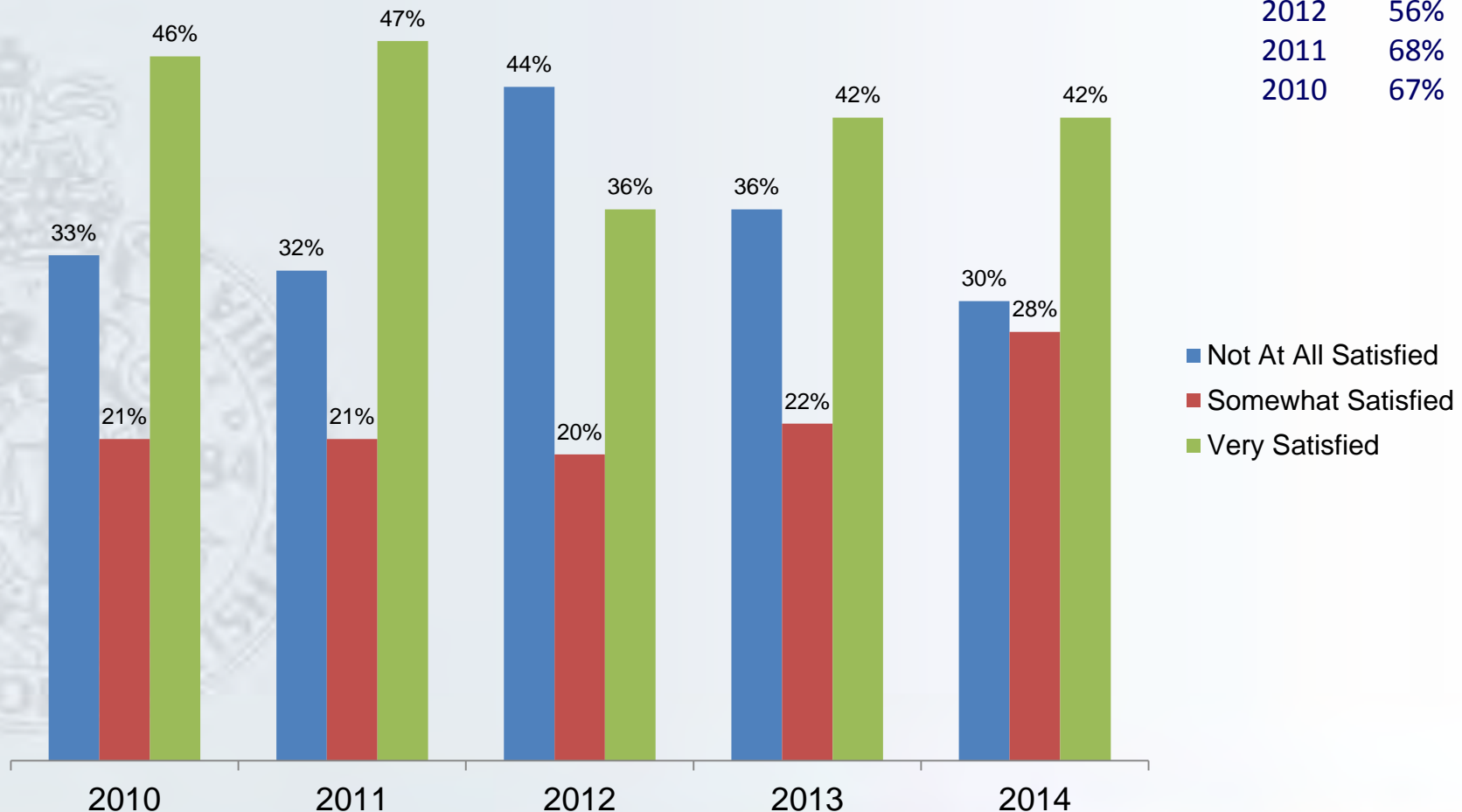
At least 75% of Complainants express satisfaction with timeliness



2014	84%
2013	74%
2012	77%
2011	81%
2010	76%

# Key Performance Measures

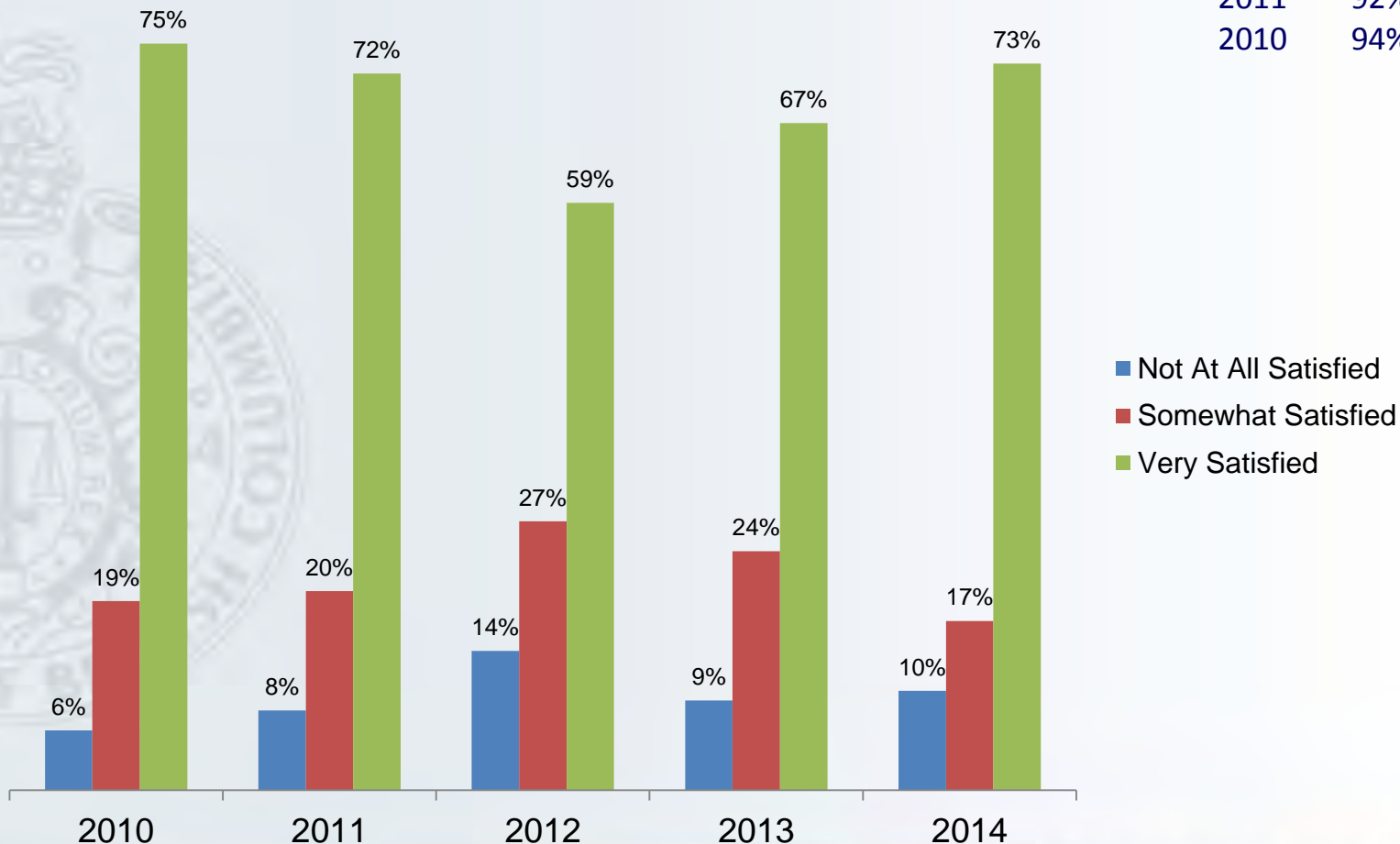
At least 65% of Complainants express satisfaction with fairness



# Key Performance Measures

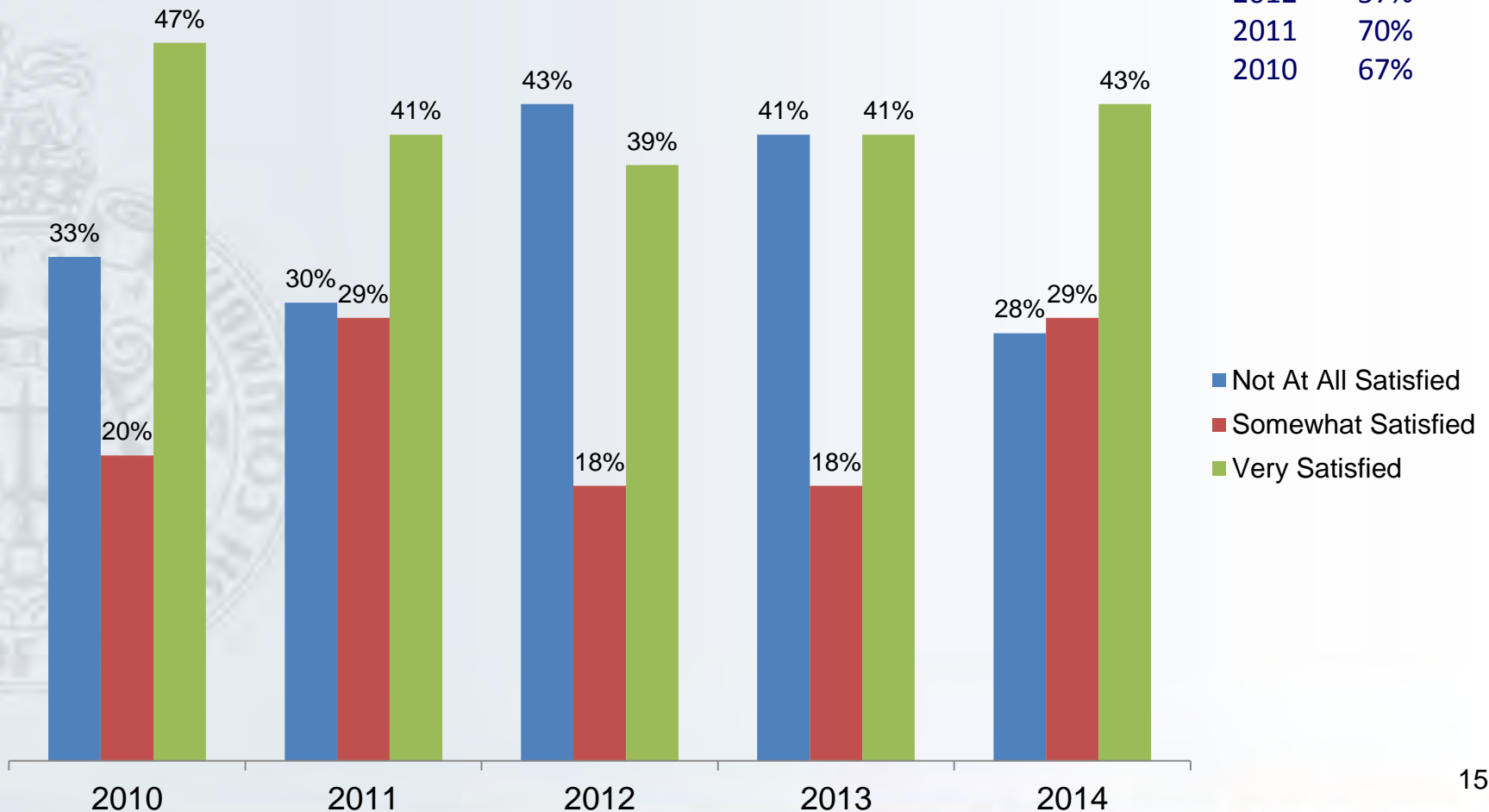
At least 90% of Complainants express satisfaction with courtesy

2014	90%
2013	91%
2012	86%
2011	92%
2010	94%



# Key Performance Measures

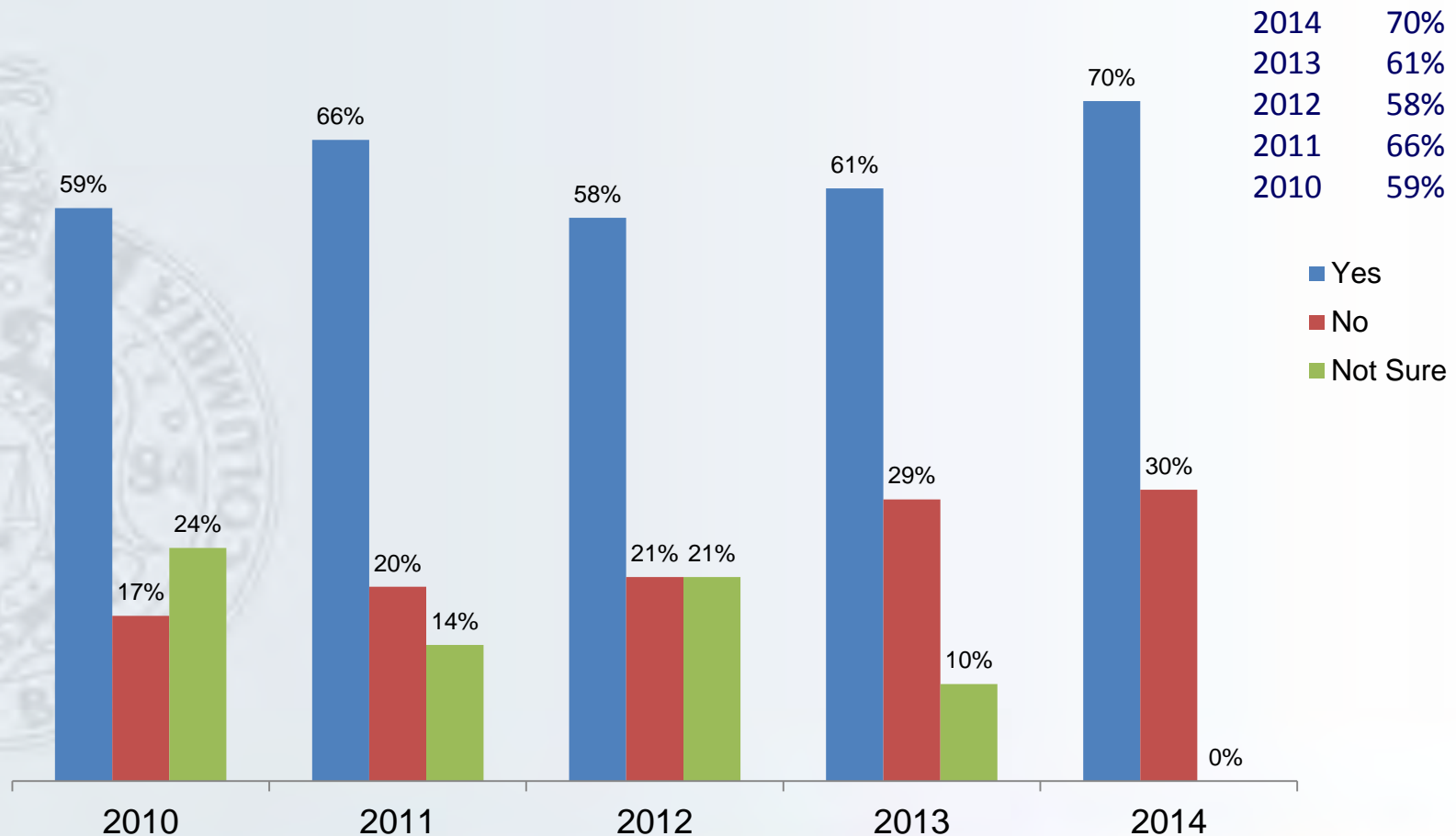
At least 65% of Complainants express satisfaction with thoroughness



# Key Performance Measures

At least 60% of Complainants would recommend the complaint process

If someone you knew had a concern about a lawyer, would you recommend that he or she make a complaint about that lawyer to the Law Society?



# Key Performance Measures

The Ombudsperson, the Courts and the CRC do not find our process and procedures lacking from the point of view of fairness and due process.

In 2014, 7 enquiries were received from the Ombudsperson concerning our complaint investigation process, compared with 2 enquiries received in 2013. Of those 7 files, 6 were closed, and 1 remained open at the Office of the Ombudsperson, at the end of 2014. The Ombudsperson has not taken issue with any of our processes.

In 2014, the Complainants' Review Committee considered 80 complaints as compared to 73 in 2013. The Committee resolved to take no further action on 79 of those on the basis that the staff assessments were appropriate in the circumstances. One referral was made by the CRC to the Discipline Committee which resulted in a letter from the Chair.

# The Law Society *of British Columbia*



## **Custodianships**





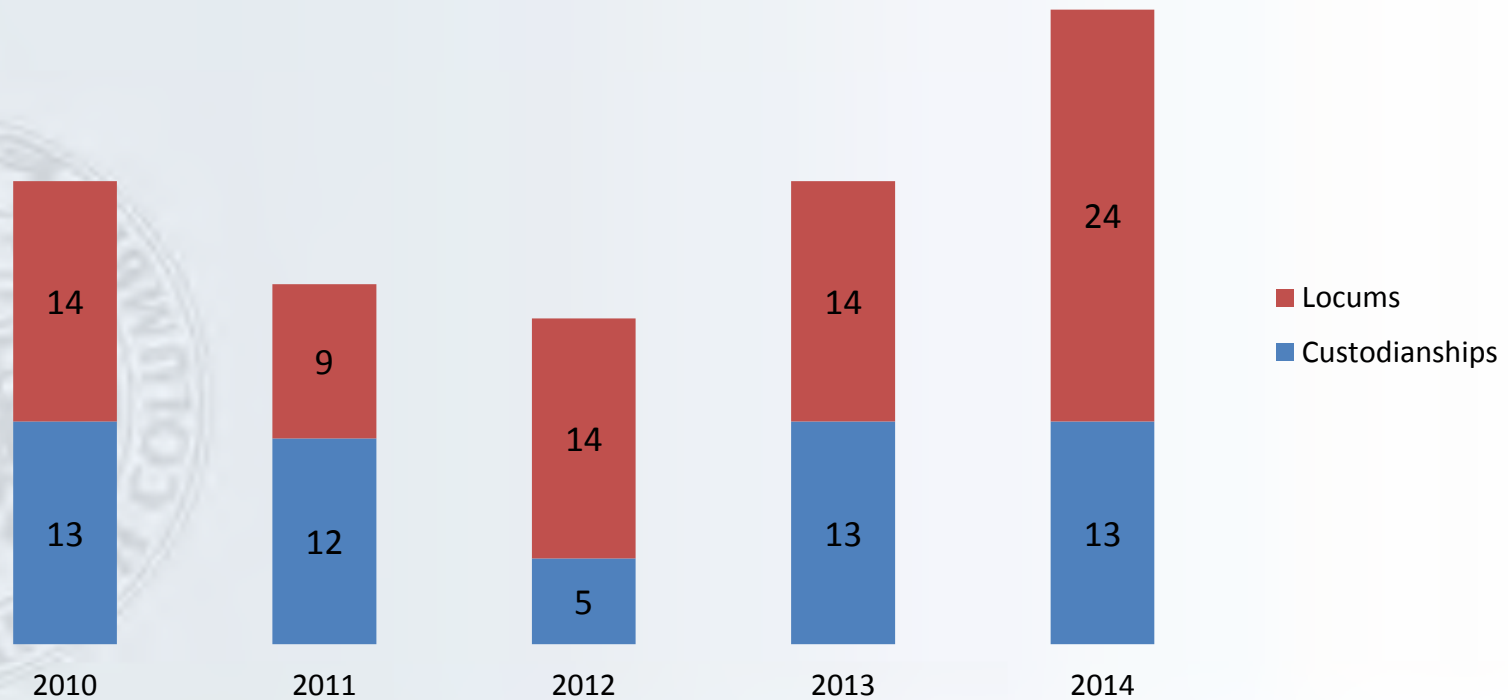
# Department Highlights

- In 2014, the Law Society was appointed as a custodian over 13 practices and staff coordinated 24 locum placements, eliminating the need for the appointment of the Law Society as a custodian in those cases.
- The total number of practices requiring the appointment of a custodian or placement of a locum increased over last year.
- Discharges were granted on 9 custodianships during the year. There were 29 custodianships under administration at year end for 2014.
- In 2014, 100% of clients who responded to our survey were satisfied with the way in which we dealt with their matter.



# Key Activities

## New Custodianships and Locums By Year

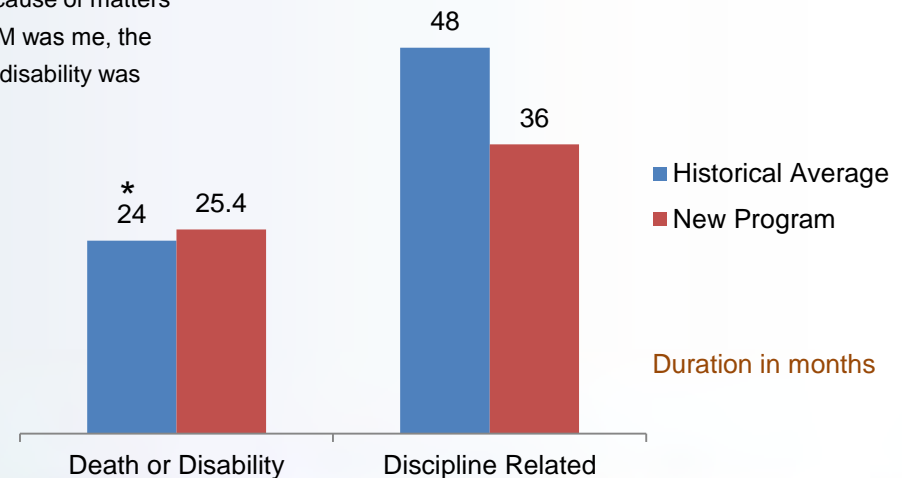


# Key Performance Measures

The length of time required to complete a custodianship will decrease under the new program based on comparable historic averages\*

\* This KPM is divided into two parts.

1. For those custodianships which are discipline related, the KPM was met (historical average 48 months; new program average 36 months).
2. For those custodianships which are due to death or disability, the KPM was not met (historical average 24 months; new program average 25.4 months). This resulted from one custodianship discharged after 70 months. In that case, virtually all of the work normally carried out by the custodian was completed prior to the 24 month historical average, but the custodianship could not be discharged because of matters outside of the custodian's control. But for that custodianship, the KPM was met, the average time required to discharge custodianships due to death and disability was 19.5 months.



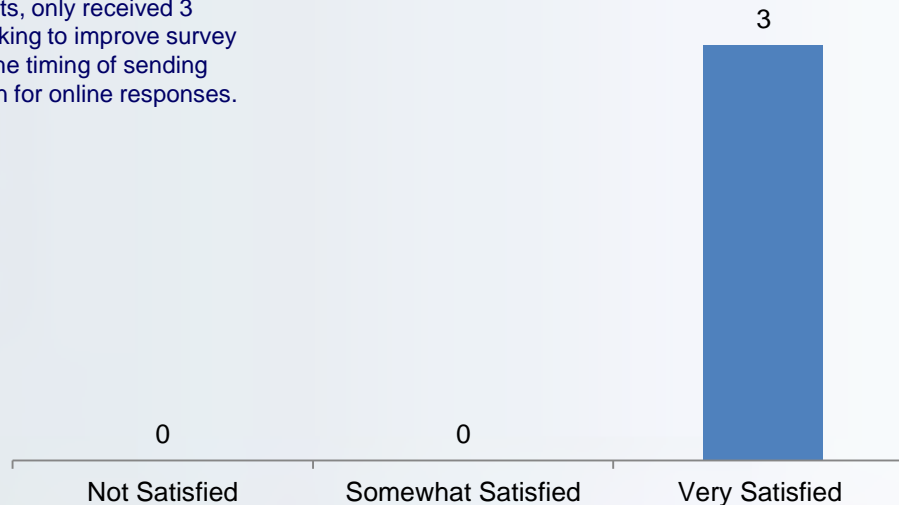
# Key Performance Measures

90% of clients surveyed are satisfied with the way in which the designated custodian dealt with their client matter.

Degree of satisfaction with the way in which the designated custodian dealt with your client matter\*

2014	100%
2013	83%
2012	87%

\* 29 surveys sent to clients, only received 3 completed surveys. Working to improve survey responses by changing the timing of sending the surveys and an option for online responses.



# The Law Society *of British Columbia*



## **Trust Assurance**



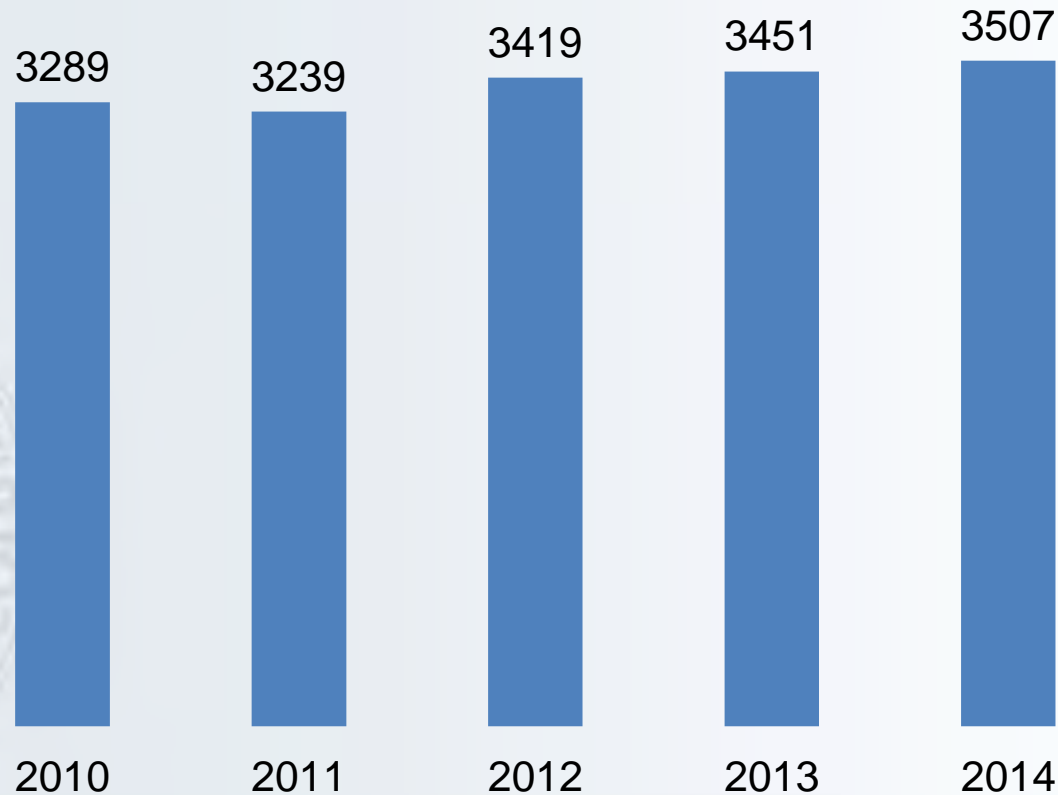
# Department Highlights

- In addition to conducting trust compliance audits and reviewing annual law firm trust reports, the Trust Assurance Department also performs file monitors when necessary, to ensure deficiencies noted during the audits are corrected.
- The department also conducts new firm site visits upon request and continues to provide guidance on trust related matters through direct correspondence with the membership, formal presentations to various groups, and through the development of information resources such as the Trust Accounting Handbook and Checklists, which are available on the Law Society website.
- Reviewed approximately 3,500 trust reports in 2014, similar to past years.
- Performed 509 compliance audits in 2014, have completed approximately 3,500 since the inception of the trust assurance program.

# Department Highlights

- Continued positive member survey results.
- Although a small number, there was an increase in the number of financial suspensions in 2014, due to a number of priority audits during the year.
- Slight increase in referrals in 2014 compared to 2013, but relatively stable results compared to recent years.
- Performance on key compliance questions remained relatively stable in 2013 (the last complete year for trust reports) as measured by the percentage of self-reports allowed compared with those who were required to provide an accountant's report.

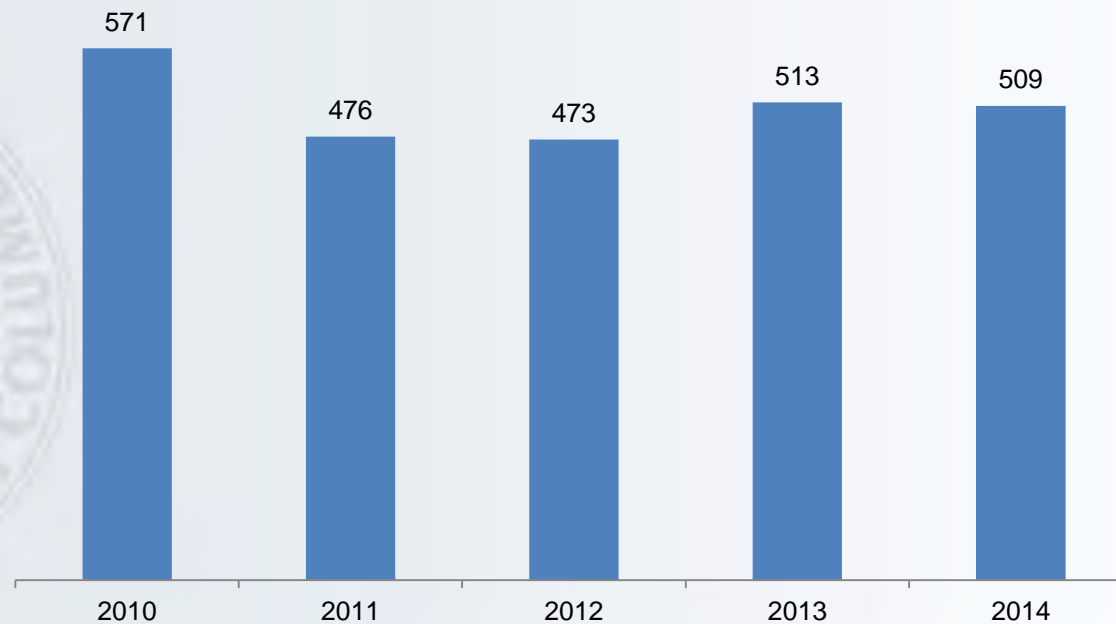
# Number of Trust Reports





# Compliance Audits

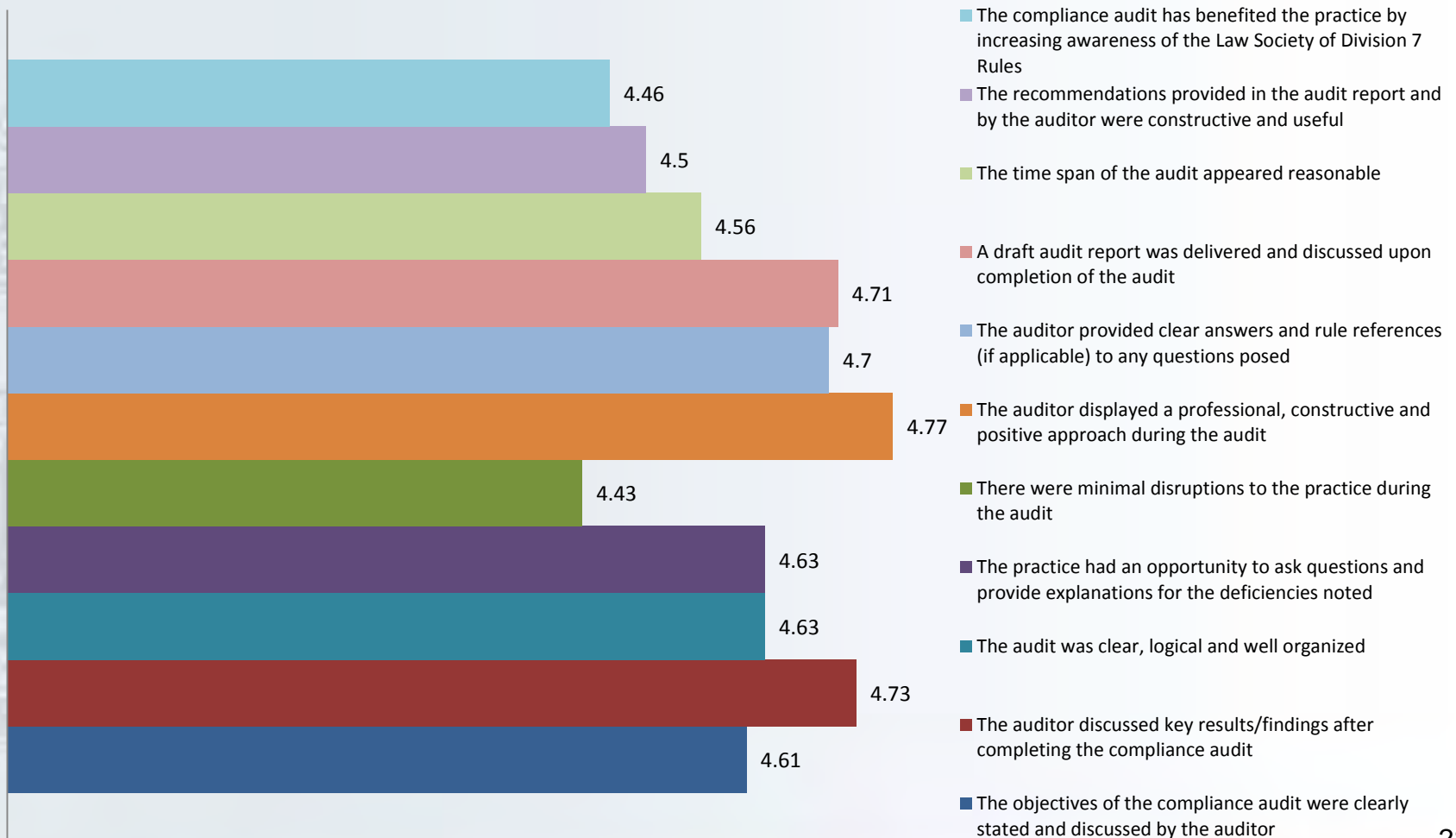
In 2014, we performed approximately 509 compliance audits





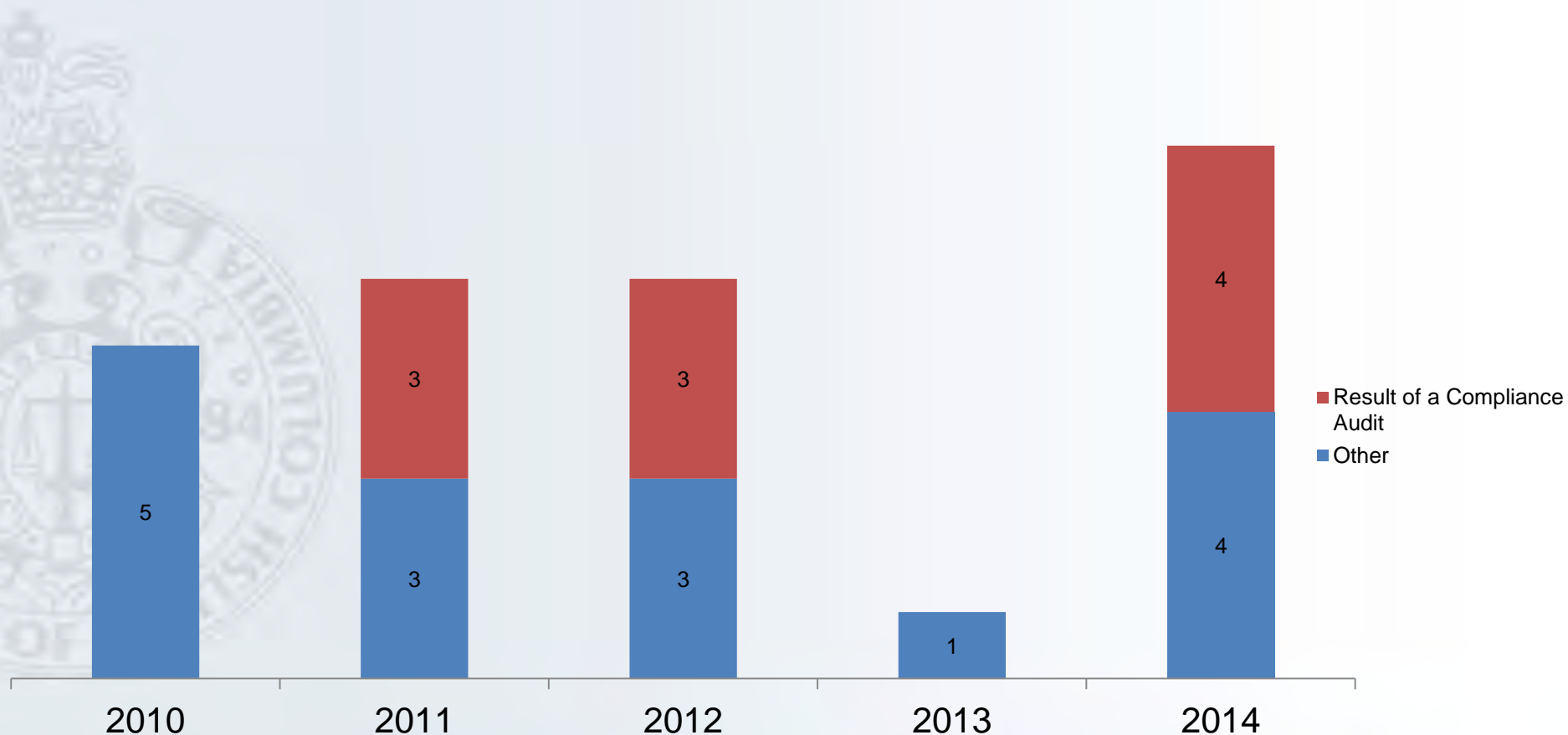
# Key Activities

## Compliance Audit Survey Results (Average rating based on 5 point scale)



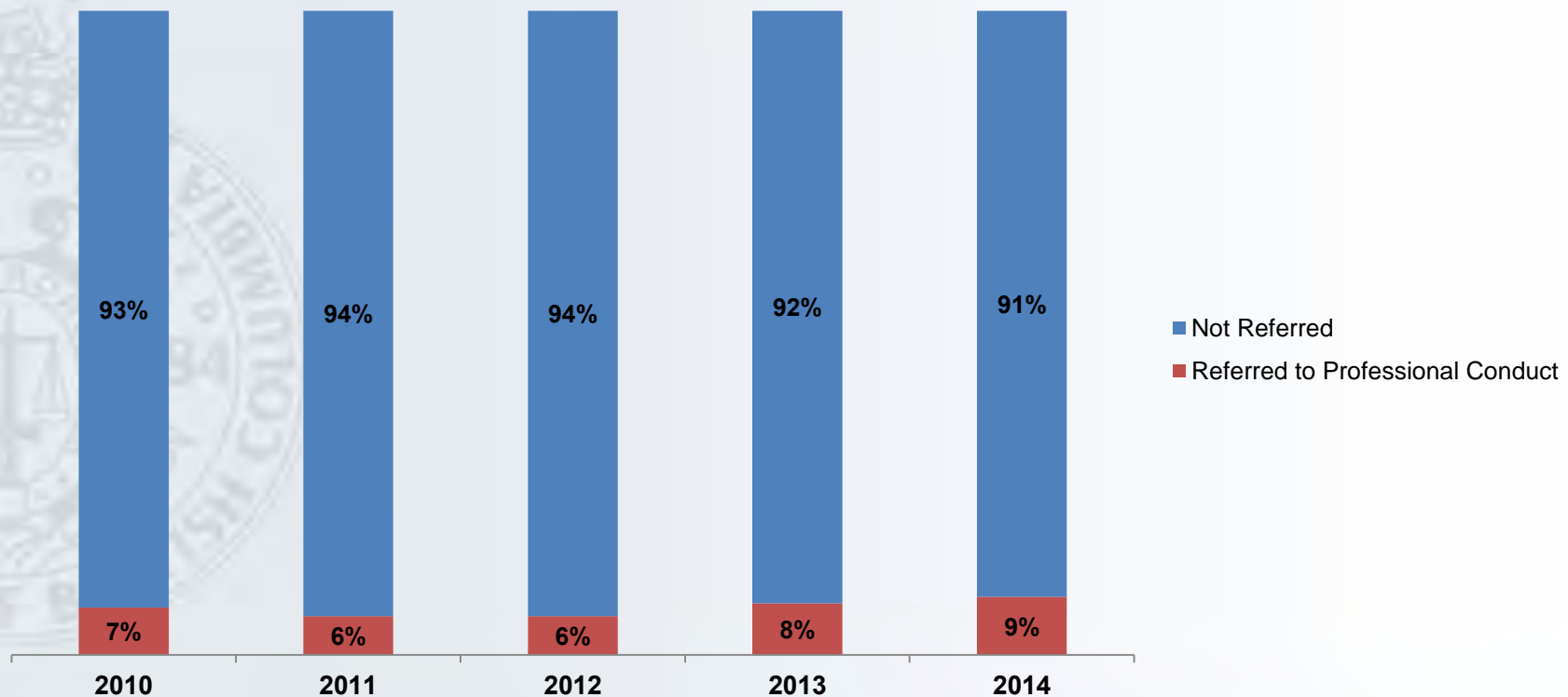
# Key Performance Measure

Long term reduction in the number of financial suspensions issued by trust assurance program



# Key Performance Measure

Long term reduction in the percentage of referrals to Professional Conduct department as a result of a compliance audit.



# Key Performance Measure

Improved performance on key compliance questions from lawyer trust report filings

*Stability in Self Reported Trust Report filings allowed*



# The Law Society *of British Columbia*



## **Credentials, Articling and PLTC**

# Department Highlights

- PLTC, Canada's first skill-based bar admission training program, celebrated its 30<sup>th</sup> anniversary in 2014. Student numbers increased from 404 in 2011 to 420 in 2012, 445 in 2013, and 465 in 2014.
- Students and articling principals, continue to demonstrate support for PLTC and articling, as reflected in the KPMs. Articling principals' evaluation of PLTC falls marginally below the KPM targets in two of four categories.
- Articling placement availability, unlike in Ontario, appears to continue to meet growth in student demand. The number of Canadians who choose to study law abroad and then seek articles in BC continues to grow. Thompson Rivers University graduated its first law school class in 2014. It will therefore be important to keep an eye on any trends in availability of articling positions.

# Department Highlights

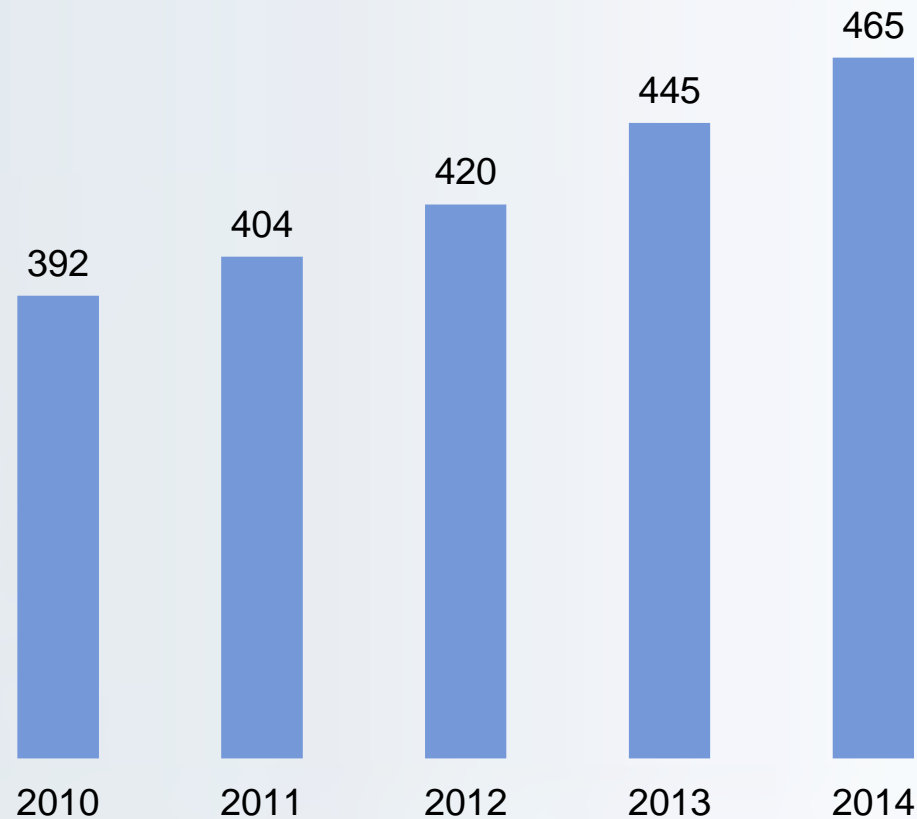
The Credentials Department deals principally with

- applications for membership, student membership, return to practice, reinstatement, practitioners of foreign law, and inter-jurisdictional practice,
- administration of the articling program, including Benchers interviews, articling reports and preparation of the call to the bar ceremonies,
- the Continuing Professional Development (CPD) program,
- accreditation of family law mediators, arbitrators and parenting coordinators,
- applications for law corporations, LLPs and multi-disciplinary practices,
- management of the annual membership renewal process, including the annual fee, insurance and annual practice declaration,
- disposition of unclaimed trust funds,
- Juricert registrations and support.



# Key Activities

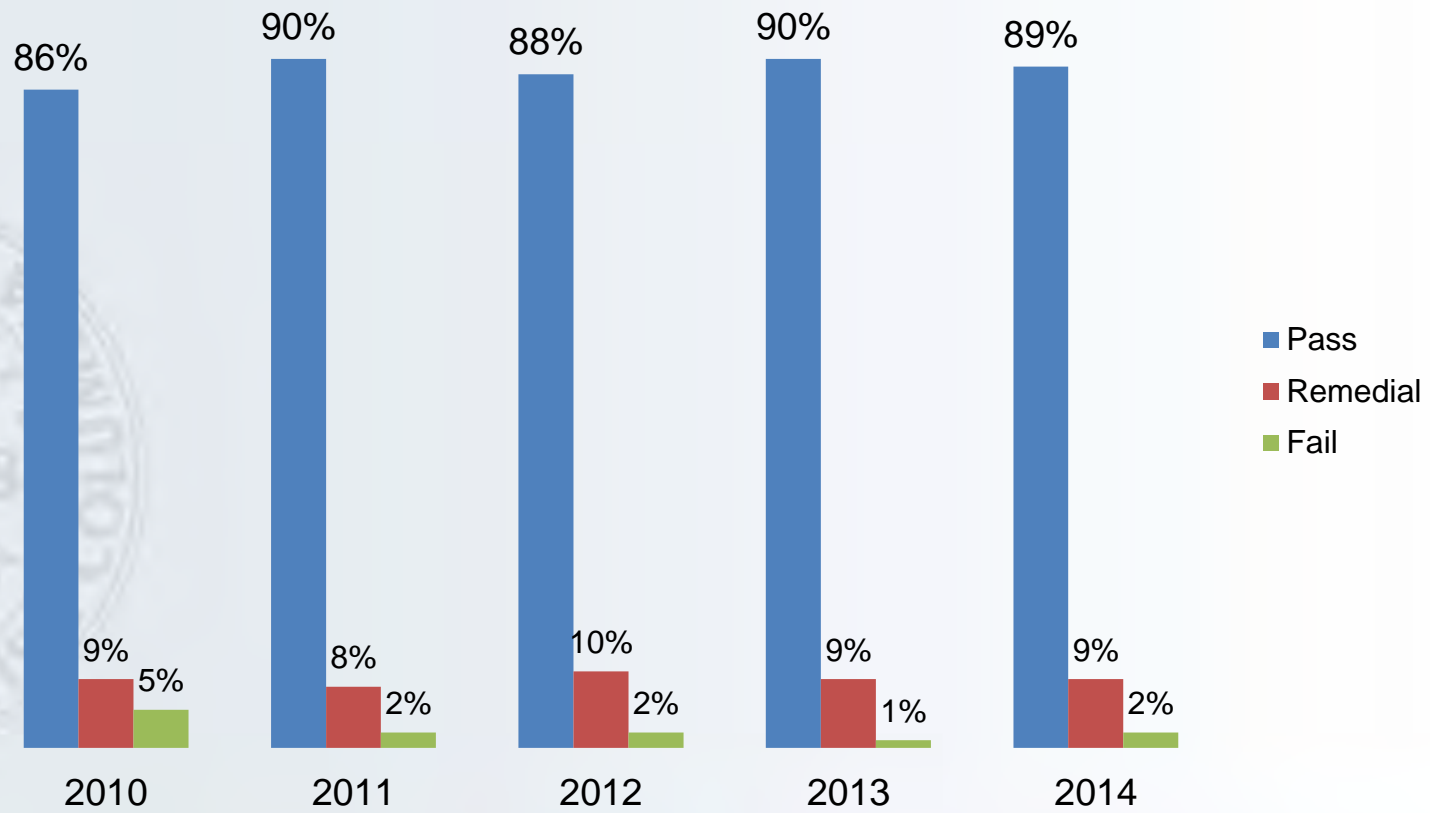
Number of PLTC Students





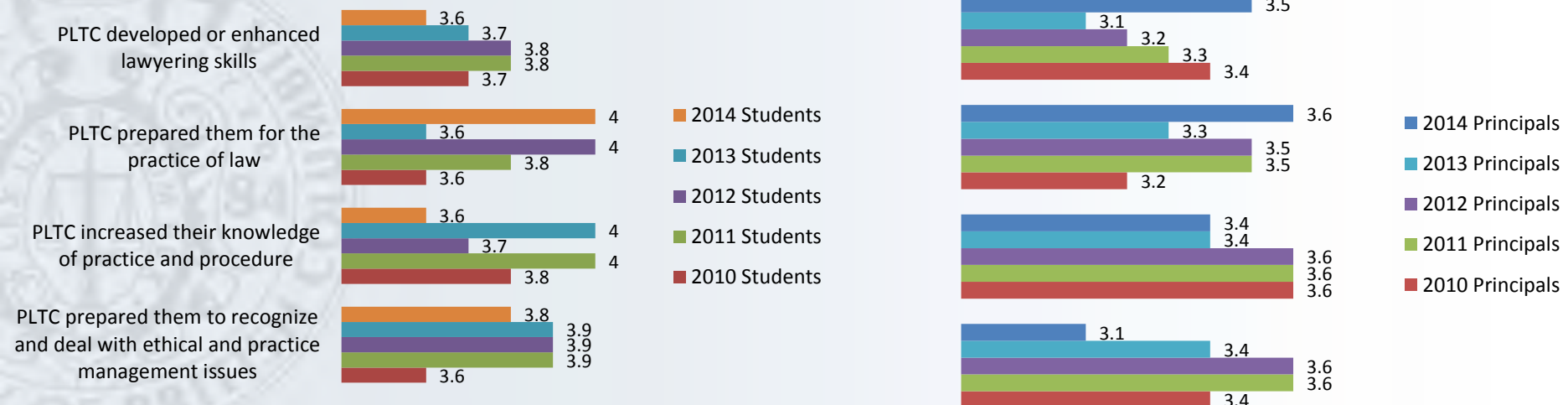
# Key Performance Measures

At least 85% of the students attending PLTC achieve a pass on the PLTC results



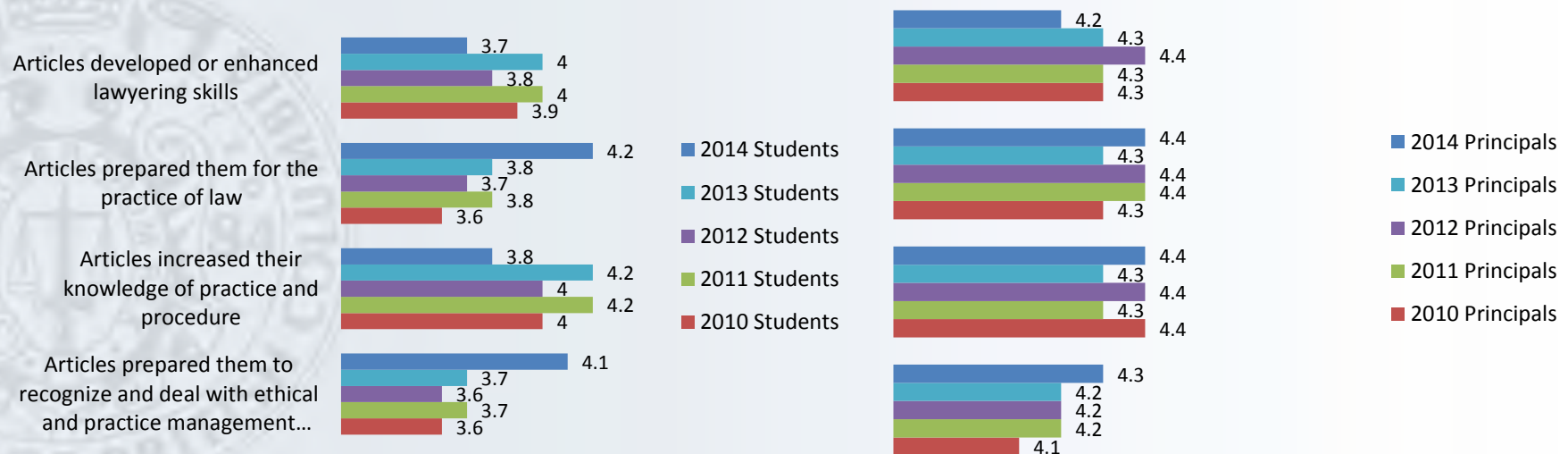
# Key Performance Measures

Students and Principals rate PLTC's value at an average of 3.5 or higher on a 5 point scale (1 = lowest and 5 = highest)



# Key Performance Measures

Students and Principals rate the value of articles at an average of 3.5 or higher on a 5 point scale (1 = lowest and 5 = highest)



# The Law Society *of British Columbia*



## Practice Advice



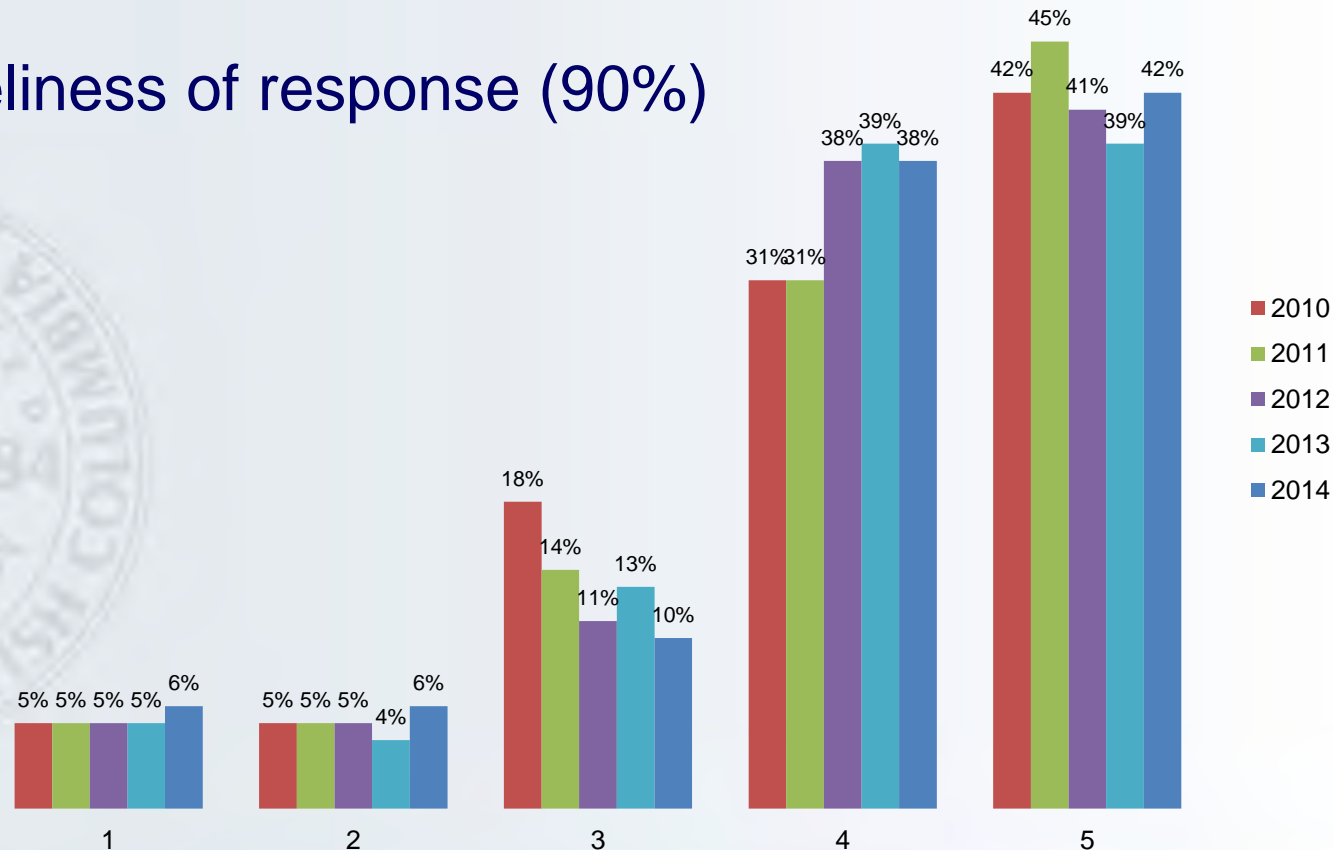
# Department Highlights

- The four Practice Advisors (two are half-time) handled a total of 6,197 telephone and email inquiries in 2014, compared to 6,764 in 2013.
- 90% of the lawyers who responded to a survey rated timeliness of response at 3 or better.
- 91% of the lawyers who responded rated quality of advice at 3 or higher.
- In rating satisfaction with the resources to which they were referred, 90% of the lawyers provided ratings of 3 or higher.
- In rating their overall satisfaction, 91% of the lawyers provided ratings of 3 or higher.

# Key Performance Measures

At least 90% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale

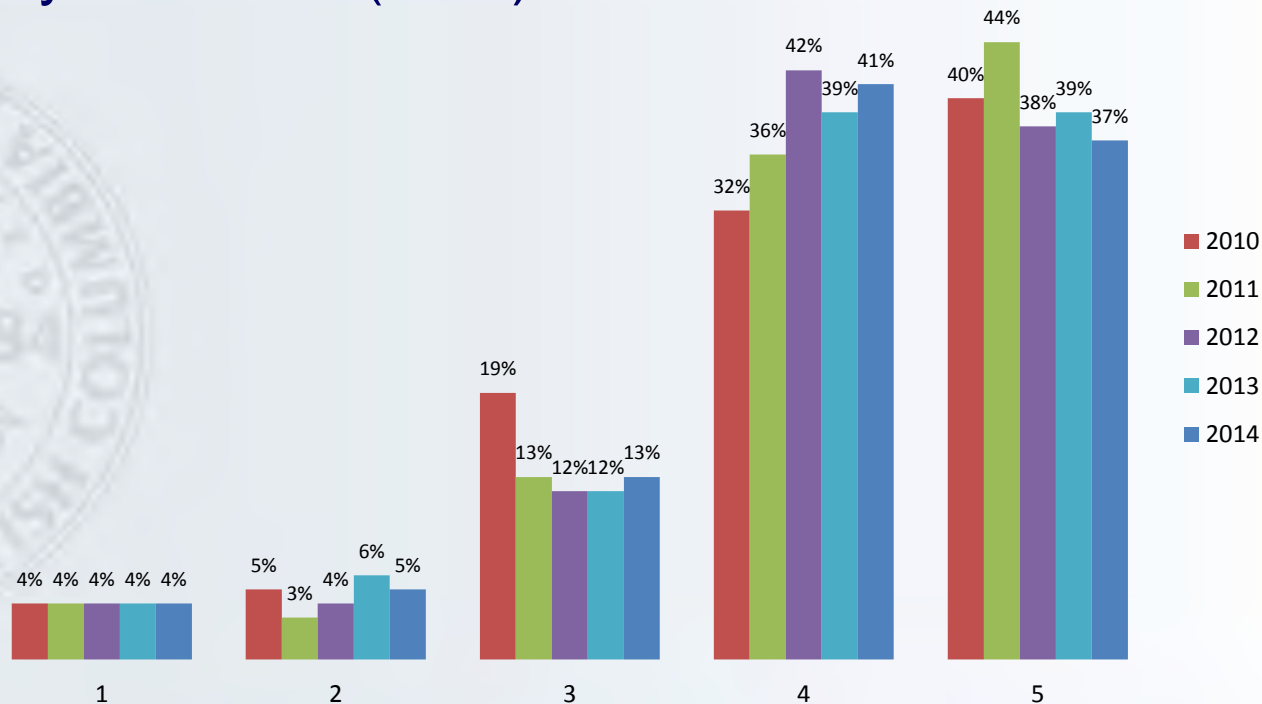
## Timeliness of response (90%)



# Key Performance Measures

At least 90% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale

## Quality of advice (91%)

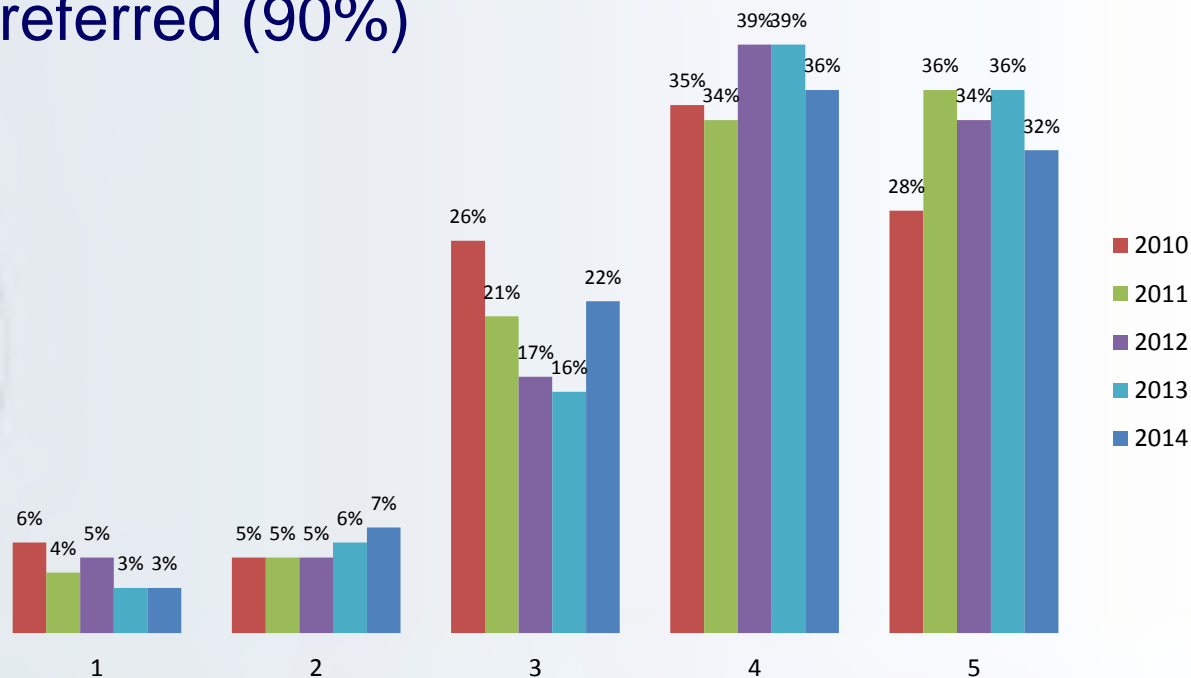




# Key Performance Measures

At least 90% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale

Quality of resources to which you were referred (90%)

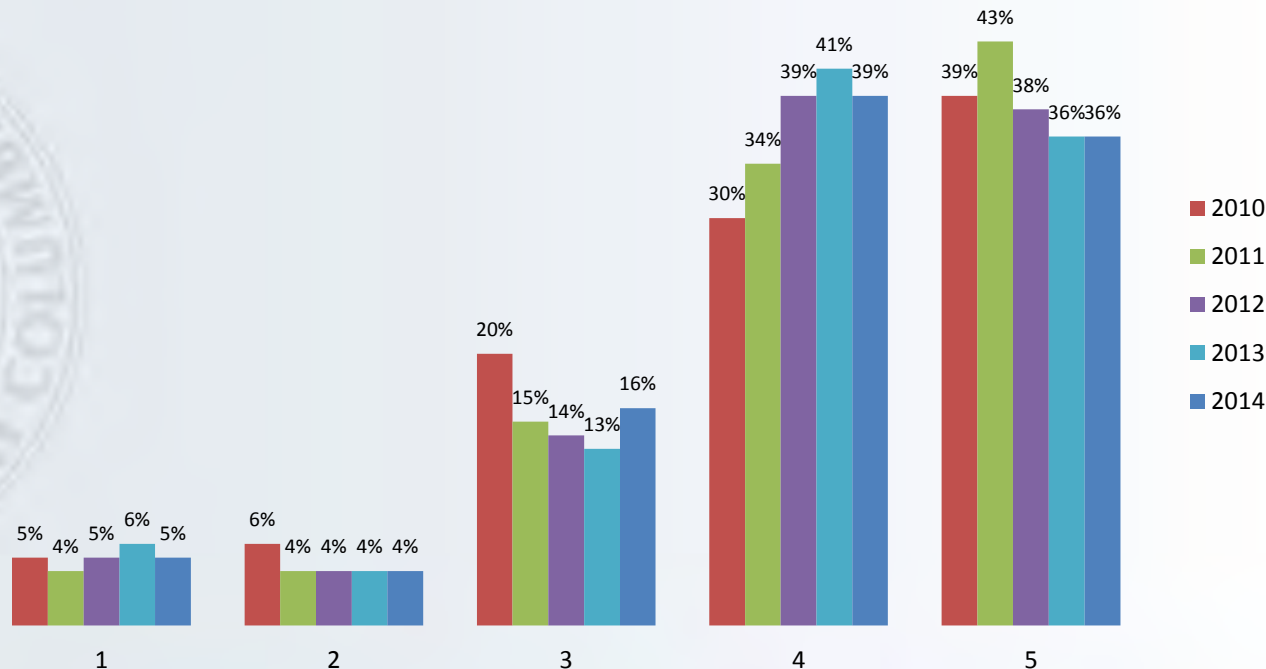




# Key Performance Measures

At least 90% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale

Overall satisfaction (91%)



# The Law Society *of British Columbia*



## **Practice Standards**



# Department Highlights

The Practice Standards program is a remedial program that assists lawyers who have difficulty in meeting core competencies and who exhibit practice concerns, which may include issues of client management, office management, personal matters, and substantive law. The Practice Standards Department conducts practice reviews of lawyers whose competence is in question, and recommends and monitors remedial programs.

The Department also supports lawyer effectiveness by overseeing the operation and enhancement of the following Benchers-approved online lawyer support programs. All exceed the KPM Target except for the Practice Locums Program, which historically continues to track positively but not as strongly as the other programs.

- Small Firm Practice Course
- Practice Refresher Course
- Practice Locums Program
- Bookkeeper Support Program
- Succession and Emergency Planning Program

# Key Performance Measures

At least two thirds of the lawyers who complete their referral demonstrate an improvement of at least 1 point on a 5 point scale in any one of the following categories:

1. Office management
  2. Client relations and management
  3. Knowledge of law and procedure
  4. Personal/other
- 100% of the lawyers for whom Practice Standards files were completed and closed improved by at least one point.

# Key Performance Measures

At least two thirds of the lawyers who complete their referral do so at an efficiency rating of 3 or higher on a 5 point scale in any one of the following categories:

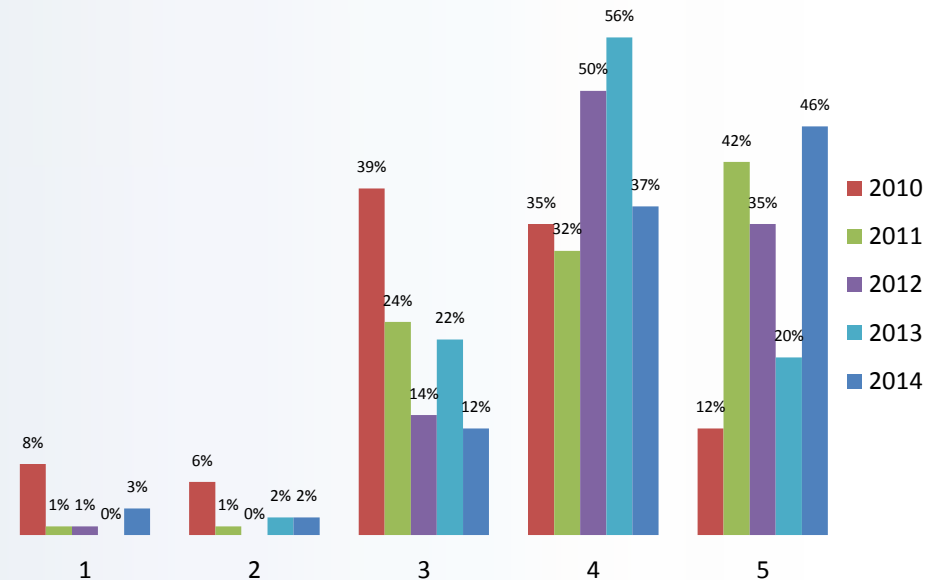
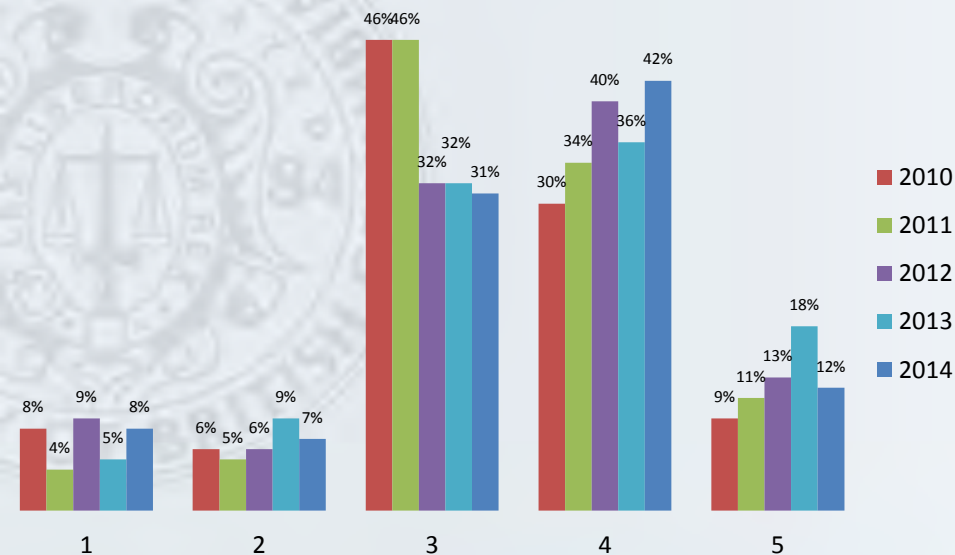
1. Office management
2. Client relations and management
3. Knowledge of law and procedure
4. Personal/other

100% of the 13 referrals were completed at an efficiency rating of 3 or higher.

# Key Performance Measures

At least 85% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale for these programs:

## Succession and Emergency Planning Assistance (85%)

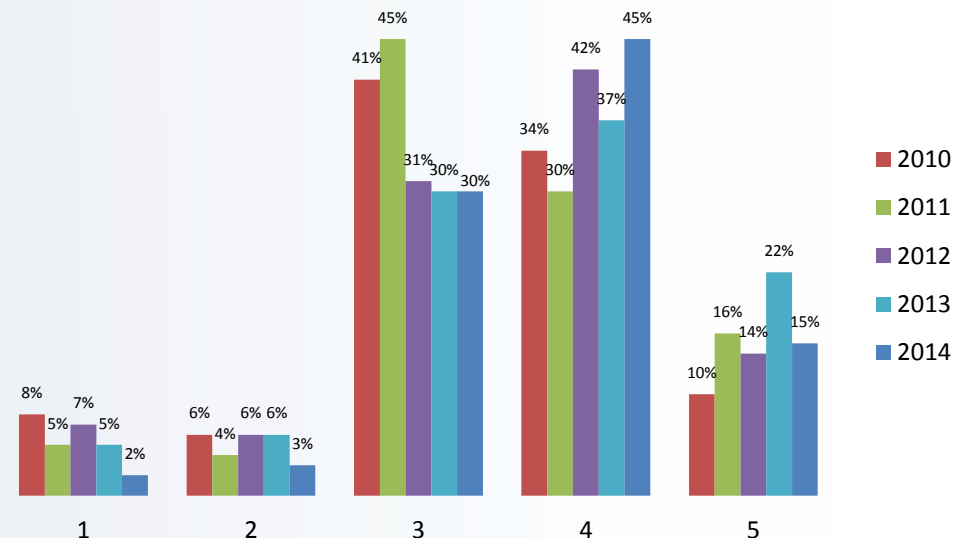
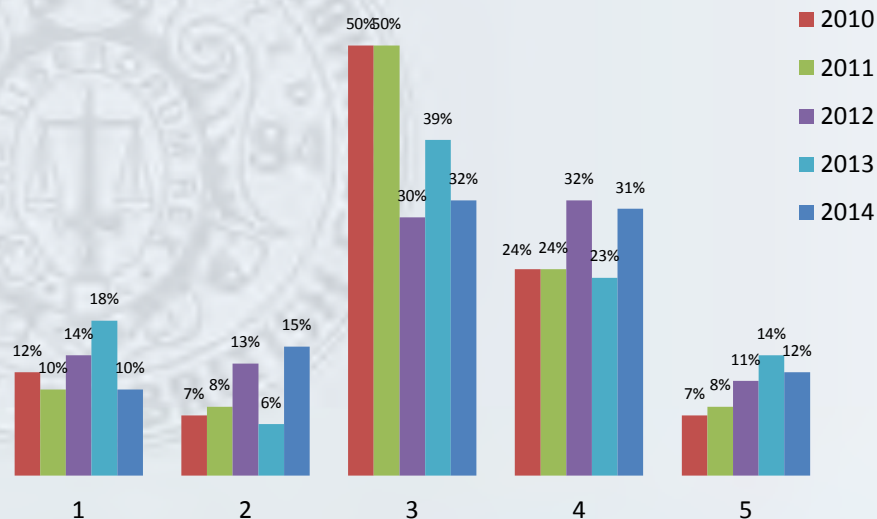


## Practice Refresher Course (95%)

# Key Performance Measures

At least 85% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale for these programs:

## Practice Locums Program (75%)



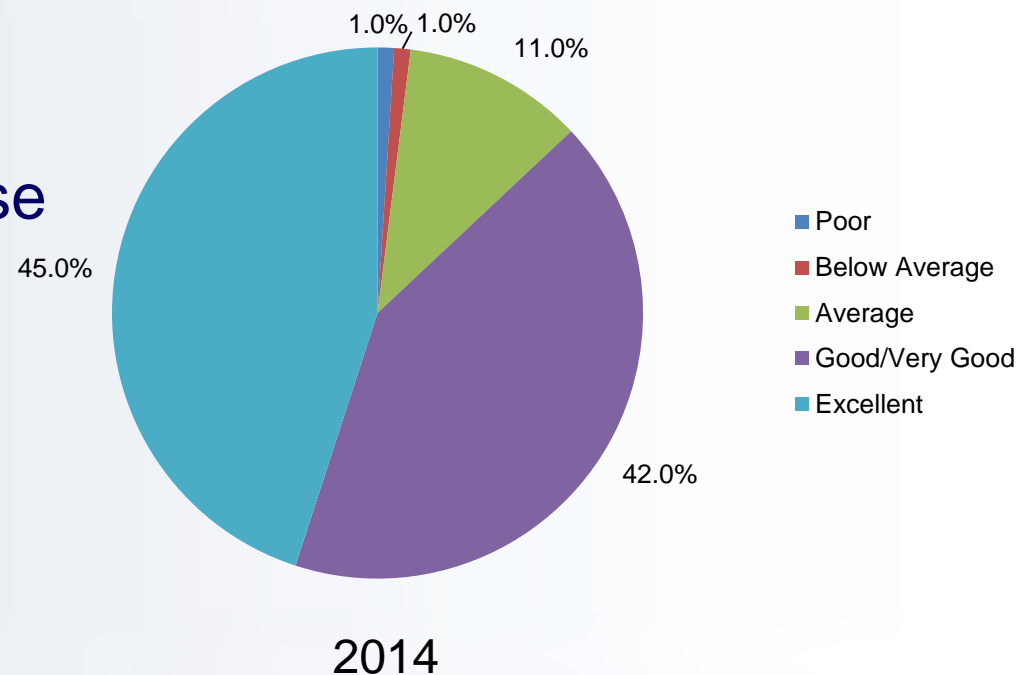
## Bookkeeper Support Program (90%)



# Key Performance Measures

At least 85% of the lawyers responding to a survey rate their satisfaction level at 3 or higher on a 5 point scale for these programs:

Small Firm Practice Course  
(98% at 3 or higher)





# The Law Society *of British Columbia*



## **Lawyers Insurance Fund**



# Department Highlights

## LIF's Goal

Our goal is to maintain a professional liability insurance program for BC lawyers that provides reasonable limits of coverage for the protection of both lawyers and their clients and exceptional service, at a reasonable cost to lawyers. The Key Performance Measures indicate that we are achieving this goal.

## Key Performance Measures

1. **Policy limits** for negligence and theft, the **member deductible**, and the **premium** are reasonably comparable with the 13 other Canadian jurisdictions.

Our coverage limits for negligence and theft, at \$1m and \$300,000, respectively, are comparable. Our Part B coverage contractually assures payment on transparent terms, and thus may be superior to others that are based on the exercise of discretion.

Our member deductible, at \$5,000 per claim, is also comparable.

At \$1,750, our premium compares very favourably, especially considering that ours alone includes the risk of theft claims. All others charge a separate additional fee for this.

# Department Highlights

## Key Performance Measures cont.

2. Suits under the *Insurance Act* by claimants are fewer than 0.5% of files closed.

Claimants have an unfettered right to proceed to court for a decision on the merits of their claim. However, if they obtain a judgment against a lawyer for which the policy should respond but does not due to a policy breach by the lawyer, we are failing to reasonably protect them. If that occurred, the claimant would sue the Captive directly under the Insurance Act, for compensation. There were no suits by claimants against the Captive in 2014. All meritorious claims were settled with the consent of the claimant or paid after judgment.

3. Every five years, third party auditors provide a written report on whether LIF is meeting its goals:

Third party auditors declared “The goal of resolving claims in a cost effective manner balancing the interests of the insured lawyer, the claimant and the Law Society members is clearly being met – or exceeded – by this collegial and passionate group.”

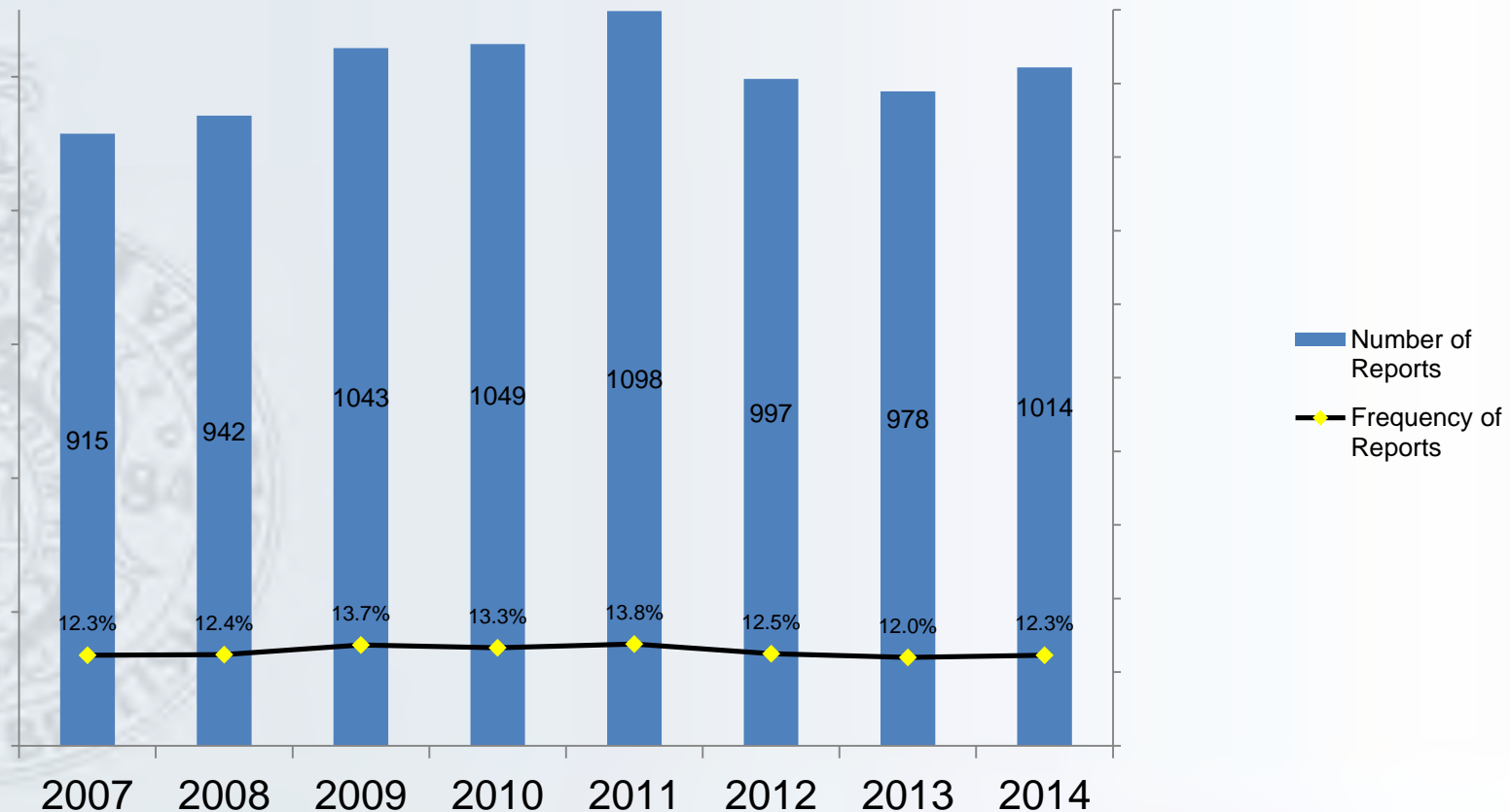
4. Insured lawyers demonstrate a high rate of satisfaction (90% choose 4 or 5 on a 5 point scale) in Service Evaluation Forms.

In 2014, 97% of insureds selected 4 or 5.

# Frequency of Insurance Reports

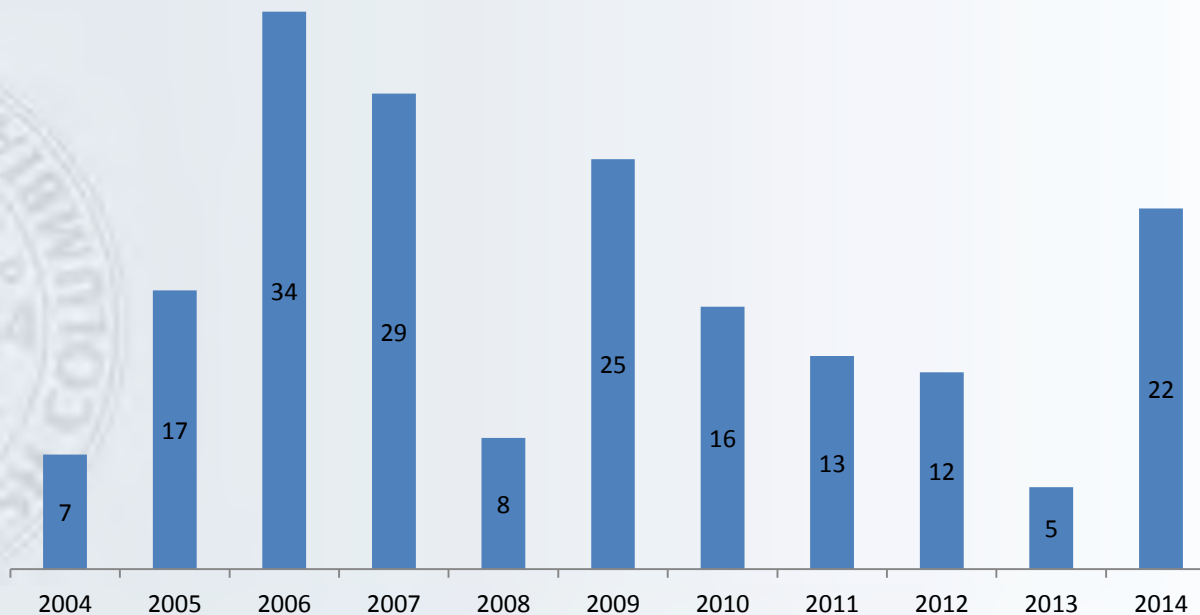
## Part A - Number and Frequency of Reports

The number of reports divided by the median number of insured lawyers



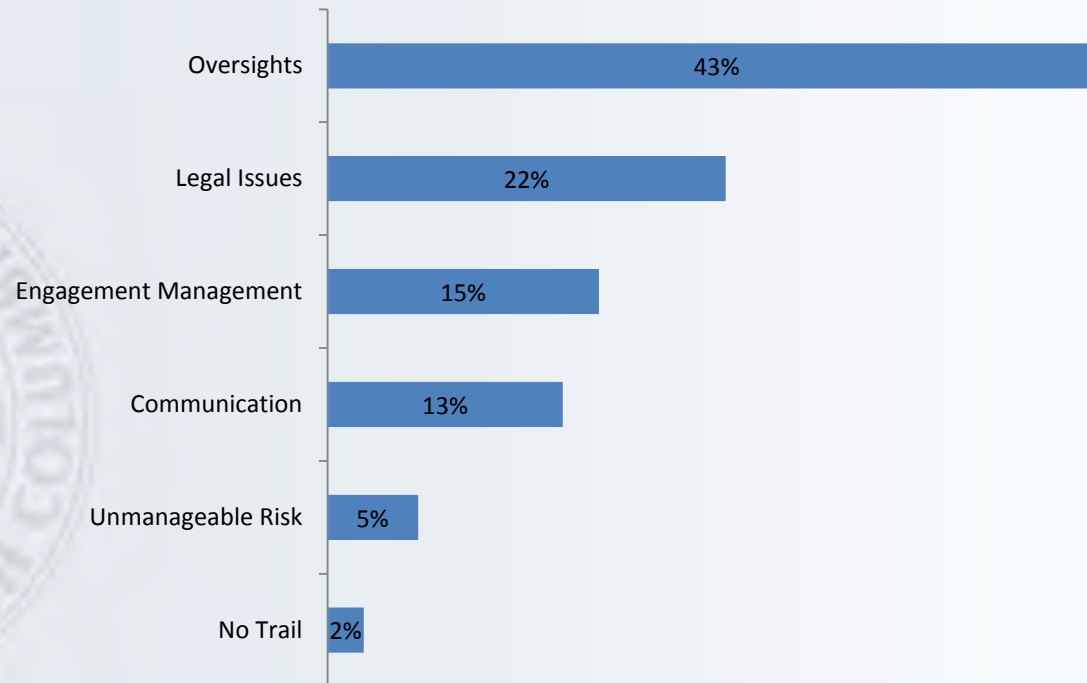
# Key Activities

## Part B - Number of Reports



# Key Activities

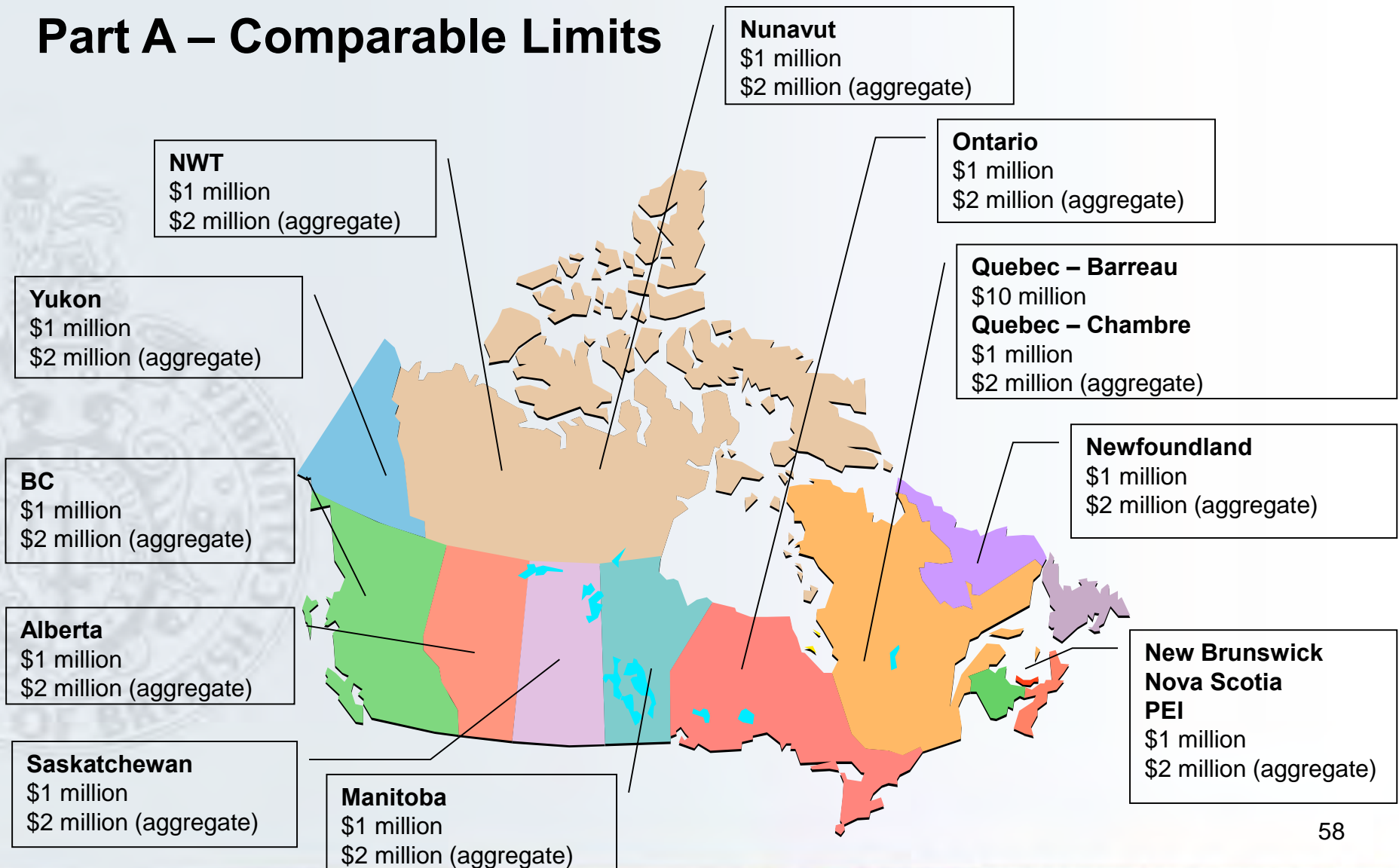
## Part A - Causes of Reports





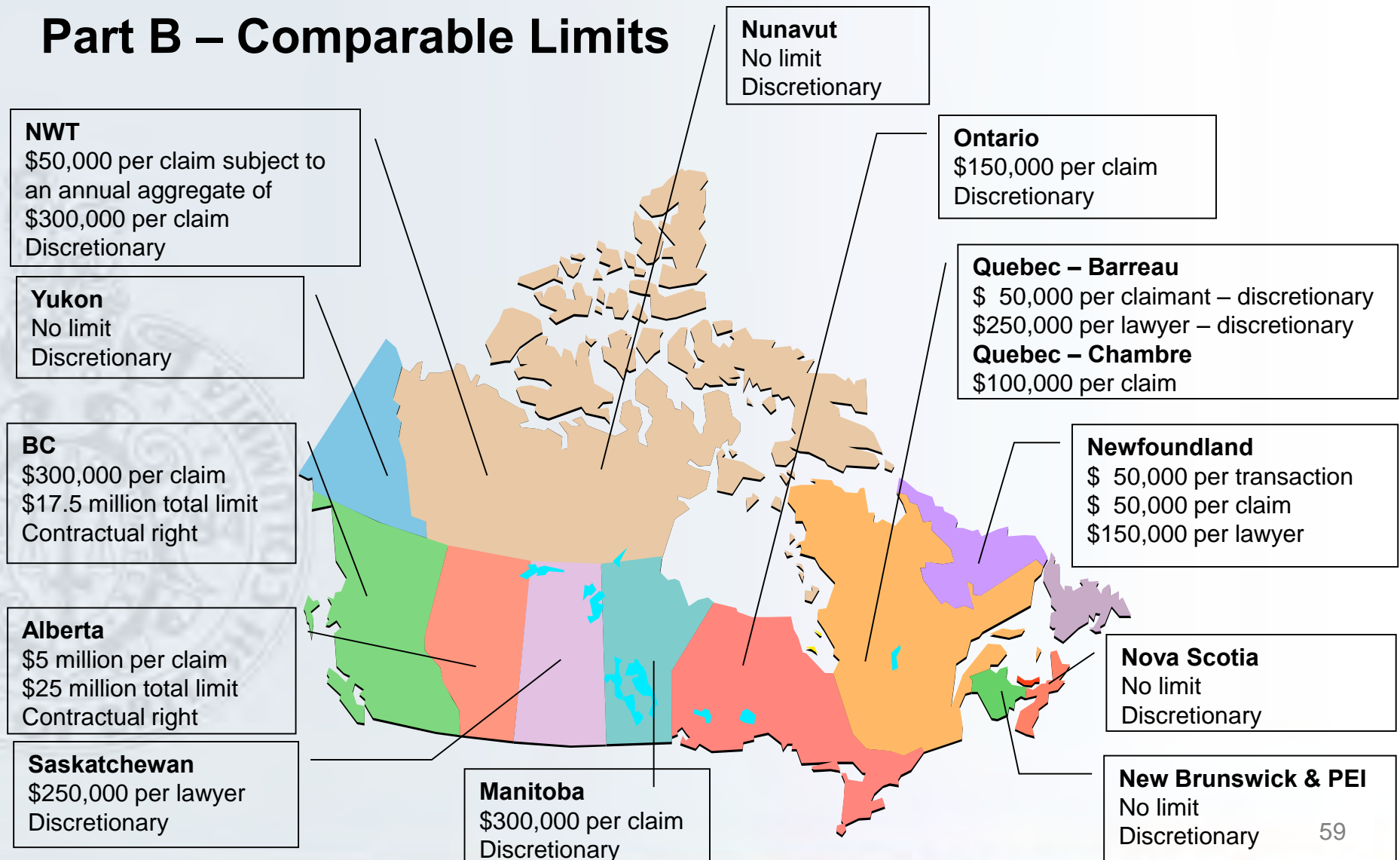
# Key Performance Measures

## Part A – Comparable Limits



# Key Performance Measures

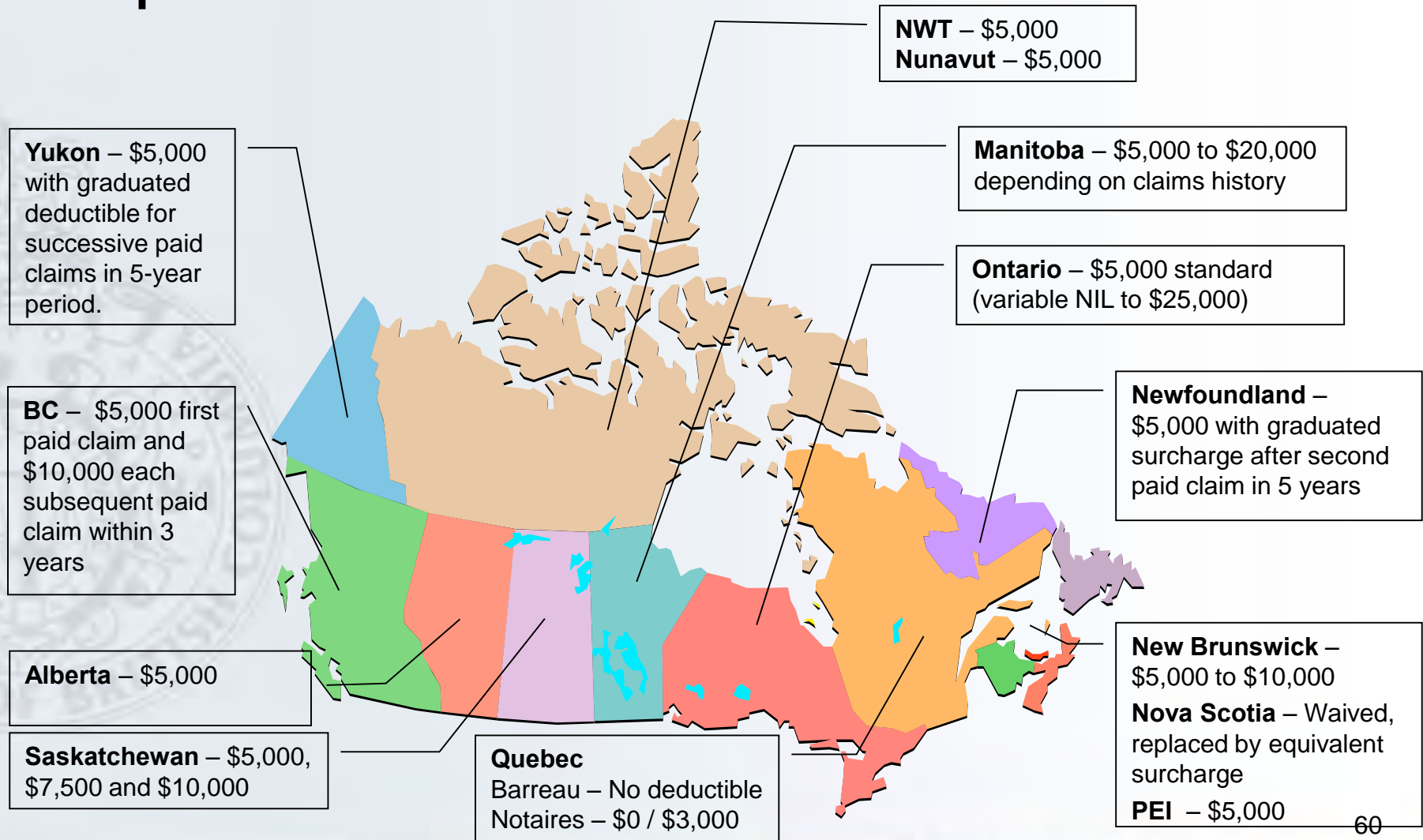
## Part B – Comparable Limits





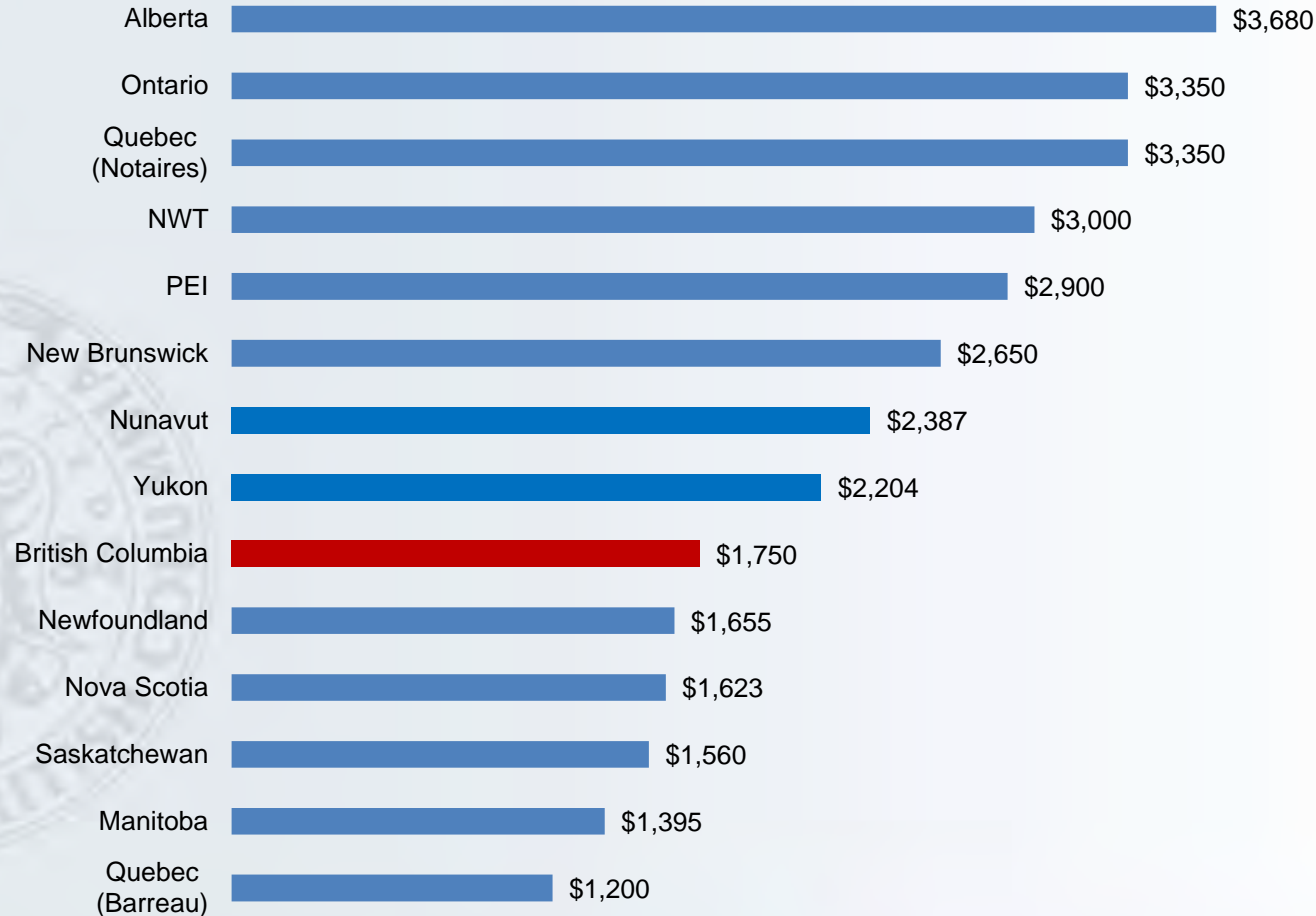
# Key Performance Measures

## Comparable Member Deductible



# Key Performance Measures

## Comparable Current Insurance Premium



# Key Performance Measures

Outside claims audit every 5 years: obtain opinion

## 2011 C. Hampton and W. Bogaert Audit Findings

“...we can say with certainty that the claims handling goals are institutionalized in the claims documents, procedures and files, and are almost routinely met in the day to day handling of claims.”

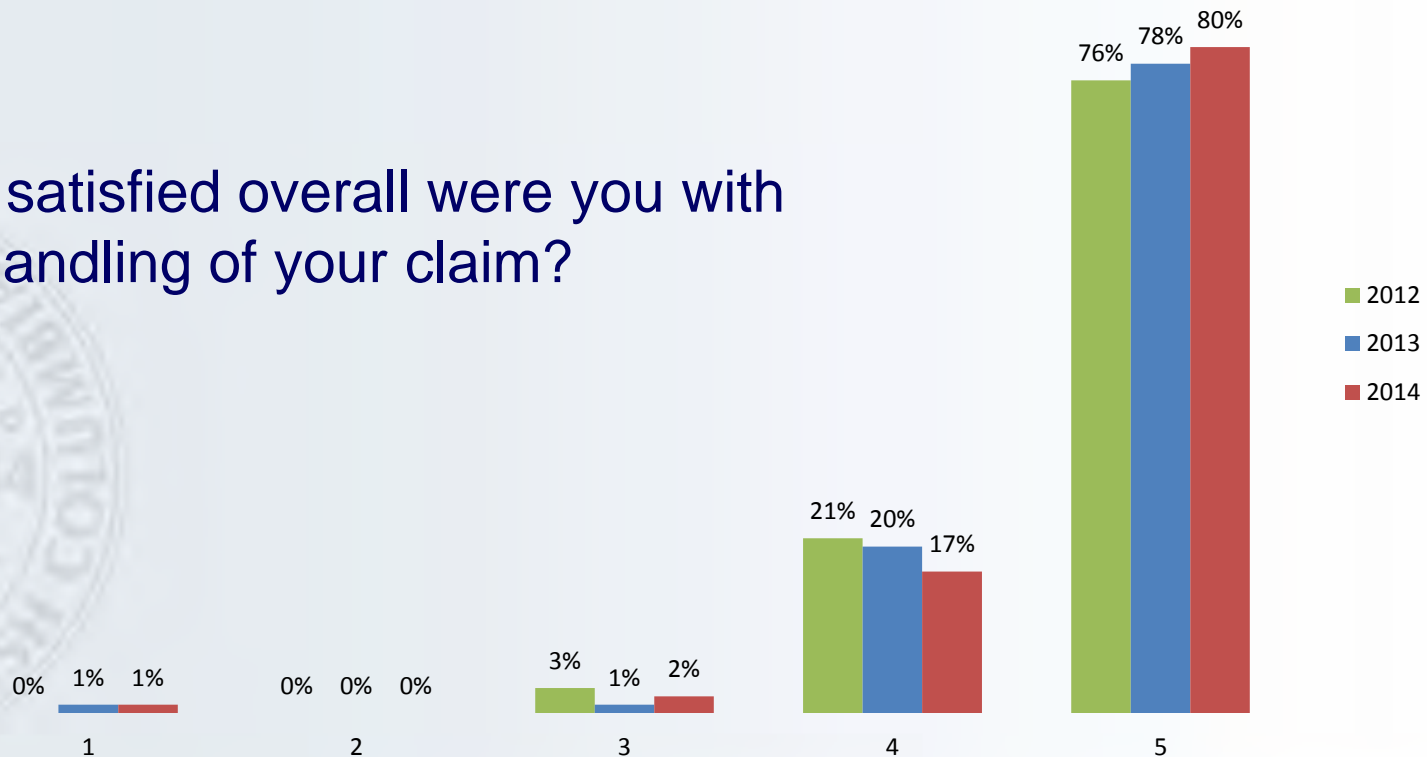
“...the materials we have reviewed strongly evidence the desire of Lawyers Insurance Fund management for continuous improvement and excellence, to provide even better service to its insureds and to be even more cost effective in its claims handling and resolution.”

“In summary, we found a very experienced, skilled, creative and motivated staff and management performing tremendously and at a high level of effectiveness. The goal of resolving claims in a cost effective manner balancing the interests of the insured lawyer, the claimant and the Law Society members is clearly being met – or exceeded – by this collegial and passionate group.”

# Key Performance Measures

Results of Service Evaluation Forms:  
90% choose 4 or 5 on a 5 point scale.

How satisfied overall were you with  
the handling of your claim?



Not At All ←

→ A Lot



# Memo

**To:** Executive Committee  
**From:** Tim McGee  
**Date:** April 10, 2013  
**Subject:** CEO Succession Planning

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## Introduction

The purpose of this memorandum is to provide the Executive Committee with a suggested approach for CEO succession planning. This approach is based upon my experience and my knowledge of succession planning for CEOs generally, but it also reflects what I believe would work well for the Law Society given its particular organization and makeup.

I should point out that CEO succession planning is normally the responsibility of the governing board (in our case the Benchers) and is usually delegated to an appropriate committee of the board. In our case, the only explicit reference to CEO succession planning appears in the “Executive Limitations” section of the Bencher Governance Policies as follows:

### **H. Emergency executive succession**

In order to protect the Benchers from sudden loss of chief executive services, the CEO must have at least one other executive familiar with Bencher and staff issues and processes, and the CEO must review annually with the Executive Committee a succession plan for the CEO position.

This policy and the Bencher approved process directing the Executive Committee to conduct the annual evaluation of the CEO when read together with the Rule which gives the Executive Committee the power and responsibility to set the CEO’s compensation suggest that the Benchers have delegated all administrative matters relating to the CEO to the Executive Committee leaving the actual appointment of a replacement CEO to the Benchers as a whole (although interestingly I cannot find any reference anywhere to how the replacement CEO actually gets appointed). The appropriateness of this

delegation is to be reviewed by the Governance Committee as part of its ongoing work pursuant to recommendations in the Final Report of the Governance Review Task Force delivered in 2012.

The Executive Limitations policy excerpted above appears intended to satisfy a concern about continuity of “chief executive services” on an interim basis because of an unexpected or sudden loss of the CEO, not necessarily about planning for CEO succession. In this regard, I have on several occasions since my arrival advised the Executive Committee and the Benchers that at all times I have had executives reporting to me who could fulfill the CEO responsibilities for some period of time while a search for a full time CEO was conducted. I termed this the “911” strategy. These individuals included those whom I have appointed over the years to be the acting CEO during my vacation absences.

This memorandum goes beyond the 911 or short term succession plan and suggests an approach for consideration by the Executive Committee which encompasses both short term and long term temporary CEO succession as well as a plan for succession of the CEO on a permanent basis.

## **Background and Context**

I think it is useful to provide some additional context regarding the meaning of succession planning. The simplest and most useful definition of succession planning that I have found comes from the Canadian Society of Association Executives:

Succession planning is a board-led effort to ensure continued effective performance of an organization over time by providing for leadership development and replacement.

It is clear that the board is typically responsible for CEO succession planning and the CEO is responsible for staff succession planning. For interest, I will also be briefing the Executive Committee on the plans I have in place for staff succession planning.

The definition above uses the words “development” and “replacement” as part of the overall meaning of succession planning. But in fact the words refer to two complementary but distinct concepts. The concept of “development” in succession planning refers to the active and continuous nature of a process for preparing people to meet the organization’s needs for talent over a period of time. The concept of “replacement” on the other hand refers to the need to have someone discharging the responsibilities of the particular position (in this case the CEO) at all times. The importance of the distinction lies in the fact that those who might be qualified to fill in for

the CEO on a temporary short or long term basis may not be qualified at that time to assume the CEO position on a permanent basis. That is also why a common misconception about succession planning is that it is a way of guaranteeing promotions or avoiding the need to do a comprehensive search for a permanent replacement CEO when the need arises. Because of this, the best CEO succession plans address both what will happen in a planned or unplanned departure of the CEO for a temporary short or long term period and also what activities and planning should be taking place to prepare people for advancement and possible candidacy for the CEO position should the need for a permanent replacement arise.

I have outlined below three kinds of succession plans for the CEO which address the need for a “replacement” of the CEO in the different scenarios. The details for these plans can be filled in later if the Executive Committee supports the concept. I have also described an approach to leadership “development” which is designed to ensure that the organization has the best possible internal candidates for CEO succession should a permanent replacement be required. This too can be developed further should the Executive Committee support the approach.

## **Three CEO Succession Plan Scenarios**

### ***Temporary Short Term Plan***

This plan would cover planned or unplanned absences of the CEO for a period of between one to three months. In this scenario the position would be filled by one of the designated executives who would normally fill in for the CEO when he is away on vacation or on business trips. The selection would be made by the Executive Committee and should take into consideration relevant factors such as the availability of designated executives, their current workload, impact on their own department, and the like. This discussion can involve the CEO, the Executive Committee and the designated executives so that the appropriate considerations are suitably canvassed.

### ***Temporary Long Term Plan***

This plan would cover planned and unplanned absences of the CEO for a period of between four to 12 months. The same procedure would apply as that implemented for the short term plan with additional focus on the need for backfilling of the position of the replacement CEO, communications with stakeholders, and identification of any areas of responsibility where enhanced reporting to the Executive Committee or the Benchers would be desirable during the absence. It may also be appropriate to discuss any temporary modified

compensation arrangements for the acting CEO given his or her enhanced long term responsibilities.

### ***Permanent Plan***

This plan would be implemented in the scenario where the CEO is not returning to the position at all. This may arise as the result of a number of different circumstances. For example, where the CEO resigns without notice, is terminated or dies the Temporary Long Term Plan would kick in and a recruiting/search process established under this Permanent Plan would commence. In the circumstances where the CEO gives a period of notice or agrees with the Executive Committee on a specific departure date, either the short or long term temporary plans could be implemented, as appropriate.

The key feature of the Permanent Plan is the initiation of a comprehensive search (including any internal candidates) with the assistance of an executive search firm to find a permanent replacement. The plan itself needs to define the process for this and how the process will be overseen, i.e. will there be a search committee established for this purpose and if so, how is it composed and how does it operate.

It is also essential that the Permanent Plan reflect the Executive Committee's vision for the organization and that the recruitment and selection criteria for a new CEO reflects the current thinking about the Law Society's direction and strategy. It is well known that boards often think that their job is to replace a departed CEO as quickly as possible. This often leads to two common mistakes by the board (or the Executive Committee) in the search and selection process; they look for a clone of the existing CEO, and/or based on that, they modify the job description to remedy any perceived deficiencies in the list of candidates. While the departed CEO may be an ideal model for a future CEO, it is not necessarily so. The needs of the organization and the challenges for the future must also be articulated and factored into the mix.

A key component of the Permanent Plan is a competency model, which is a narrative description of the knowledge, skills, attitudes, and other abilities that an exemplary CEO of the Law Society should possess. The competency model guides the recruitment, evaluation and assessment of the candidates. The CEO competency model is also fundamental to the "development" piece of the overall CEO succession plan. In other words, the competencies should also guide the development of internal talent so that as strong a pool of candidates (both internal and external) as possible is available when a permanent successor CEO is to be chosen.



## Competency Model and Leadership Development

I have attached as Appendix “A” to this memorandum what I believe is a good starting point for a competency model for the CEO of the Law Society. Each key area in the model has a list of examples of how the competency might be recognizable in the performance of the CEO. The competencies and the associated examples are not a checklist but rather are illustrative of the type of abilities and behaviours I believe the Law Society should seek in its CEO. Ultimately the Executive Committee should be satisfied with and endorse a CEO competency model. Accordingly, what I present in the attached draft competency model is a starting point for review, discussion and perhaps broader consultation.

Once a CEO competency model has been established it serves a dual purpose for succession planning. First, it is the basis for articulating the requirements for the recruitment, evaluation and selection of a new permanent CEO when the need arises. Second, it forms the basis for identifying individuals within the organization whose abilities may already be at the desired level of CEO competency, near those competencies, or likely to attain that level within some period of time with further leadership development. This leadership development purpose is best addressed in my view by implementing the following steps as a part of a Permanent Plan for CEO Succession.

### ***Step One: Commitment of Incumbent CEO***

As long as the incumbent CEO has the confidence of the Executive Committee and the Benchers it is important to clarify the CEO’s expectations and preferences for a succession plan and ensure that the plan supports and matches the CEO’s needs and values. The CEO is an important player in managing the plan and he must support the effort and be willing to take a hands-on role.

### ***Step Two: 360° Assessments***

The CEO should through direct discussion establish who among his direct reports is interested in succeeding to the position of CEO and also establish who among managers generally aspires to be considered for the position at some point in time. Some or all of those individuals should undertake a 360° assessment. This is an assessment collected from a variety of different raters, usually a boss, a peer, a staff subordinate and a third party such as one or more benchers. The 360° assessment is designed to assess the individual against the CEO competency model. The result of the assessment will usually be a good

indicator of gaps between what competencies the individual currently possesses and what he or she should possess to be a successful CEO.

### ***Step Three: Gap Analysis and Individual Development Plans***

Any gaps in competencies of those individuals who have undertaken the 360° assessments because of their interest or potential in the CEO role should be identified and discussed with the CEO or appropriate direct manager. Then a collaborative individual development plan should be devised to narrow those gaps to better qualify the individuals for a CEO leadership role. The individual development plans can include a wide variety of tools and tactics, including executive coaching, operational and academic learning opportunities, and expanded or modified roles and responsibilities.

### ***Step 4: Performance Management and Evaluation***

Because leadership development and individual development plans generally take time to show meaningful results it is critical to have a performance management system in place that can continuously assess the individuals against their respective plans and thus against the underlying CEO competency model. Evaluating progress and assessing how the defined gaps in the competencies are being closed and providing feedback and guidance to the individual is critical. That is a key responsibility of the incumbent CEO and one which should be undertaken as part of an ongoing collaboration between the CEO and the Executive Committee regarding CEO succession planning.

## **Next Steps**

Once the Executive Committee has had a chance to review this memorandum and to discuss it with me, I would suggest that the Committee determine next steps. I have put forward one approach to CEO succession planning but I will readily admit there are many variations on the theme. However, this approach is one which I believe is well suited to the Law Society today given our current and foreseeable talent and circumstances. I look forward to our discussions.

## Appendix A

# CEO Competency Model

## CEO Competencies

### Knowledge, Skills and Background

#### ***Education***

Law Degree or Master's Degree in Business or Public Administration coupled with a demonstrated understanding of the regulation of the legal profession in Canada or elsewhere.

#### ***Skills and Background***

- Demonstrated skill in leading an organization focused on a public interest or regulatory mandate or a business where the CEO skill set is readily adaptable to the Law Society environment.
- Demonstrated ability to plan and think strategically particularly in the constraints of a regulatory environment.
- Has demonstrated intellectual capacity to assimilate and synthesize information rapidly. Recognizes the complexity in issues, challenges and assumptions, and faces up to reality. Communicates clearly, concisely, and with appropriate simplicity.
- Clear and detailed understanding of the regulation of the legal profession in British Columbia and Canada (could be partially traded off provided that direct reports to the CEO have the core competence).
- Proven experience as a CEO and/or senior executive; comfortable and competent at successfully working with a board of directors or equivalent.
- Demonstrated experience and track record in leading or overseeing major transformation projects or initiatives to enhance operational capabilities.
- Able to build commitment and an appetite for change with employees and managers who tend to be resistant and find it challenging to move to a new model for more effective and efficient performance of the regulatory mandate.
- Strong relationship manager; able to manage complex relationship scenarios and build trust and respect.

- Shows maturity and sound judgment; demonstrates resiliency in dealing with challenges. Recognizes when a decision must be made and acts in a considered and timely manner, deals effectively with ambiguity and learns from successes and failure.

## **Influence and Leadership**

*This essential area covers the leadership, team management and individual relationship skills and behaviours required to be a successful CEO.*

- Positively affects the behavior of others motivating them through a sense of purpose and cooperation. Leads by example.
- Builds a strong executive team; holds executives accountable for managing their part of the operation.
- Develops the executive team; provides strong coaching and ensures sound development plans are implemented including appropriate succession planning.
- Takes appropriate and decisive action in dealing with issues affecting the executive team, which include internal conflict, conflict with Benchers, stakeholders or individual performance issues. Is able to provide strong direction and manage executive staff that perform in a regulatory role including lawyers.
- Is visible within the organization, makes a point of spending time with all areas of the organization.
- Is able to get executive team to agree on and/or support Law Society initiatives, policies and procedures through the ability to influence and convince as opposed to relying on positional power.
- Demonstrates superior communication skills in all written and verbal interactions.

## **Designing and Implementing Law Society Strategic Direction**

*This essential area focuses on the role of the CEO in designing overall operational strategy for the Law Society and driving that strategy to ensure effective implementation.*

- Provides leadership to the executive team in designing overall strategic direction, vision and goal setting for the Law Society.

- Successfully works with the Benchers to gain consensus and approval.
- Applies own expertise to conduct operational opportunity assessments along with executive team expertise to determine viability of strategic opportunities.
- Bases strategic ideas on reliable data and research; seeks international best practices from outside of BC and from private sector firms with relevant experience or expertise; translates into practical solutions for the Law Society.
- Has the ability to gain consensus among decision makers, but is not afraid to make a final decision on those occasions when consensus is not reached. Follows up with executives who were not in full agreement to ensure clarity of understanding and to maintain optimal working relationships.
- Ensures that strategic direction or initiatives are clearly understood and executed by executive team; continuously monitors progress and milestones.
- Maintains focus on stakeholder, public interest and government satisfaction in all strategic decisions.

## **Sound Financial Management and Protection of Law Society Assets**

*This essential area covers the core financial and asset management responsibilities of a CEO*

- Applies skills in business and financial planning to oversee the development of effective annual business plans and budgets that are based on sound and prudent fiscal principles.
- Demonstrates the ability to enhance the overall effectiveness of the Law Society and its operations while respecting and working within the constraints of a not-for-profit structure.
- Able to learn quickly and identify and understand financial and business concepts that will drive improvements while maintaining a sound financial position.
- Understands the economic risks and opportunities associated with the Law Society's physical and monetary assets and ensures processes in place to protect them.

## Governance

*This essential area covers the responsibilities of the CEO in ensuring proper governance over the operations and decision-making process of the Law Society.*

- Develops strong credible relationships with the President and Benchers.
- Maintains open lines of communication with the President and Benchers.
- Demonstrates honesty and integrity in dealing with all governance issues. Will not attempt to bend rules and always maintains the highest ethical standards.
- Ensures appropriate controls are in place to minimize risk and exposure to fundamental governance policies.
- Provides well thought out policy and strategic decisions for the Benchers to approve.
- Ensures all employees are aware of and acknowledge the employee Code of Conduct.

## Driver of Change

*This essential area covers the responsibility of the CEO to drive a high quality of change through the organization.*

- Focuses attention on clearly communicating change initiatives to staff. This includes describing the change and presenting arguments in favour of pursuing the direction. Does not rely simply on positional power to initiate change.
- Focuses on building a consensus of opinion and a united front amongst the executive staff prior to initiating significant change initiatives.
- Continuously monitors progress and milestones of change initiatives.
- Nurtures innovation through supportive measured experimentation, trial and error and encouragement of new ideas.

## Managing Relationships

*This essential area covers the relationship management function externally for the Law Society.*

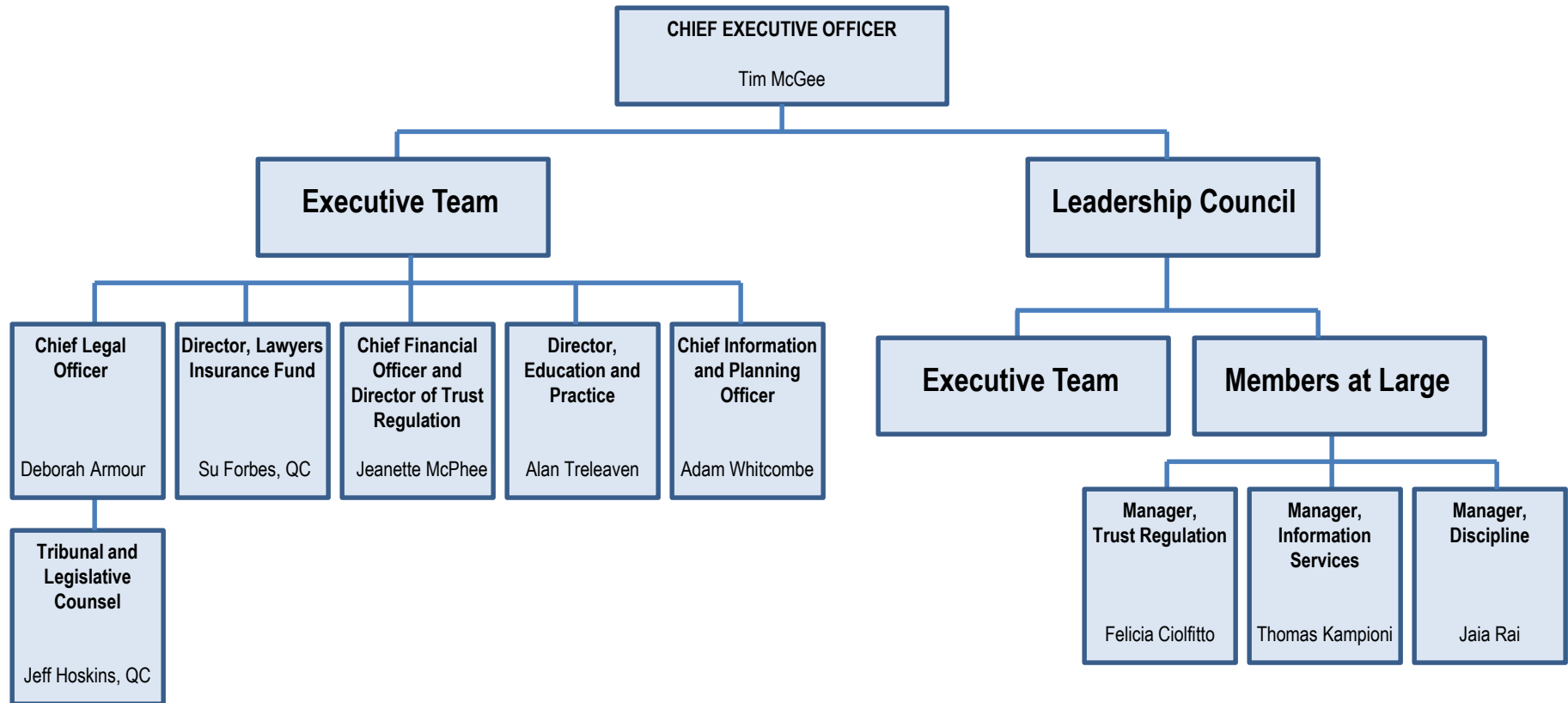
- Is very direct, candid and open in all relationships; is capable of dealing with sensitive issues in a way that is seen to be transparent and constructive.
- Proactively nurtures and develops effective relationships with a variety of stakeholders including Law Foundation, CBA BC Branch, Legal Services Society, Ministry of Attorney General, CLE Society, LAP, BC Courthouse Libraries, Law Schools and the Courts, as appropriate.
- Is seen as capable of developing customized solutions to balance stakeholder requests and interests with Law Society's public interest mandate.
- Ensures Law Society is a leader among the Federation of Law Societies of Canada through excellence in contributions and cooperation.

## Keeper of Law Society Culture and Values

*This essential area covers the responsibilities the CEO has in maintaining and enhancing those attributes that make the Law Society culture and values special.*

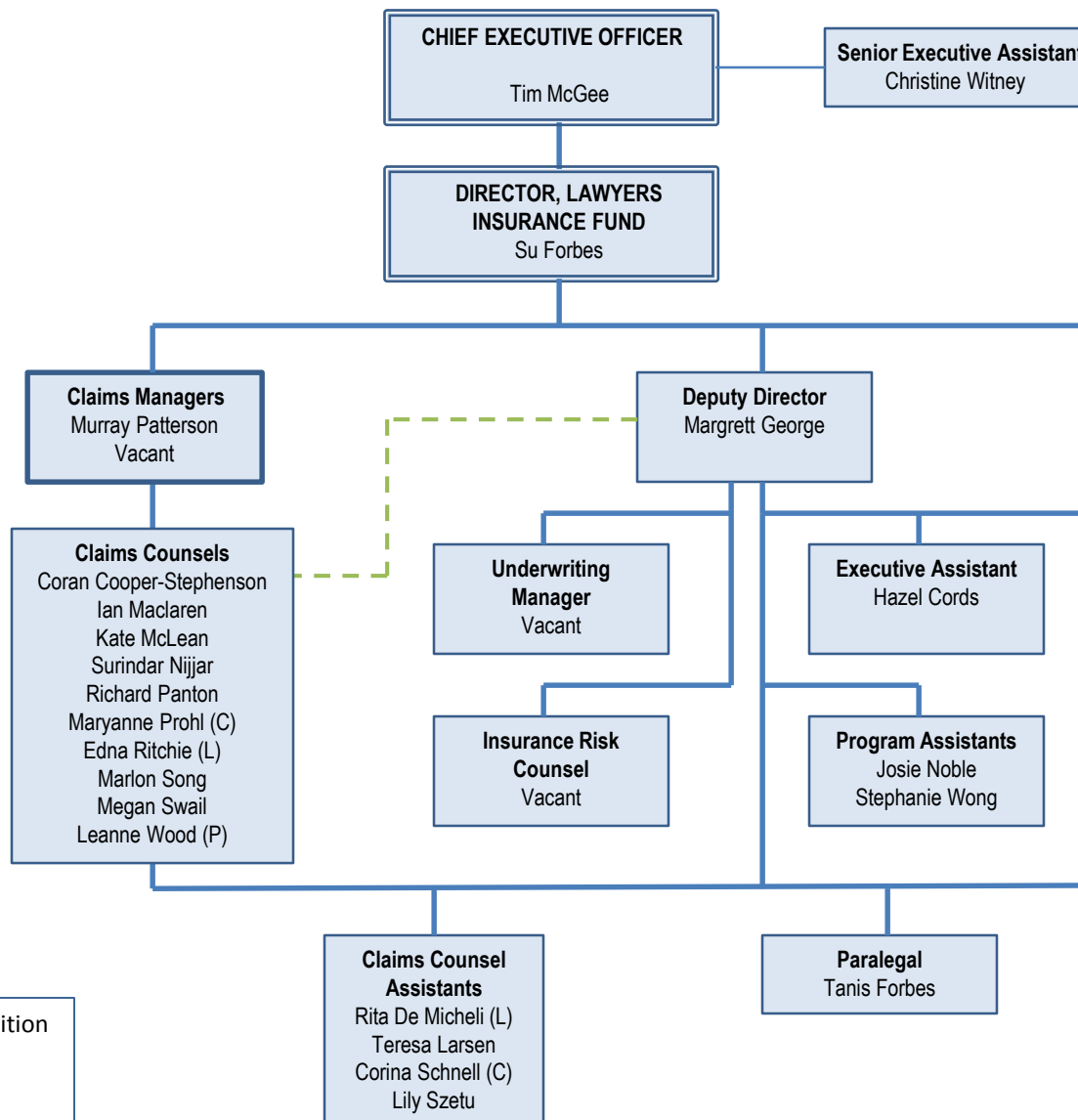
- All decisions and actions are validated against the culture and values of the Law Society.
- Personally demonstrates all of the values: accountable, integrity, respect, continuous improvement and approachable/responsive to Benchers, employees and stakeholders.
- Monitors executive team and ensures that they also uphold and exhibit the Law Society's culture and values.
- Promotes continuous learning of self and others to achieve maximum potential. Gives and seeks open and authentic feedback

## Corporate Governance



Note: Members at Large are appointed by the CEO and serve a one year term



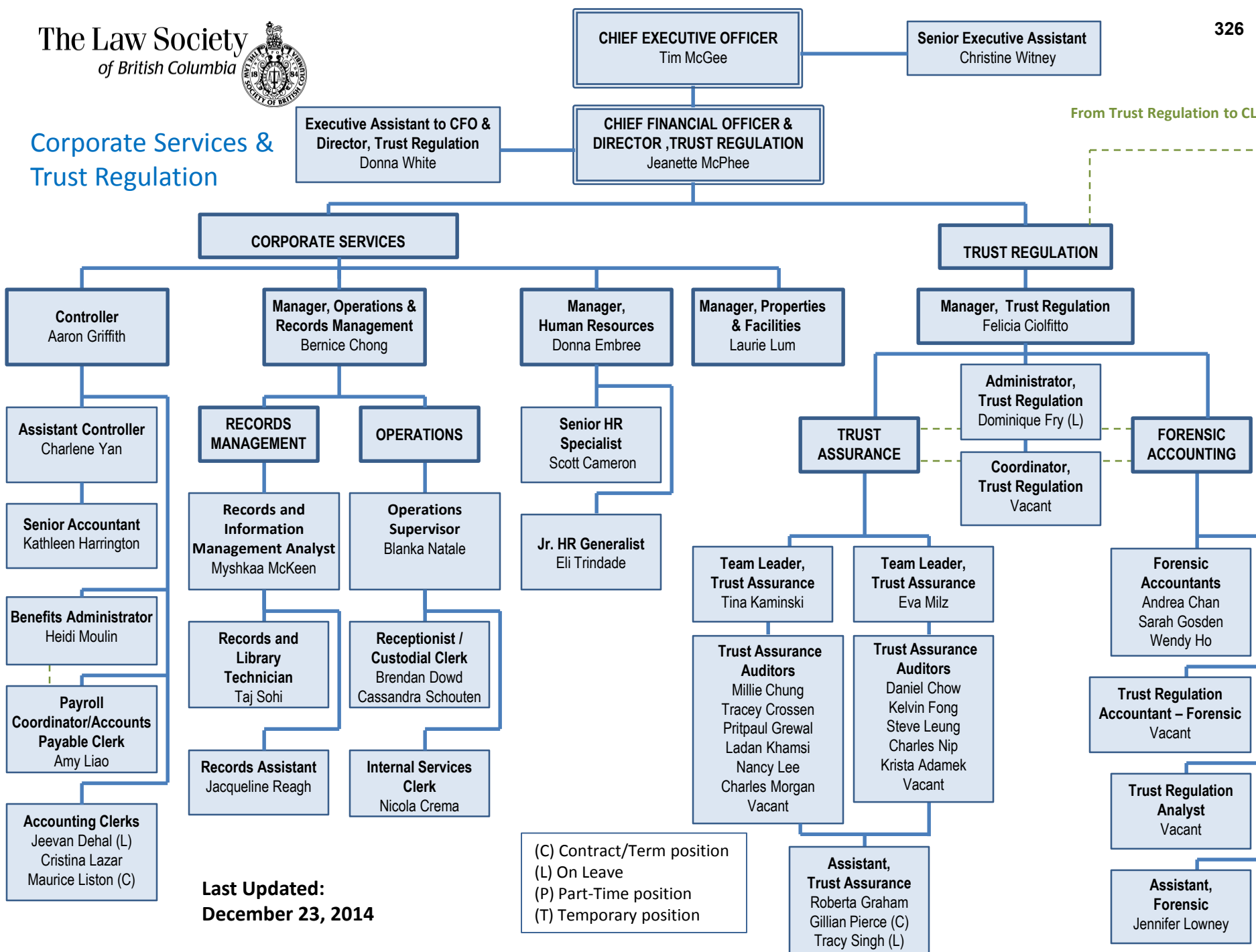


(C) Contract/Term position  
(L) On Leave  
(P) Part-Time position  
(T) Temporary

**Last Updated:**  
**February 3, 2015**

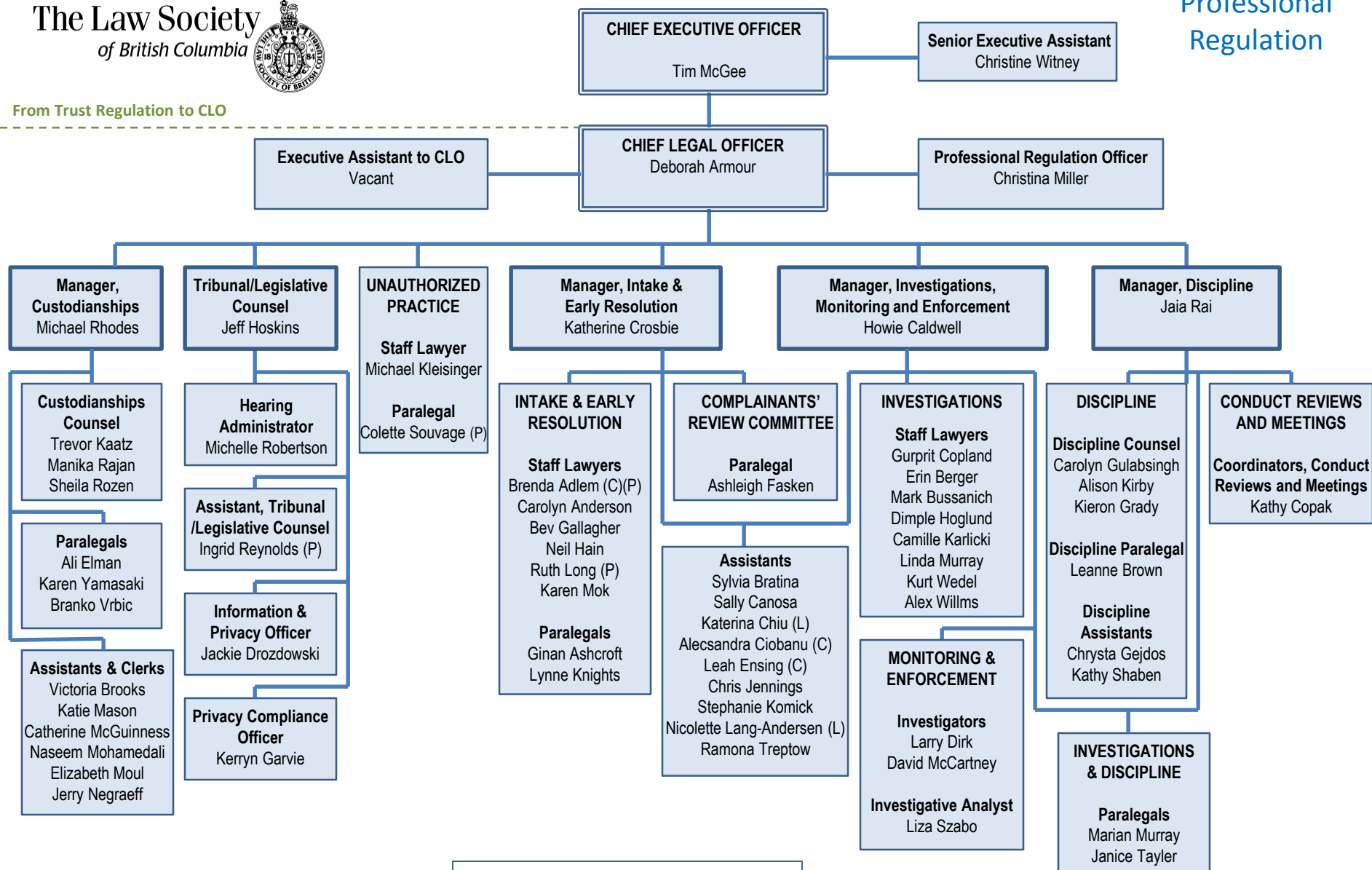
## Corporate Services & Trust Regulation

From Trust Regulation to CLO





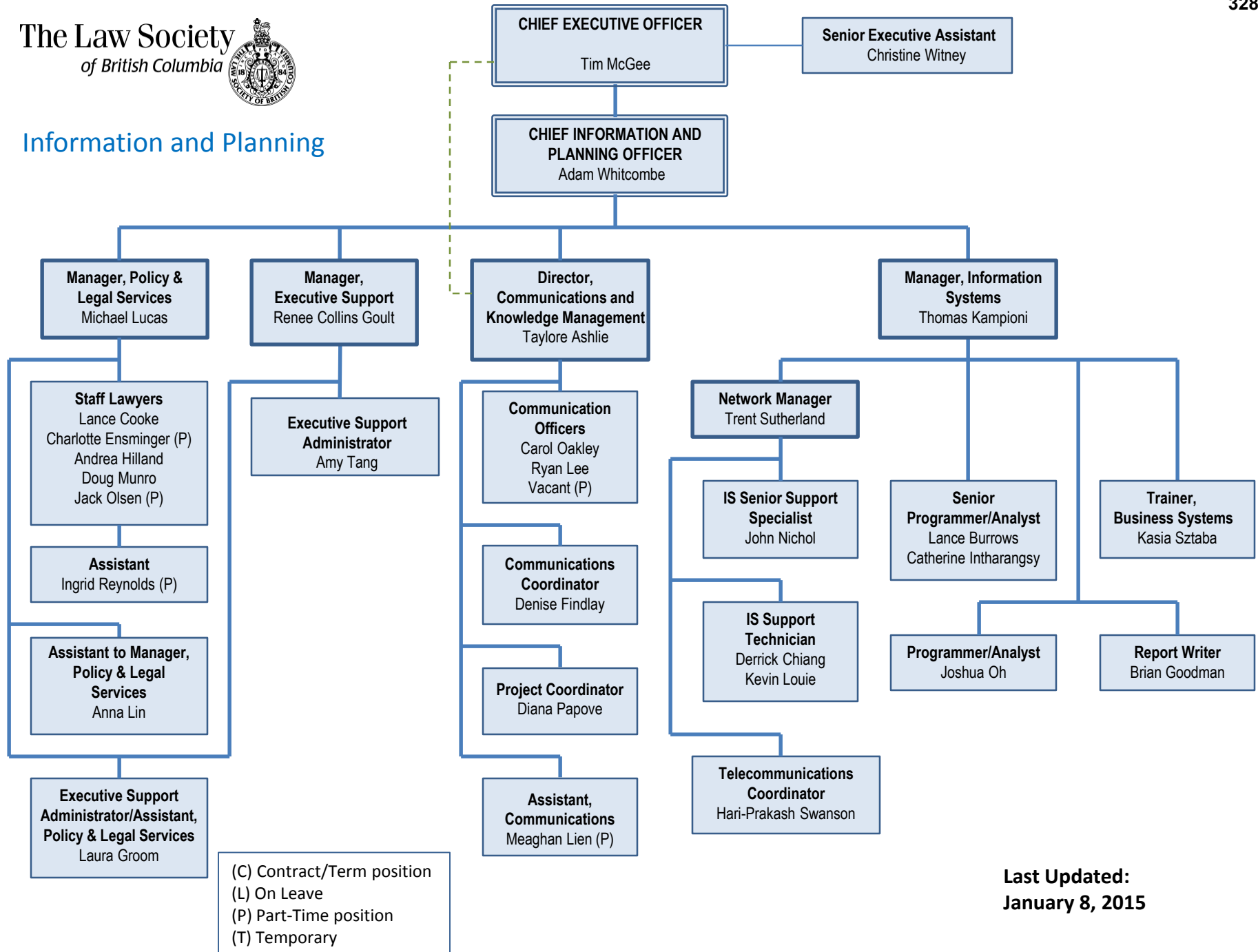
From Trust Regulation to CLO



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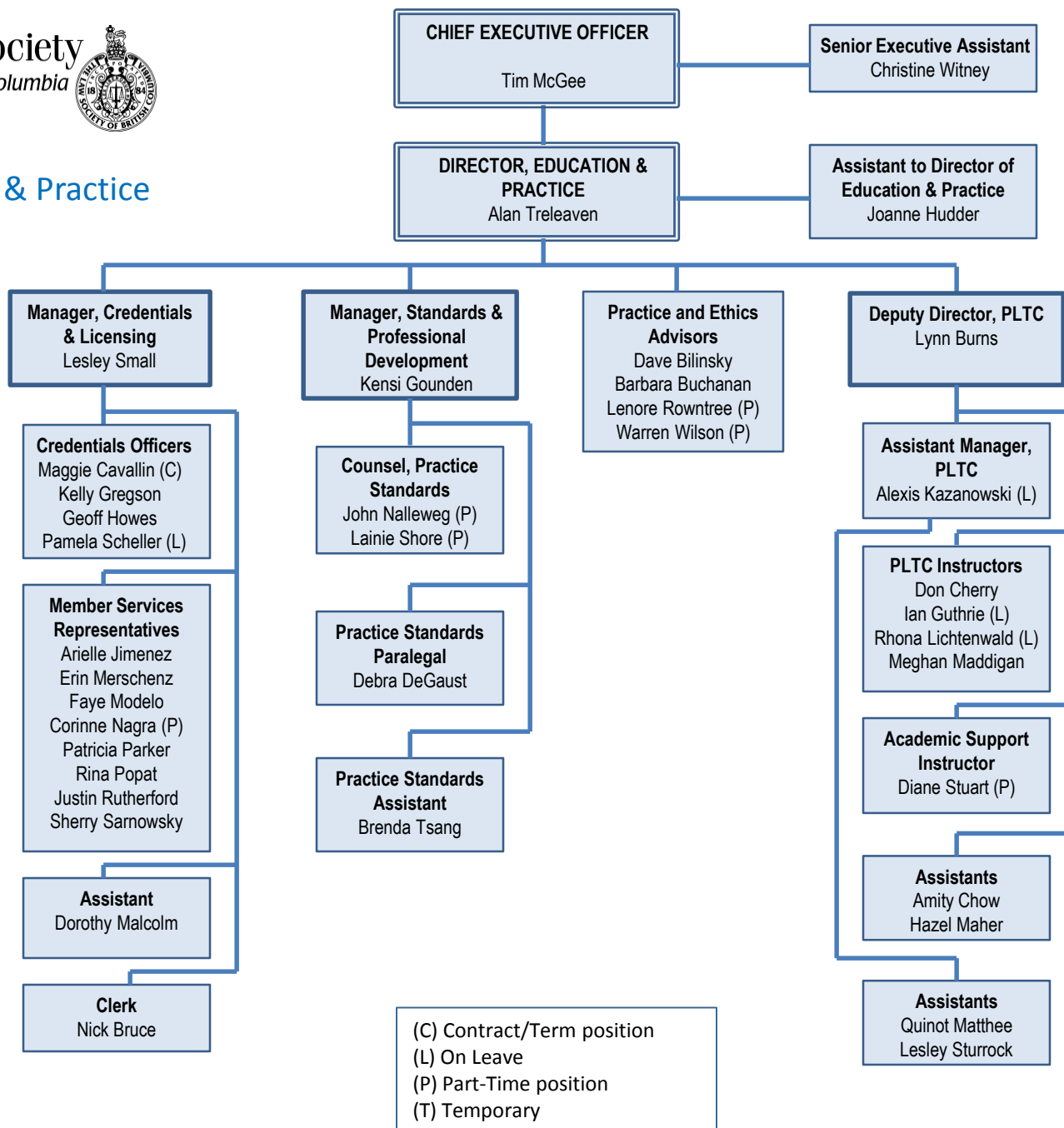
Last Updated:  
February 11, 2015

## Information and Planning



Last Updated:  
January 8, 2015

## Education & Practice



**Last Updated:**  
**December 23, 2014**

# Form

The Law Society  
of British Columbia



845 Cambie Street, Vancouver, BC, Canada V6B 4Z9  
t 604.669.2533 | toll-free 1.800.903.5300  
f 604.687.0135 | TTY 604.443.5700  
lawsociety.bc.ca

## Job Description

### PART A: Position information

**Job Title:** Chief Legal Officer

**Department:** Professional Regulation

**Manager:** Chief Executive Officer (CEO) Tim McGee, QC

### PART B: Job Description

The Chief Legal Officer (CLO) has responsibility for the Law Society's professional regulation activities which include the following areas: intake, early resolution, investigation, discipline, monitoring and enforcement, complainants' review processes, custodianships, special compensation fund, litigation management, unauthorized practice and legislation and tribunals. In this role, the CLO leads the work of a team of managers, lawyers, other professionals, paralegals, and support staff. As a member of the CEO's Leadership Council, the CLO contributes to the implementation and development of policies/programs which promote the effective utilization of the Society's financial and human resources.

#### The duties of this position include:

- Develop and oversee the implementation of an operational plan which protects the public interest through effective management of the regulatory functions.
- Recruit as required and develop, mentor and motivate the Professional Regulation staff.
- Liaise with the Discipline Committee.
- Represent the Law Society on Federation of Law Societies of Canada's discipline initiatives.
- Promote the protection of the public interest in public and professional forums and events.
- Participate in speaking engagements and education sessions as appropriate.
- Provide reports to CEO, Executive and Benchers as requested.

The nature of the work requires the CLO to have credibility at all levels of the organization. The CLO must have the ability to influence and create results through collaboration with staff, managers, lawyers, benchers and the public.

### PART C: Qualifications

Significant legal experience (15+years), including leadership, management and regulatory experience in a provincial or federal government ministry or department and/or corporate legal unit. Litigation practice experience within a law firm is also essential. Excellent communication skills with sensitivity to political and interpersonal nuances are required.

# Form

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## Job Description

### PART A: Position information

**Job Title:** Director, Insurance

**Department:** Lawyers Insurance Fund

**Manager:** Chief Executive Officer (CEO) Tim McGee, QC

### PART B: Job Description

The Director of Insurance is responsible for the strategic direction and overall management of all activities of the LSBC Captive Insurance Co and related Group Professional Liability Insurance Program for the BC legal profession. It includes all facets of claims management, in-house defence of lawsuits, risk management, reinsurance, underwriting, policy wording, loss prevention, member advice, and general administration.

The Director of Insurance is also responsible for managing the program that insures the Law Society and its subsidiaries, their Directors, Officers and staff from negligence claims against them.

As a member of the CEO's Leadership Council and Executive Team, contributes to the implementation and development of policies/programs which promote the effective utilization of the Society's financial and human resources.

#### The duties of this position include:

- Directs the Lawyers Insurance Fund by managing senior staff and evaluating individual and program performance and results. Responsible for recruiting, hiring, remunerating, training, and terminating senior staff.
- Maintains core programs and initiates changes and improvements to programs by planning and overseeing implementation of objectives based on risk identification, developments in the law and practice, regulatory changes, new legislation, and insurance industry trends.
- Makes significant operational decisions and recommendations on material changes to coverage to the Law Society's CEO and Board.
- Collaborates with CFO on investment management and audit functions.
- Arranges D & O insurance for the Law Society, its subsidiaries, Board, staff, and volunteers on an annual basis, and supervises the management of claims reported under the policy.
- Oversees significant settlement decisions and the expenditure of approximately \$14 M on claims annually.
- Oversees the arrangement of surety-type insurance annually for catastrophic claims for lawyer theft under Part B and reinsurance for catastrophic claims under Parts A and C of the policy including the negotiation of policy wording and premium, and claims handling.
- Oversees the development of risk management initiatives and publications for the profession, and makes presentations to lawyer organizations and law students.
- Oversees compliance with executive limitations and monitoring requirements for the insurance program as established by the Board. Subject to Board approval, sets annual operational budget.
- Ensures legal and regulatory requirements set by FICOM are met.

- Acts as spokesperson for the Law Society on insurance matters to the press.
- Oversees in-house counsel defence work at all levels of court and the establishment and maintenance of a panel of outside defence counsel, evaluation of their performance and remuneration.
- Develops and implements written claims handling agreements and maintains relations with excess carriers.

The nature of this work requires a comprehensive understanding of and experience in operating a mutual-type insurance company. The Director of Insurance operates with considerable autonomy under the auspices of the CEO and Benchers of the Law Society of BC.

### **PART C: Qualifications**

Practising member in the Law Society of BC. Risk management, business management and casualty insurance training. Knowledge of actuarial processes an asset. Fifteen years combined experience as a senior manager in the casualty insurance industry or related field dealing with professional liability, and as a lawyer in private practice. Strategic, leadership, management, financial, legal, advocacy, organizational, communication and interpersonal skills required.



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## Job Description

### PART A: Position information

**Job Title:** Director, Education and Practice (DEP)

**Department:** Credentials and Education

**Manager:** Chief Executive Officer (CEO) Tim McGee, QC

### PART B: Job Description

The Director, Education and Practice, has overall leadership responsibility for the regulatory and educational functions of lawyer and student licensing, lawyer remediation, and mandatory education. The DEP oversees the work of 3 managers, 4 lawyers and an administrative assistant, all of whom report directly to him, and of 23 indirect reports (reporting to the 3 managers). Nationally, the DEP is the Law Society management representative for the Federation of Law Societies of Canada, and is the Law Society management representative for external law-related bodies, including BC's three law schools, the Continuing Legal Education Society, and Courthouse Libraries BC. As a member of the CEO's Leadership Council, the DEP contributes to the development and implementation of policies/programs promoting effective Law society performance.

**Key duties include principal leadership of the following Law Society activities:**

#### 1) Federation of Law Societies of Canada

- the Law Society's management representative with Federation of Law Societies, as well as other Canadian law societies, relating to national issues, initiatives and programs, including:
  - interprovincial lawyer mobility
  - national bar admission standards
  - law school national approvals
  - foreign trained lawyer and law student approvals
- the designated advisor for Law Society's Federation Council member
- the Law Society representative on the Federation's national conference planning committees

#### 2) Regulatory role for

- Credentialing and licensing of lawyers, including character and fitness assessment for applicants for Law Society licensing, and credentialing transferring lawyers and Practitioners of Foreign Law from other jurisdictions,
- Admission Program (Qualification Examinations and Skills Assessments) including the annual testing of 450+ law school graduates in Vancouver, Victoria and Kamloops,
- Practice Standards program, including remedial practice inspections and review of lawyers who demonstrate shortcomings,
- Mandatory Continuing Professional Development regulatory accreditation and compliance program for all BC lawyers,
- Regulatory accreditation and compliance for Family Law Arbitrators, Mediators and Parenting Coordinators.

#### 3) Education and Lawyer Support

- Professional Legal Training Course and articling program, including annual legal training for 450+ law school graduates: three classroom terms in Vancouver, Victoria and Kamloops.
- Practice and Ethical Advice service, programs and resources, including telephone and email advice service to assist lawyers with practice and ethical advice concerns, development and enhancement of lawyer advice programs and web resources, including courses and publications.

- Solo and Small Firm Support programs and resources, including development and enhancement of online programs: Practice Refresher Course, Small Firm Practice Course, Technology Support, Bookkeeper Support, Practice Locum, Succession and Emergency Planning.

#### **4) the Law Society Representative for Provincial Organizations**

- UBC, Victoria, Thompson Rivers University law schools, including as the Law Society representative on Faculty Councils and working with Deans and faculty to ensure effective co-ordination of the law school program and the Law Society Bar Admission Program.
- Continuing Legal Education Society: to ensure the effective provision of professional education courses and publications for all BC lawyers.
- Courthouse Libraries BC: to ensure legal information resources are available to BC lawyers and the public.

#### **5) Administrative Management**

- Member Services Department, including customer and lawyer service operations, fee billing, member filings, membership status changes, call to bar ceremonies

Overall, the DEP operates under the general authority of the CEO, with considerable leadership and managerial autonomy within the general requirements of the Law Society.

### **PART C: Qualifications**

Ten to fifteen years of educational leadership and demonstrated advance level expertise related to professional licensing, testing and education. Senior level leadership and management experience. Law degree and practicing member of the Law Society of BC with experience in the private practice of law. Strong networking and diplomatic skills to facilitate strong relationships within the legal community and with law societies nationally. Strong conflict resolution skills, and the ability to deal with difficult people such as problem lawyers and law students. Superior oral and written communication skills.

# Form

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[lawsociety.bc.ca](http://lawsociety.bc.ca)

## Job Description

### PART A: Position information

**Job Title:** Chief Information and Planning Officer

**Department:** Information and Planning

**Manager:** Chief Executive Officer (CEO) Tim McGee, QC

### PART B: Job Description

The Chief Information and Planning Officer is responsible for the efficient and effective delivery of information technology services, communications support, executive support to the Executive Committee and the Benchers and policy and legal services for the Law Society. As a member of Leadership Council, contributes to the implementation and development of policies/programs which promote the effective utilization of the Society's financial and human resources.

#### The duties of this position include:

- Oversight and supervision of the Policy and Legal Services department and the development of policy and implementation of the Law Society strategic plan.
- Oversight and supervision of the IT department in providing information technology and telecommunication services, both internally and externally.
- Oversight and supervision of the Executive Support group in providing executive support for Law Society Benchers, Committee and Task Force meetings and events.
- Oversight and supervision of the Communications department in delivering publications, projects and initiatives.
- Oversight and supervision of the Law Society government relations program.
- Development of collective agreement negotiation strategy and participation in collective agreement negotiations and general union issues.
- Support for the Benchers Governance Committee
- Assistance with financial budgeting and reporting, investment and actuarial matters.
- Such other duties as the CEO may direct.

The nature of the work requires a comprehensive understanding of the operations of the Law Society and the issues facing the legal profession, including all aspects of public and regulatory environment in which it operates. Requires effective management skill in supervising lawyers, information technology and communications staff.

### PART C: Qualifications

Practising membership in the Law Society of BC with a minimum of 10 years practice experience. Experience with policy development and governance practice in a non-profit or regulatory environment. Experience managing information technology resources and staff in a mid-size organization, including familiarity with Microsoft OS, SQL and Adobe web applications. Experience with general communications and government relations practice. Knowledge of statistics and experience with standard statistical software an asset. Superior strategic, analytical and writing ability and excellent interpersonal, communication and negotiation skills. Ability to meet changing deadlines and deliver on multiple concurrent commitments.

# Form

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lawsociety.bc.ca

## Job Description

### PART A: Position information

**Job Title:** Chief Financial Officer and Director, Trust Regulation (CFO/DTR)

**Department:** Corporate Services and Trust Regulation

**Manager:** Chief Executive Officer (CEO) Tim McGee, QC

### PART B: Job Description

The Chief Financial Officer/Director of Trust Regulation (CFO/DTR) reports to the CEO as a member of the senior management team and has responsibility for the Corporate Services and Trust Regulation divisions of the organization. In this role, the CFO/DTR directs a team of approximately 50 staff, consisting of managers, professional accountants and auditors, technical and support staff.

As CFO, provides leadership and advice to the CEO, senior management and the Benchers (the directors of the Law Society, the governing body of the BC legal profession) on issues relating to the financial and corporate/administrative affairs of the organization, including financial planning, accounting, audit, investments, human resources, operations, records management, properties and facilities.

As DTR, leads the Trust Regulation Group, providing services to ensure the effective and efficient regulation of client trust funds/accounting handled by BC law firms to serve the public interest.

As a member of the CEO's Leadership Council, contributes to the implementation and development of policies/programs which promote the effective utilization of the Society's financial and human resources.

#### The duties of this position include:

- Working closely with the CEO and senior management team in developing and implementing the strategic and operational plans to ensure the achievement of the financial, operational and regulatory goals of the organization, including the enterprise risk management plan.
- Overseeing all financial operations and the Finance department, including financial planning, operational and capital budgets, financial performance, financial reporting, accounting, payroll, benefits, internal controls and financial policy development.
- Overseeing the investment portfolio (\$140 million) and investment strategies for the Lawyers Insurance Fund.
- Overseeing the development and implementation of the HR strategic plan, the human resources department and all HR related policies and programs.
- Providing leadership and direction for the Forensic Accounting department, performing Forensic Accounting investigations related to possible misuse, fraud or theft of trust funds by BC lawyers, including presenting evidence at Law Society discipline committee/hearings/court.
- Developing Law Society trust accounting policy, rules and regulations for all BC law firms in handling client trust funds.
- Providing leadership and direction for the Trust Assurance department. Oversees a comprehensive trust assurance program, including annual reporting and compliance audits, for the effective and efficient management of trust regulation for all BC law firms.
- Overseeing the Operations and Records Management department to ensure the effective and efficient administrative operations of the Society.

- Overseeing the Society's adherence to electronic and paper records management and legislated policies through the records management department.
- Overseeing the provision of asset and property management, capital planning and building maintenance services as the owner of two office buildings in an efficient and cost effective manner.
- Liaison to the Audit and Finance Committees.
- Providing other services and reports to the CEO and Benchers as requested.

The nature of the work requires the CFO/DTR to have a comprehensive understanding of best practices for financial, operational and trust regulatory policies, be able to facilitate change effectively and have credibility at all levels of the organization.

### **PART C: Qualifications**

A designated Chartered Accountant combined with a relevant post secondary business degree and/or an MBA.

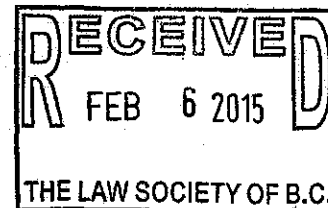
Significant (15+ years) of senior financial management experience in a complex, multi-faceted organization. Auditing, internal audit and fraud prevention knowledge and experience. Experience with managing investment portfolios and real estate.

Excellent leadership, team-building, relationship-building and communications skills to build trust and confidence with multiple stakeholders across all organizational levels, including senior management teams, governing boards and committees.

Strong knowledge of ERP systems, change management, risk management, analytical and decision making processes.



1340-605 Robson Street, Vancouver,  
British Columbia, V6B 5J3 Canada  
FAX 604/688-4586 • Phone 604/688-2337



February 3, 2015

Mr. Tim McGee, QC  
CEO and Executive Director  
Law Society of BC  
845 Cambie Street  
Vancouver, BC V6B 4Z9

Dear Mr. McGee:

Re: Pro Bono Law in British Columbia

As you know, the Law Foundation has, since 2001, been funding pro bono activities of the legal profession in the province. It has supported, together with the Law Society and the Canadian Bar Association, the development of Pro Bono Law BC, which in 2010 merged with the Western Canada Society to Access Justice to become the Access Pro Bono Society of British Columbia. As you will recall, at our Board's March 2012 meeting, Access Pro Bono was made a continuing program of the Law Foundation.

At the Benchers meeting of November 10, 2006, the Benchers of the Law Society passed a motion authorizing an annual payment to the Law Foundation of 1% of the general fund portion of the annual practice fee to be distributed to organizations offering pro bono services to the public. This amount was generously increased by the Law Society in 2014 to \$340,000 per year, \$60,000 of which is for access to justice initiatives and approximately \$48,000 of which is "flow through" money for Access Pro Bono's lease with the Law Society. In 2014, the amount received by the Law Foundation was \$332,360.

Prior to 2006, the Law Foundation had funded a total of approximately \$200,000 per year towards pro bono activities and committed to continuing to fund at least this amount out of its own, non-Law Society funds, in the future.

I am pleased to report to you that in 2014, with support from the Law Society, the Law Foundation was able to provide funding totalling \$597,000 to pro bono organizations (if you include the Law Students Legal Assistance Program at UBC (LSLAP) and the Law Centre at the University of Victoria (UVic) the figure grows to over \$1,000,000). Breakdowns of funding to pro bono organizations in 2014 are attached. Included in

these figures is the \$60,000 access to justice allocation to Quesnel Tillicum Society and Ki-Low-Na Friendship Society for the Family Law Advocacy projects.

As you will see from the attached statistics, there are a significant number of lawyers and law students involved in pro bono activities in the province. There are a significant number of clients served. The profession can be proud of the pro bono contribution its members make.

On behalf of the Law Foundation, I want to thank you and the Benchers of the Law Society for your support of this important initiative.

I trust you will find the above in order. If you have any questions or comments, I can be reached at [wrobertson@lawfoundationbc.org](mailto:wrobertson@lawfoundationbc.org) 604-688-7360.

Yours truly,

A handwritten signature in black ink, appearing to read 'Wayne Robertson', with a long horizontal flourish extending to the right.

Wayne Robertson, QC  
Executive Director

cc: Renee Collins Gault, Manager, Executive Support  
Aaron Griffith, Controller

**Pro Bono Projects and Programs funded by the Law Foundation in 2014:**

**Access Pro Bono Society of BC:**

- \$415,000 Major Programs Grant
- \$15,000 Operations for January to March 2014 Grant
- \$47,000 Rent Subsidy from Law Society

**Multiple Sclerosis Society:**

- \$55,000 Volunteer Legal Advocacy Program

**Pro Bono Students Canada - UBC:**

- \$35,000 Community Placement Program

**Pro Bono Students Canada – UVic:**

- \$30,000 Student Placement Program

**Total: \$597,000**

Of this total, \$332,359.70 was provided to the Law Foundation by the Law Society as part of the \$340,000 grant set out in the letter dated February 14, 2014. (\$7,866.67 of which was a prepaid portion of the Access Pro Bono rent subsidy.)

The \$60,000 access to justice portion of the Law Society grant was allocated as follows:

- \$30,000 to the Quesnel Tillicum Society for the Family Law Advocacy Pilot
- \$30,000 to the Ki-Low-Na Friendship Society for the Family Law Advocacy Pilot

The Law Foundation has not historically broken down the Law Society contribution to specific grants; however, the foundation is able to say that the increased Law Society grant allowed the following increases:

- Access Pro Bono: increased by \$50,000
- MS Society: increased by \$5,000
- Pro Bono Students Canada (UBC): increased by \$10,000
- Pro Bono Students Canada (UVic): increased by \$11,000

A notional allocation of the pro bono portion of the Law Society grant might be:

- Access Pro Bono: \$240,000
- MS Society: \$15,000
- Pro Bono Students Canada (UBC): \$10,000
- Pro Bono Students Canada (UVic): \$10,000



### Pro Bono Statistics – 2014

#### **1. Lawyers Participating in Formal Pro Bono Programs**

Access Pro Bono	808
Multiple Sclerosis Society	31
Greater Vancouver Law Students' Legal Advice Program	

#### **2. People Served by Pro Bono Programs**

Access Pro Bono	6,915
Multiple Sclerosis Society	81

#### **3. Law Students Involved in Pro Bono Projects**

University of British Columbia	72
University of Victoria	49

#### **4. Number of Law Student Pro Bono Projects**

University of British Columbia	42
University of Victoria	25