

ORDER (RULE 4-60)

TO: The Executive Director and [REDACTED]
FROM: Michèle Ross
Former Chair of the Discipline Committee
RE: [REDACTED]: Administrative Penalty File No. PE20250003

Pursuant to Rule 4-60 of the Law Society Rules 2015 (the “Rules”), I am satisfied that the breaches alleged in the above matter have been established on a balance of probabilities for the following reasons:

Rule 3-102 – Requirement to verify client identity

1. [REDACTED] (“[REDACTED]”) is alleged to have breached Rule 3-102 (*Requirement to verify client identity*). A breach of this Rule occurs when a lawyer provides legal services in respect of a financial transaction and is therefore required to verify the client’s identity prior to completing the financial transaction but fails to do so pursuant to Rule 3-102(2).

Rule 3-107 – Record keeping and retention

2. [REDACTED] is also alleged to have breached Rule 3-107 (*Record keeping and retention*). A breach of this Rule occurs when a lawyer fails to obtain and retain a copy of every document used to verify the identity of the client for the purpose of Rule 3-102(1) (*Requirement to verify client identity*). A breach of this rule also occurs if a lawyer fails to retain a record of the information, with applicable dates, and any documents obtained or produced for the purposes of Rule 3-102 (*Requirement to verify client identity*).
3. Based on the information before me and by [REDACTED]’s own admissions, the above elements of the rule breach have been met:
 - (i) [REDACTED]
 - a. In file # [REDACTED], [REDACTED] acted for Australian company [REDACTED] (“[REDACTED]”) for the sale of [REDACTED] in [REDACTED] to [REDACTED] [REDACTED] (“[REDACTED]”) was the instructing individual for [REDACTED], and both he and [REDACTED] were domiciled in Australia.

- b. [REDACTED] obtained a *Letter of Good Standing*, [REDACTED]'S *Certificate of Registration of a Company*, and Company details.
- c. [REDACTED], counsel for the buyers, deposited a trust cheque for \$636,807.03 in net sale proceeds into [REDACTED]'s TD Canada Trust account # [REDACTED].
- d. [REDACTED] signed trust cheque # [REDACTED] for \$1,243.61, payable to "[REDACTED]" for payment of their February 1st invoice.
- e. A financial transaction took place on September 9, 2021 when [REDACTED] signed a *TD Wire Payment Instructions Form* for \$469,253.42, payable to "[REDACTED] AS TRUSTEE FOR [REDACTED] TRUST" representing sale proceeds, less non-resident tax holdback.
- f. The receipt of funds from the trust account of another lawyer as well as funds paid for professional fees are exempt from the Client Identification and Verification ("CIV") Rules pursuant to Rule 3-101, however, the redistribution of funds to a client is a separate financial transaction which engages a lawyer's CIV obligations.
- g. [REDACTED] believes that he had sent his ID verification form that he typically uses for out-of-province clients to [REDACTED] on April 6, 2020 for completion by [REDACTED]'s lawyer in Australia, however, a completed form was not returned to him.
- h. While [REDACTED] ("[REDACTED]"), a notary in Australia, witnessed [REDACTED]'s signature for the property transfer, [REDACTED] acknowledges that he did not have an agent agreement in place with [REDACTED] pursuant to Rule 3-104.
- i. [REDACTED] stated that he had verified the identification of the client and instructing individual many years ago when they retained him for the initial purchase of [REDACTED]. [REDACTED] indicated that he acted for the client on the purchase of another vacation home and a building lot subsequent to his initial retainer, and had met in person with [REDACTED] and his wife on one of their annual visits to [REDACTED] prior to him being retained on the sale of the property. However, [REDACTED] acknowledged that he no longer retained copies of this documentation.
- j. Pursuant to Rule 3-104 as it applied at the relevant time of [REDACTED]'s client matter, a lawyer could utilize an agent to satisfy the CIV obligations found in Rule 3-102, but that lawyer must have an agreement or arrangement in writing with the agent for that purpose. As indicated, [REDACTED] acknowledges he did not have an agent agreement in place.
- k. Alternatively, if a client had been previously verified in compliance with Rule 3-102, the lawyer must retain a copy of every document used to verify the identity of

the client at that time, and it must be producible with applicable dates in accordance with Rule 3-107.

- (ii) [REDACTED]
- a. In file # [REDACTED], [REDACTED] acted for [REDACTED] (“[REDACTED]”) in the sale of [REDACTED], to [REDACTED]. The instructing individual and president of [REDACTED] was [REDACTED] (“[REDACTED]”).
 - b. On May 27, 2022, [REDACTED], counsel for the buyer, deposited a trust cheque for \$1,369,261.80 representing net sale proceeds of the property to [REDACTED]’s trust account.
 - c. [REDACTED] signed a trust cheque for \$1,661.03, payable to “[REDACTED]” for payment of legal fees.
 - d. A financial transaction took place on May 31, 2022, when [REDACTED] signed a trust cheque for \$1,367,600.77 payable to [REDACTED], pursuant to a May 30, 2022 Order to Pay.
 - e. The receipt of funds from the trust account of another lawyer as well as funds paid for professional fees are exempt from the Client Identification and Verification (“CIV”) Rules pursuant to Rule 3-101, however, the redistribution of funds to a client is a separate financial transaction which engages a lawyer’s CIV obligations.
 - f. Considering the definition of “client” in Rule 3-98, [REDACTED] was required to verify the organizational client as well as [REDACTED] as the instructing individual in a manner that complied with Rule 3-102.
 - g. [REDACTED] acknowledged that [REDACTED] had been his client for over twenty years and [REDACTED] acted for him on various real estate, corporate and personal matters, including the incorporation of [REDACTED] for the purpose of the subdivision and sale of commercial industrial lands in March of 2016, which led to the opening of approximately 25 files over six years, including the subject sale.
 - h. [REDACTED] indicated that he had verified [REDACTED]’s identification on the sale of each of the subdivided plots, however, he did not retain a copy of [REDACTED]’s identification in each file in accordance with Rule 3-107.
 - i. [REDACTED] provided a copy of [REDACTED]’s driver’s license to the Law Society’s Auditor as part of the investigation on December 8, 2023. However, [REDACTED]’s driver’s license was issued on April 6, 2023, almost a year after the relevant financial transactions on file # [REDACTED].

- j. Rule 3-105(2) provides that a lawyer does not have to verify the identity of a client who has been previously verified unless that lawyer believes the information, or accuracy of it, has changed, but pursuant to Rule 3-107 the lawyer must retain a copy of every document used to verify the identity of an individual or organization for the purposes of Rule 3-102(1) and be producible with a record of the application date of verification.
- (iii) [REDACTED]
- a. In file # [REDACTED], [REDACTED] acted for [REDACTED] (“[REDACTED]”) in the sale of her condominium located at [REDACTED].
- b. A financial transaction occurred on December 1, 2021, when [REDACTED] signed a trust cheque for \$48,270.03 payable to CIBC to pay out the mortgage on the property.
- c. A second financial transaction occurred on December 1, 2021, when [REDACTED] signed a trust cheque for \$319,319.44 payable to [REDACTED] representing the balance of funds from the property sale.
- d. [REDACTED] indicated that [REDACTED] became his client following years of social meetings wherein she and her husband became close friends of [REDACTED]’s and asked him to act on the sale of the condominium.
- e. [REDACTED] indicated that he met in person with [REDACTED] and her husband on November 29, 2021, to execute the Form A Transfer and other documents. [REDACTED] [REDACTED] acknowledged that he recalls asking for [REDACTED]’s driver’s license, “explaining that it was a requirement under professional rules, despite having known her for so long.”
- f. [REDACTED] indicated that he recalled making a copy of [REDACTED]’s driver’s license but he believes it was misfiled because neither he nor his assistant have been able to locate it.
- g. When a lawyer provides legal services in respect of a financial transaction, that lawyer must verify the client’s identity pursuant to Rule 3-102 and, in accordance with Rule 3-107, the lawyer must also obtain and retain a copy of every document used to verify the client’s identity in a manner that is readily produced for the duration of the lawyer-client relationship.

- (iv) [REDACTED]
- a. In file # [REDACTED], [REDACTED] acted for the [REDACTED] with respect to the sale of a property and the instructing individuals were [REDACTED] (“[REDACTED]”) and her assistant, [REDACTED] (“[REDACTED]”).
- b. A financial transaction occurred on August 25, 2022, when [REDACTED] signed a trust cheque payable to his client for \$405,446.82 representing the balance of sale proceeds.
- c. [REDACTED] acknowledged that he has known [REDACTED] for more than twenty years and had worked with this client on other real estate matters. The sale documents were signed by [REDACTED], a [REDACTED] and while [REDACTED] recalled meeting [REDACTED] three to four times in person, he did not recall ever seeing her identification documents.
- d. [REDACTED] acknowledged that he had acted for the sale of at least ten [REDACTED] properties, and he believes he obtained a copy of [REDACTED]’s identification on the first of those files. [REDACTED] indicated that [REDACTED] had been temporarily authorized by [REDACTED] to execute documents for the sale on the subject matter and he did not obtain a copy of her identification due to inadvertence.

Investigation

4. By letter dated December 19, 2024, the Law Society investigator advised that the matter may be referred for the consideration of an administrative penalty and provided an outline of the circumstances giving rise to the complaint. The investigator asked for [REDACTED]’s response or any additional information. On the same date, [REDACTED] advised that he had no further information to provide.
5. By letter dated March 6, 2025, the Law Society wrote to [REDACTED] to advise that the matter had been referred for the consideration of an administrative penalty and again, provided [REDACTED] with an outline of the relevant facts being considered. [REDACTED] was provided with an opportunity to respond; however, the Law Society did not receive any further correspondence from him.
6. The Law Society issued a Notice of Administrative Penalty dated April 3, 2025 in the amount of \$5,000.00.

██████████'s Application

7. ██████████ seeks to dispute the penalty and a reduction of the penalty on the following grounds:
 - a. The penalty is excessive taking into account the level of severity of the incidents.
 - b. He is aware of the importance of compliance with the identification of signatories to documents prepared by his office.
 - c. He submits that each of the incidents is not a severe departure from the requirements, nor do they constitute any risks of a failure to document the identification materials exactly as prescribed, which risk is, as he understands, fraud on the part of the party or the basis for an offense of money laundering among other objectives.
 - d. He had two other files with ██████████ in which ID requirements at the time were to the best of his knowledge met and that on the file in question, a form of ID verification was sent requesting completion. It was an oversight in not noticing the document was not returned.
 - e. ██████████ has been a long-time client who he has represented many times. He met this client dozens of times to witness documents and obtain a copy of ID on a few of those occasions. He admits that he did not obtain ID on every signature, which he did not perceive as a requirement under the rules.
 - f. ██████████ and her husband have been good friends of ██████████'s for 6+ years, and he distinctly recalls copying her ID; however, the copy was misfiled.
8. After receiving ██████████'s Application, I do not need to hear further from the Law Society or ██████████.
9. By email dated March 30, 2026, ██████████ seeks a discussion with the Executive Director to challenge the penalty. Given that an Application was submitted by ██████████ to dispute the penalty, the matter is no longer with the Executive Director, and the request of ██████████ for a discussion with the Executive Director is not an available option.
10. ██████████'s communication of March 30, 2026 indicates:

... I have also read in LSBC online course materials that once I have verified ID for a client, I am not required to do so again on each such clients files opened thereafter.

Determination

11. I find the following factors relevant in assessing the appropriate penalty:

a. With respect to the nature of the breach, the gravity and consequences:

- i. The contravention was not an isolated incident and involved four separate files.
- ii. There was a potential adverse effect of the contravention.
- iii. [REDACTED] did not exercise due diligence to prevent the contravention.

12. On the [REDACTED] matter (file # [REDACTED]), I accept [REDACTED]'s submission that a form of ID verification was sent to the representative in Australia requesting completion and it was an oversight in not noticing the document was not returned. However, [REDACTED] did not retain copies of documentation from a previous verification of the instructing individual on [REDACTED] and nor did he have an agent agreement with [REDACTED].

13. On the [REDACTED] matter (file # [REDACTED]), [REDACTED] did not retain a copy of [REDACTED]'s identification in each file in accordance with Rule 3-107. He provided a copy of [REDACTED]'s driver's license to the auditor; however, it was issued April 6, 2023, almost a year after the relevant financial transactions.

14. On the [REDACTED] matter (file # [REDACTED]), [REDACTED] could not produce documents from a previous verification of [REDACTED], which he is required to retain pursuant to Rule 3-107.

15. On the [REDACTED] matter (file # [REDACTED]), [REDACTED] did not verify the identity of [REDACTED] in accordance with Rule 3-102. Further, he could not produce documents from previous verifications of [REDACTED] which he is required to retain pursuant to Rule 3-107.

16. With respect to [REDACTED]'s acknowledgement of the misconduct and remediation action:

- a. [REDACTED] admitted the misconduct.
- b. [REDACTED] has taken steps to prevent the contravention from occurring in the future by refreshing his understanding of the verification rules by reviewing them carefully and also instructed his assistant to do the same.

17. As referenced above, [REDACTED] submits that the penalty is excessive taking into account the level of severity of the incidents.

18. Administrative penalties and the penalty amount determined by the Law Society must balance fairness against the need to ensure that administrative penalties serve their purpose in protecting the public.
19. In light of the importance of the client identification and verification rules and the need for lawyers in British Columbia to adhere to the Law Society's Rules, I find that the penalty in this matter is not excessive and is reasonable in the circumstances.
20. The Law Society implemented "Division 11 – Client Identification and Verification" as components of a systemic effort to prevent money laundering and to assist lawyers in complying with their anti-money laundering obligations and manage the risk of becoming involved with bad actors seeking to use legal services to assist them in dishonest, criminal or fraudulent schemes. This is for the protection of the public and to maintain the integrity of lawyers' use of their trust accounts.
21. The Law Society has made it a priority to educate lawyers in British Columbia about the rules that are intended to prevent potential fraud and money laundering and to notify the profession of lawyers' corresponding obligations, especially the client identification and verification rules. Lawyers are expected to know and understand the Rules.
22. Canadian lawyers are exempt from other money laundering prevention programs and as a result, the Law Society's safeguards and lawyers' compliance with an adherence to these rules have additional significance.
23. With respect to public confidence being sustained with the consistency of outcomes:
 - a. The assessed penalty is consistent with the outcome in prior, similar cases.
 - b. The penalty addresses the aims of specific and general deterrence, in [REDACTED]'s specific case.
24. With respect to [REDACTED]'s email dated March 30, 2026, it is important to note that Rule 3-105(2) provides that a lawyer does not have to verify the identity of a client who has been previously verified unless the lawyer believes the information, or accuracy of it has changed, but pursuant to Rule 3-107 the lawyer must retain a copy of every document used to verify the identity of an individual or organization for the purposes of Rule 3-102(1) and it must be producible with a record of the applicable date of verification.
25. While completing client verification may seem unnecessary in the case of long-term acquaintances, friends or business associates, there is no exemption for such clients. Lawyers are expected to comply regardless of the nature of the client's relationship with the lawyer.

I therefore order that:

26. The penalty is confirmed and must be paid in accordance with the original notice delivered under Rule 4-59 and is due December 1, 2026.

A handwritten signature in black ink, appearing to read "Michele Ross", written in a cursive style.

Dated: June 9, 2026

Michèle Ross
Former Chair of the Discipline Committee