

## Summaries of Administrative Penalties Issued

### **AP 54 – Failure to verify instructing individual and retain required documentation**

On November 7, 2025, an administrative penalty was assessed against a lawyer for \$3,000.

The administrative penalty resulted from breaches of Rules 3-103(1)(b) and 3-104(1) of the Law Society Rules, which require a lawyer to verify the identity of the instructing individual of the organizational client for any file where the lawyer provides legal services in respect of a financial transaction. As the lawyer did not meet the client in person they were required to retain, and have a written agreement, with an agent to verify the client's identity pursuant to Rule 3-104, as it applied at the relevant time.

In this case, the lawyer relied on a certified mortgage broker to verify the identification of the client however there was no written agreement in place and the lawyer did not obtain all of the required documentation from the broker. The lawyer also did not obtain the required documentation for the instructing individual or the organizational client in the required time frame.

The lawyer paid the penalty on November 24, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

### **AP 53 – Failure to verify client and obtain required documentation**

On December 22, 2025 an administrative penalty was assessed against a lawyer for \$1,500.

The administrative penalty resulted from breaches of Rules 3-100(1)(b)(ii) and (iii), 3-102(1)(b), 3-104(5)(b), and 3-105(1) of the Law Society Rules, which require the lawyer to obtain and record the client's occupation, the address and telephone number of the client's place of work, verify the client's identity using the required documents, and do so at the time the legal services were provided. As the lawyer did not meet the client in person they were required to retain, and have a written agreement, with an agent to verify the client's identity pursuant to Rule 3-104, as it applied at the relevant time.

In this case, the lawyer represented the client in a family law matter and did not meet with the client in person. The lawyer negotiated the terms of the separation agreement including the disposition of the net proceeds from the sale of the family residence. The lawyer made payments from their trust account to both parties for the sale proceeds, a repayment of disability benefits and, to counsel for the client's spouse.

The lawyer presented evidence of financial hardship and the lawyer paid the penalty on December 30, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 52 – Violation of the cash transactions rule**

On August 14, 2025, an administrative penalty was assessed against a lawyer for \$2,500.

The administrative penalty resulted from a breach of Rule 3-59 of the Law Society Rules, which requires that if a lawyer receives cash more than \$7,500, the lawyer must make a refund of those funds back to the client in cash. The lawyer must also provide a written report of the details of the transaction to the Executive Director within seven days of receipt of the cash.

In this case, the lawyer acted for purchasers of a residential property. The clients made a cash deposit of \$15,000 at the bank into the lawyer's trust account despite the lawyer's instructions to the contrary. While the lawyer should have refunded this cash deposit to the client immediately, the lawyer chose not to as the client's closing day was imminent and the lawyer chose to keep the funds in trust so the client's closing date would not be jeopardized. The lawyer did not make a written report to the Executive Director as this was the first time the lawyer encountered this situation and was unaware of their requirement to report.

The lawyer presented evidence of financial hardship and the lawyer paid the penalty on September 15, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 51 – Failure to identify and verify clients, both individual and organizational, and instructing individual**

On May 13, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of the instructing client and the organizational client for any file where the lawyer provides legal services in respect of a financial transaction.

In this case, the lawyer acted for an individual client, an instructing individual, and an organizational client in a matter related to a loan in a mortgage refinancing. At the time of the financial transactions, the lawyer did not verify the identity of a client who is an organization by collecting specific documents and information, including making reasonable efforts to obtain the names and addresses of all persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization. The lawyer did eventually verify their clients but they did so many months later and contrary to the required timing set out in the Rules.

The lawyer paid the penalty on June 24, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 50 - Failure to identify and verify client and instructing individual**

On April 9, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-105 of the Law Society Rules, which require a lawyer to verify their client and instructing client at the time the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer represented an organizational client in a conveyancing matter which involved the movement of funds from the client into lawyer's trust account. The lawyer then made two trust cheque payments. The lawyer received instructions in this matter from an instructing individual, for whom the lawyer did not obtain verification documents prior to the financial transactions. The lawyer also failed to obtain and record any information about the source of the funds.

The lawyer paid the penalty on May 12, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 49- Failure to identify and verify clients and instructing individual**

On April 9, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-100, 3-102 and 3-105 of the Law Society Rules, which require a lawyer to identify and verify their clients and instructing client at the time the lawyer provides legal services in respect of a financial transaction.

In this case, the lawyer represented four clients in a matter involving a private loan that involved multiple financial transactions. While the lawyer engaged an agent to verify three of the clients' identities, the lawyer did not obtain all the information required by the agent agreement and the Rules. The agent agreement also postdated the first financial transaction. For the one client that the lawyer's office identified, the lawyer failed to retain a copy of that document at the time of the financial transaction. The lawyer also failed to record their clients' occupations, the source of their clients' business or activities, and the Source of Funds declarations were provided after the first financial transaction.

The lawyer paid the penalty on May 12, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 48 - Failure to verify client and instructing individual and retain required documentation**

On April 2, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Rules 3-102 and 3-107 of the Law Society Rules, which require a lawyer to verify the identities of each individual client at the time of providing legal services in respect of a financial transaction, as well as retain a copy of every document used in that verification.

In this matter, the lawyer represented two individual clients in an estate matter that involved a court application and financial transactions. One client's identity was not verified as they were a previous client of the firm. However, no identification documents had been retained previously or in this instance. The second client was outside of Canada and the lawyer did not verify their identity or enter into an agent agreement to assist with identification and verification.

The lawyer paid the penalty on May 9, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

**AP 47** – Please see Discipline Committee Chair Order File No. PE20230017

**AP 46 - Failure to verify instructing individual**

On April 3, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of the client at the time of providing legal services in respect of a financial transaction.

In this matter, the lawyer represented a number of individual clients in the sale of a property. Some of the individuals lived outside of Canada and the lawyer failed to properly verify their identities. In some cases, the lawyer relied on identification of the individuals by a notary, however, the lawyer did not have an agent agreement in place for the purpose of Rule 3-104, as it applied at the relevant time.

The lawyer paid the penalty on April 24, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

**AP 45 - Failure to verify instructing individual**

On March 10, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of the client at the time of providing legal services in respect of a financial transaction.

In this case, the lawyer represented an organizational client in a conveyancing matter which involved the movement of funds to and from the client in and out of the lawyer's trust account. The lawyer received instructions in this matter from two individuals, for whom the lawyer did not obtain verification documents prior to the financial transactions. While the instructing individuals met with other lawyers in their area as part of the conveyancing matter, there was no agent agreement in place for the purposes of client identification and verification.

The lawyer paid the penalty on March 14, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 44 - Failure to verify client**

On February 13, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-107 of the Law Society Rules, which require a lawyer to verify the identity of the client, as well as retain a copy of every document used in that verification.

In this matter, the lawyer represented individual clients in a number of matters involving financial transactions. In two of the matters, the lawyer met with the client in person, however, the lawyer did not obtain and retain a copy of the documents used to verify the identities of the clients. In two other matters, the lawyer obtained the client verification documents via email correspondence and met with the clients via web conference, which did not comply with Rule 3-102.

The lawyer paid the penalty on March 26, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 43 - Failure to verify client and instructing individual**

On February 12, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of both the organizational client as well as the instructing clients for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer represented an organizational client in a matter involving a financial transaction which took place prior to the lawyer properly verifying the organization, or the instructing individual. The lawyer met with the instructing individual via web conference, however, they did not properly verify the individual in compliance with Rule 3-102. Nor did the lawyer obtain the relevant records regarding the organization such as obtaining and recording the names of all directors and making reasonable efforts to identify the individuals who own directly or indirectly, 25 per cent or more of the organization or of the shares of the organization.

The lawyer paid the penalty on February 28, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 42 - Failure to verify instructing individual**

On February 7, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer represented a group of lenders in a matter involving a private loan. The lawyer intended to rely on an exemption to the client identification and verification rules pursuant to Rule 3-101(c) since the transaction involved funds transferred by electronic transmission. However, not *all* of the financial transactions in the client matter were exempt from the CIV Rules. For instance, one of the clients deposited a bank draft into the lawyer's trust account. Additionally, the lawyer disbursed funds back to the client which is considered a separate financial transaction for the purpose of the client identification and verification rules. Accordingly, the lawyer could not rely on Rule 3-101(c) as an exemption to their client verification obligations.

The lawyer paid the penalty on February 12, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 41 - Failure to verify instructing individual**

On January 10, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-104 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which required a lawyer to use an agent to complete the verification process where the client is not present in Canada and is not physically present before the lawyer.

In this matter, the lawyer received instructions in a legal matter involving financial transactions from five individuals who were located outside of Canada. While the lawyer retained an agent to verify the identities of four of the clients, the lawyer failed to verify the identity of one of the individuals who provided instructions in the client matter.

The lawyer paid the penalty on February 12, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 40 - Failure to verify client and failure to identify shareholders**

On January 29, 2025, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of the client where the lawyer provides legal services in respect of a financial transaction and to verify the identity of a client who is an organization by collecting specific documents and information, including making reasonable efforts to obtain the names and addresses of all persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization,

In this case, the lawyer acted for an individual and an organizational client in a matter related to the purchase of property. Prior to the financial transactions, the lawyer did not properly verify the organizational client pursuant to Rule 3-102(2)(b), or take steps to obtain information regarding the shareholders pursuant to Rule 3-103(1)(b).

The lawyer paid the penalty on March 31, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

### **AP 39 - Violation of the cash transactions rule**

On January 23, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Law Society Rule 3-59 (cash transactions). A breach of this Rule occurs where a lawyer receives or accepts cash funds, in an aggregate amount greater than \$7,500 in respect of any one client matter, the lawyer makes use of the cash, and no exceptions set out in Rule 3-59 apply. Although Rule 3-59 permits a lawyer to receive cash in an aggregate amount greater than \$7,500 for professional fees, disbursements or expenses in connection with the provision of legal services, a lawyer must make any refund out of such money in cash.

In this case, the lawyer accepted several cash payments which amounted to more than \$7,500 from a client as retainer fees. After the file was closed, the lawyer returned the remaining trust funds to the client by trust cheque. Therefore, the unused portion of the retainer fee was not returned to the client in cash, as required by Rule 3-59(5).

The lawyer paid the penalty on February 24, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

### **AP 38 - Failure to verify instructing individual**

On January 10, 2025, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rules 3-102 and 3-104 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which required a lawyer to use an agent to complete the verification process where the client is not present in Canada and is not physically present before the lawyer.

In this matter, the instructing individuals were located outside of Canada and the lawyer did not retain an agent to verify their identities, or take any other steps to verify their identities. For one individual, the lawyer received an electronic copy of the client's driver's license by email, however, this did not satisfy Rule 3-102(2)(a).

The lawyer paid the penalty on January 22, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 37 - Failure to verify instructing individual and failure to identify shareholders**

On January 23, 2025, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction and to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25 per cent share of the organization.

In this matter, the lawyer acted for a number of organizational clients with respect to various matters involving financial transactions. In each matter, the lawyer failed to properly verify the instructing individual pursuant to Rule 3-102(2)(a). Further, the lawyer did not obtain information regarding the organisations' shareholders as required under Rule 3-103(1)(b). In one instance, the lawyer met with and verified the identity of the instructing individual, however, they did not record this information as required by Rule 3-107.

The lawyer paid the penalty on January 27, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

### **AP 36 - Violation of the cash transactions rule**

On January 22, 2025, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Law Society Rule 3-59 (cash transactions). A breach of this Rule occurs where a lawyer receives or accepts cash funds, in an aggregate amount greater than \$7,500 in respect of any one client matter, the lawyer makes use of the cash, and no exceptions set out in Rule 3-59 apply. Although Rule 3-59 permits a lawyer to receive cash in an aggregate amount greater than \$7,500 for professional fees, disbursements or expenses in connection with the provision of legal services, a lawyer must make any refund out of such money in cash.

In this case, the lawyer's administrative staff accepted several cash payments for the same client matter, which amounted to a total greater than \$7,500 in legal fees by way of direct deposit in an amount which totaled more than \$7,500. The lawyer breached Rule 3-59(6) when they used the cash to complete the purchase in the client matter instead of returning the cash to the client and making a written report to the Executive Director.

The lawyer paid the penalty on February 11, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

### **AP 35 - Failure to obtain information regarding source of money and failure to identify shareholders**

On January 21, 2025, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from a breach of Rules 3-102(1)(a) and 3-103 of the Law Society Rules, which require a lawyer to obtain information about the source of money for a financial transaction and which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25 per cent share of the organization.

In this case, the lawyer acted for an organizational client in relation to foreclosure proceedings, which involved providing legal services in respect of financial transactions. At the time of providing the legal services, the lawyer failed to obtain from the client and record, with the applicable date, information about the source of money. Furthermore, the lawyer did not take any steps to identify the persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization pursuant to Rule 3-103(1)(b)(i),

The lawyer paid the penalty on March 3, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 34** – Please see Discipline Committee Chair Order File No. PE20240001

**AP 33 - Failure to verify instructing individual**

On January 16, 2025, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rules 3-102 and 3-104 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction.

In this case, the lawyer acted for an organizational client in relation to a mortgage refinancing matter. The instructing individual did not reside in Canada at the time of the financial transactions in this matter and the lawyer was required to verify the identity of the instructing individual using a method outlined in Rule 3-102(2)(a) or by retaining an agent as provided in Rule 3-104 as it applied at the time of the client matter. However, the lawyer did not take any steps to verify the identity of the instructing individual.

The lawyer paid the penalty on February 24, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 32 - Failure to identify shareholders**

On January 15, 2025, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from a breach of Rule 3-103 of the Law Society Rules, which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25 per cent share of the organization.

In this case, the lawyer acted for an organizational client in relation to the sale of the company's properties. The subject lawyer verified the identities of the instructing individuals, however, the lawyer failed to take all necessary steps to verify the organizational client pursuant to Rule 3-103(1)(b)(i) by not taking steps to identify the persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization.

The lawyer paid the penalty on February 20, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 31 - Failure to verify individual clients**

On January 10, 2025, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted a client in a real estate matter. Prior to the relevant financial transaction, which involved distributing sale proceeds, the lawyer failed to verify the identities of their individual clients who were located outside of Canada.

The lawyer paid the penalty on January 20, 2025, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 30 - Failure to verify instructing individual**

On October 28, 2024, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted an organizational client in a matter involving acquisition of land. Prior to the financial transaction in the matter, the lawyer completed the verification required for the corporate client, however, they did not take steps to identify and verify the instructing individual pursuant to Rule 3-102(2)(a).

The rules require lawyers to verify the identity of an individual who provides instructions on behalf of a client in relation to a financial transaction. Importantly, the verification requirements for the instructing individual are in addition to the verification requirements for the corporate client, which fall under Rule 3-102(2)(b).

The lawyer paid the penalty on November 15, 2024, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 29 - Failure to verify instructing individual**

On August 21, 2024, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted an organizational client in and around November 2022 with respect to the sale of a business. The lawyer did not complete any of the verification requirements for the instructing individual or the corporate client pursuant to Rule 3-102.

The lawyer paid the penalty on October 3, 2024, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 28 - Failure to verify individual clients**

On August 20, 2024, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of individual clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted individual clients in and around 2022 and early 2023 in separate matters each involving financial transactions. Prior to the financial transactions, the lawyer did not meet with each of the clients in person, nor retain an agent to verify their identities in accordance with Rule 3-102 and 3-104 as they applied in 2022 and 2023.

The lawyer paid the penalty on September 5, 2024, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 27 - Failure to verify individual clients**

On August 20, 2024, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of individual clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted individual clients in and around January 2023 in respect of a share purchase agreement. Prior to the financial transactions, the lawyer did not meet with all of the clients in person, nor retain an agent to verify their identities in accordance with Rule 3-102 and 3-104 as they applied in 2023. While some exceptions applied to the client identification and verification rules in response to the challenges posed by the COVID-19 pandemic, the lawyer did not meet with the client by web conference for the purpose of verification as permitted at the time.

The lawyer paid the penalty on October 4, 2024, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 26 - Failure to verify instructing individual**

On August 20, 2024, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted an organizational client in and around October 2022 with respect to a mortgage loan. The lawyer obtained an electronic copy of the identification for the instructing individual, but did not take any other steps to verify their identity pursuant to Rule 3-102, as it applied in 2022, such as meet the client in person, or retain an agent to verify their identity.

The lawyer paid the penalty on September 25, 2024, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 25 - Failure to properly verify client**

On July 31, 2024, an administrative penalty was assessed against a lawyer for \$5,000.00.

The administrative penalty resulted from a breach of Rule 3-102 and Rule 3-107 which requires lawyers to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction and to record and retain information and documents used to verify the identity of the client.

In this case, this lawyer breached Rule 3-102 in a client file where the lawyer did not properly verify the identities of three individual clients. In one case, the lawyer did not properly verify the identity of an individual client located in another province. In another instance, the lawyer met the client by web conference, however, they did not meet their obligations pursuant to Rule 3-102 or 3-104. For the third client, the lawyer verified the client's identity in an in-person meeting, however, the lawyer did not record the date on which they obtained the verification documents, as required by Rule 3-107(3).

The Penalty was due on September 4, 2024 (the “Due Date”). The lawyer did not pay the Penalty by the Due Date, nor did the lawyer apply to the Chair of the Discipline Committee for a review of the Penalty by the Due Date. Therefore, the lawyer has been deemed to admit the above breach per Rule 4-59(5)(b). The lawyer then paid the Penalty in October 2024.

#### **AP 24 - Violation of the cash transactions rule**

On September 22, 2023, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Law Society Rule 3-59 (cash transactions). A breach of this Rule occurs where a lawyer receives or accepts cash funds, in an aggregate amount greater than \$7,500 in respect of any one client matter, the lawyer makes use of the cash, and no exceptions set out in Rule 3-59 apply. Although Rule 3-59 permits a lawyer to receive cash in an aggregate amount greater than \$7,500 for professional fees, disbursements or expenses in connection with the provision of legal services, a lawyer must make any refund out of such money in cash.

In this case, the lawyer accepted several cash payments in legal fees by way of direct deposit in an amount which totaled more than \$7,500. After the file was closed, the lawyer returned the remaining trust funds to the client by trust cheque. Therefore, the unused portion of the retainer fee was not returned to the client in cash, as required by Rule 3-59(5).

The lawyer paid the penalty on October 18, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 23 - Failure to properly verify client**

On September 29, 2023, an administrative penalty was assessed against a lawyer for \$5,000.00.

The administrative penalty resulted from a breach of Rule 3-102 which requires lawyers to verify the identity of individual clients for any file where the lawyer provides legal services in respect of a financial transaction.

In this case, this lawyer breached Rule 3-102 in a client file where the lawyer did not properly verify the client's identity who was located outside of Canada, prior to the lawyer providing services with respect to a real estate transaction.

The lawyer paid the penalty on October 2, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 22 - Violation of the cash transactions rule**

On September 22, 2023, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Law Society Rule 3-59 (cash transactions). A breach of this Rule occurs where a lawyer receives or accepts cash funds, in an aggregate amount greater than \$7,500 in respect of any one client matter, the lawyer makes use of the cash, and no exceptions set out in Rule 3-59 apply. Although Rule 3-59 permits a lawyer to receive cash in an aggregate amount greater than \$7,500 for professional fees, disbursements or expenses in connection with the provision of legal services, a lawyer must make any refund out of such money in cash.

In this case, the lawyer accepted several cash payments which amounted to more than \$7,500 from a client as retainer fees. After the file was closed, the lawyer returned the remaining trust funds to the client by trust cheque. Therefore, the unused portion of the retainer fee was not returned to the client in cash, as required by Rule 3-59(5).

The lawyer paid the penalty on September 29, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 21 - Failure to properly verify individual clients and instructing individual**

On September 22, 2023, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted individuals and an organizational client in separate matters involving real estate transactions. The lawyer did not meet with any of the individual clients in person and, instead, had a notary or other lawyer assist with verification. However, the lawyer did not have an agent agreement in place with any of the notaries or lawyers who verified the clients' identification, as required by Rule 3-104.

With respect to the organisational client, the lawyer failed to verify the identity of the instructing individual prior to the financial transaction.

The lawyer paid the penalty on September 27, 2023, and has therefore been deemed to admit the above breaches per Rule 4-59(5)(a).

#### **AP 20 - Failure to verify instructing individual**

On September 19, 2023, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted an organizational client with the sale of a business. The instructing individuals did not reside in Canada, and the lawyer failed to verify their identities in a manner compliant with Rule 3-102 prior to the financial transaction. The lawyer did not meet with the clients in person, nor retain an agent to assist with client verification.

The lawyer paid the penalty on September 22, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 19 - Failure to verify instructing individual**

On September 6, 2023, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In this matter, the lawyer assisted two individual clients with the administration of an estate which involved financial transactions. The lawyer had previously met with the clients in person, however, the lawyer failed to obtain copies of their identification records.

The lawyer paid the penalty on September 16, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 18 - Violation of the cash transactions rule**

On August 18, 2023, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from a breach of Law Society Rule 3-59 (cash transactions). A breach of this Rule occurs where a lawyer receives or accepts cash funds, in an aggregate amount greater than \$7,500 in respect of any one client matter, the lawyer makes use of the cash, and no exceptions set out in Rule 3-59 apply. Although Rule 3-59 permits a lawyer to receive cash in an aggregate amount greater than \$7,500 for professional fees, disbursements or expenses in connection with the provision of legal services, a lawyer must make any refund out of such money in cash.

In this case, the lawyer accepted several cash payments which amounted to more than \$7,500 from a client as retainer fees. After the file was closed, the lawyer returned the remaining trust funds to the client by trust cheque. Therefore, the unused portion of the retainer fee was not returned to the client in cash, as required by Rule 3-59(5).

The lawyer paid the penalty on September 15, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 17 - Please see Discipline Committee Chair Order File No. PE20230008**

**AP 16 - Failure to verify instructing individual and failure to identify shareholders**

On May 30, 2023, an administrative penalty was assessed against a lawyer for \$5000.

The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the

lawyer provides legal services in respect of a financial transaction, and which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25% share of a client who is an organization.

In this case, the lawyer acted for an organizational client in settlement negotiations. Prior to the settlement funds being deposited into the lawyer's trust account, or distributed to the client, the lawyer failed to identify the instructing individual in a manner that complied with Rule 3-102. The lawyer did not physically meet with the client, and did not satisfy their obligations regarding proper client verification. Additionally, the lawyer did not take any steps to identify all persons who owned a 25% share of the organization.

The lawyer paid the penalty on June 21, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 15 - Failure to verify instructing individual and failure to identify shareholders**

On May 30, 2023, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25% share of a client who is an organization.

In this case, the lawyer acted for two organizational clients in two separate client matters involving settlement negotiations. In both cases, the lawyer did not verify the identity of the instructing individual. Additionally, the lawyer did not take any steps to identify all persons who owned a 25% share of the organizations.

The lawyer paid the penalty on June 21, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 14 - Failure to verify instructing individual and failure to identify shareholders**

On May 30, 2023, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and addresses of all persons who own a 25% share of a client who is an organization.

The lawyer negotiated a settlement on behalf of an organizational client and paid out settlement funds. While the lawyer verified the identity of the instructing individual, the lawyer did not retain the verification records contrary to Rules 3-102 and 3-107. Additionally, as the client was an organization, the lawyer did not record the names and addresses of all persons who owned a 25% share of the organization.

The lawyer paid the penalty on June 21, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

#### **AP 13 - Failure to properly verify client**

On May 2, 2023, an administrative penalty was assessed against a lawyer for \$5,000.00.

The administrative penalty resulted from a breach of Rule 3-102 which requires lawyers to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction.

In this case, this lawyer breached Rule 3-102 in two client files where the lawyer did not properly verify the client's identity who was located outside of Canada, prior to the lawyer providing services with respect to real estate transactions.

The lawyer paid the penalty, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 12** – Please see Discipline Committee Chair Order File No. PE20230002

**AP 11** - Please see Discipline Committee Chair Order File No. PE20220013

**AP 10** - Please see Discipline Committee Chair Order File No. PE20220012

**AP 9 - Failure to verify instructing individual and failure to identify shareholders**

On February 10, 2023, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which requires a lawyer to verify the identity of a client who is an organization by collecting specific documents and information, including recording the names and of all persons who own a 25% share of a client who is an organization.

The lawyer did not collect the necessary identification verification documents for three client files, where the lawyer met with the clients in person. Additionally, in one of these cases, where one client was an organization, the lawyer did not record the names and addresses of all persons who owned a 25% share of the organization.

The lawyer paid the penalty on February 14, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 8 - Failure to verify instructing individual**

On February 3, 2023, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from breaches of Rules 3-102 and 3-104 of the Law Society Rules, which require a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction, and which require a lawyer to use an agent to complete the verification process where the client is not present in Canada and is not physically present before the lawyer.

Specifically, for one client who was located in Canada, when using government identification to verify that client's identity, the lawyer failed to do so in the physical presence of the client, contrary to Rule 3-102(2)(a)(i)(B). The lawyer also relied on electronic copies of identification documents to verify the client's identity, contrary to Rule 3-102(3).

In two other client matters, where the clients were located outside Canada, although the lawyer did retain an agent to verify client identity, in the first case the lawyer failed to obtain a copy of the documents used by the agent to verify client identity, as required by Rule 3-104(6)(a), and, in the second case, the lawyer failed to ensure that the agent verified the client's identity in accordance with the Rule 3-102, as required by Rule 3-104(6)(b).

The lawyer paid the penalty on February 16, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 7 - Failure to verify instructing individual and failure to identify shareholders**

On January 28, 2023, an administrative penalty was assessed against the lawyers for \$5000. The administrative penalty resulted from a breach of the Law Society Rules, and specifically Rule 3-102 (requirement to verify client identity), 3-103 (requirement to identify directors, shareholders and owners), 3-104 (use of an agent for client verification), and 3-105 (timing of verification for individuals). These rules require a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

The lawyer did not correctly complete the client identification and verification (CIV) procedures for four client files, three of which included non-face-to-face financial transactions.

The lawyer did not take one of the required actions outlined in Rule 4-59(4) by February 27, 2023, and has therefore been deemed to admit the breach per Rule 4-59(5)(b).

#### **AP 6 - Failure to verify instructing individual and failure to identify shareholders**

On January 25, 2023, an administrative penalty was assessed against a lawyer for \$5,000.

The administrative penalty resulted from a breach of Law Society Rules 3-102 and 3-104. Rule 3-102 requires a lawyer to verify the identity of instructing clients for any file where the lawyer provides legal services in respect of a financial transaction. Rule 3-104 sets out the verification requirements for a client who is not physically present before the lawyer.

In this case, the lawyer represented a corporate client and its instructing individual in the purchase of real property. The lawyer breached the rules by providing the client with legal services in respect of a financial transaction, and failing to enter into written agreements with an agent to verify the identity of the client, who was not located in Canada and who the lawyer did not meet in person.

The lawyer paid the penalty on March 6, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 5 - Failure to verify instructing individual**

On December 13, 2022, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules 2015, which requires a lawyer to verify the identity of instructing clients, for any file where the lawyer provides legal services in respect of a financial transaction.

In one matter, the lawyer failed to verify the identity of an individual client and did not meet with that client in person (i.e. a non-face-to-face financial transaction), and in a second matter did not verify the identity of an individual client or the company owned/operated by that client.

The lawyer paid the penalty on January 4, 2023, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

#### **AP 4 - Failure to verify instructing individual**

On October 4, 2022, an administrative penalty was assessed against a lawyer for \$5000. The administrative penalty resulted from a breach of Rule 3-102 of the Law Society Rules 2015, which requires a lawyer to verify the identity of instructing clients, and a breach of 3-104, which

required a lawyer to retain an agent to verify the client's identity if the client was not physically present before the lawyer.

The lawyer did not retain an agent to verify the identity of an individual client in a non-face-to-face financial transaction in one matter, and did not verify the identity of an individual client in a second matter.

The lawyer paid the penalty on November 7, 2022, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

Please note that in March 2024, the Benchers amended the rules and rescinded Rules 3-102(3), (3.1) and 3-104(5).

### **AP 3 - Failure to verify instructing individual and failure to identify shareholders**

On October 4, 2022, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from breaches of Rules 3-102 and 3-103 of the Law Society Rules which require a lawyer to verify the identity of instructing clients, and to verify the directors and majority shareholders for organizational clients, for any file where the lawyer provides legal services in respect of a financial transaction.

Specifically, the lawyer:

- a. failed to verify the identity, or could not provide documentation to confirm identities had been verified, for the instructing individuals in five client files; and
- b. failed to record the names and addresses of all persons who own 25 per cent of an organization along with the date when this information was obtained for four organizational corporate clients.

The lawyer paid the penalty on November 7, 2022, and has therefore been deemed to admit the above breach per Rule 4-59(5)(a).

**AP 2 - Breach of Rule 3-96.1**

On October 4, 2022, an administrative penalty was assessed against a lawyer for \$3000. The administrative penalty resulted from a breach of Rule 3-96.1 of the Law Society Rules, which prohibits a lawyer from sharing their Juricert password with another person, or permitting another person to use the password to access the Land Titles Office online system. Specifically, the lawyer admitted to sharing their Juricert password with their assistant, and permitting their assistant to affix their signature on Land Title Office documents on their behalf.

The lawyer paid the penalty on November 3, 2022, and has therefore been deemed to admit the breach per Rule 4-59(5)(a).

**AP 1** - Please see Discipline Committee Chair Order File No. PE20220001