

Langley, B.C.

Called to the Bar: July 10, 1979

Discipline hearing panel: September 8, 9 and 10 and November 1, 1997

R.C. Gibbs, Chair, G.R. Toews and R.T.C. Johnston, Q.C.

K.E. Neilson, Q.C., for the Law Society

J.W. Williams, for Mr. Meugens

Summary

On two client files, Mr. Meugens wrongfully converted trust money by transferring it from his law firm trust account to his personal account without the consent or knowledge of the clients and without having earned fees on the files. On another client file, he withdrew money from trust for his personal use without having earned fees or rendered an account. Mr. Meugens breached the Law Society rules by receiving money from clients in cash without billing them, and he also failed to account to his partner for the money.

Facts

Wrongful conversion of trust funds

Mr. F

While representing Mr. F and Mr. F's father on a construction project and conveyance in 1993, Mr. Meugens wrongfully converted \$1,880 by transferring the money from his law firm's trust account to his personal credit union. He did so in payment of his credit card bill. He made this transfer without the consent or knowledge of his client, without having earned these fees on the file and without accounting to his client or his partner.

When confronted by his partner about the withdrawal, Mr. Meugens first denied wrongdoing, then admitted it. He was shaken and expressed concern about the consequences if his actions were reported. Mr. Meugens and his partner dissolved their partnership in November 1993 following which they continued to share office space.

Mr. Meugens held money in trust for Mr. F on a development project that ultimately did not proceed. In October, 1994 Mr. Meugens wrongfully converted \$5,676.65 by transferring money held in trust without the consent or knowledge of his clients and depositing it to his personal account. During a Law Society audit in March, 1995, Mr. Meugens attempted to portray this action as a loan by preparing a back-dated note and misleading cover letter. He then lodged the note in the client file and sent his staff to find it. He then deliberately and dishonestly represented to the Law Society and to his client that the loan was repaid when it was not.

Mr. and Mrs. S

In May, 1993 Mr. Meugens began representing Mr. and Mrs. S in a transaction to subdivide a property, build on part of it and sell part of it to a developer. Mr. Meugens billed his clients on May 20 and on September 16, 1993 for legal services he had provided on the file.

On September 22 and 29 Mr. Meugens made two withdrawals of \$2,000 each from money held in trust for Mr. and Mrs. S. He deposited these funds, totalling \$4,000, to his personal credit union account. He did so without the authorization, consent or knowledge of his clients, without having rendered accounts and without having rendered legal services in respect of these withdrawals. In taking trust money for his own use, he was uncaring of his clients. Mr. Meugens also withdrew these funds in breach of undertakings imposed on him by the developer's solicitor. He used the money for his own purposes.

Mr. S later met with Mr. Meugens to enquire about money that he believed was missing from trust. Mr. Meugens acknowledged that there was money owing to Mr. and Mrs. S. In March 18, 1994, following this meeting, Mr. Meugens deposited \$2,500 to the trust account of his former partner on behalf of Mr. and Mrs. S. He did not respond to several requests from Mr. S that he account for funds held in trust.

In early 1995, Mr. S met again with Mr. Meugens to enquire about money he believed was missing from trust. Mr. Meugens' former partner, who was then acting for Mr. S in a construction dispute, reviewed the accounting on the file that Mr. Meugens had handled for Mr. and Mrs. S. He later confronted Mr. Meugens about the missing trust money. He reported Mr. Meugen's conduct to the Law Society on February 21, 1995.

Improperly transferring funds from trust

In February, 1985 Mr. Meugens began defending Mr. D on a builder's lien action, for which he estimated legal fees would amount to \$8,000. Mr. Meugens received into trust \$19,000 on behalf of Mr. D and, with the client's consent, subsequently transferred \$8,000 of this amount from his trust to his general account "to be held for payment of future fees." He later paid the \$11,000 balance in his trust account to Mr. D.

At the time of the \$8,000 transfer to his general account, Mr. Meugens had not earned fees on the file to justify the transfer, and did not prepare a bill until April, 1995. At that time, he prepared a false account for \$8,000, which he backdated to February to support the transfer.

Mr. Meugens later misled the Law Society by reporting in July, 1995 that he had done \$6,500 worth of work on Mr. D's file. He subsequently reported, in November, 1996, that realistically he had earned only \$3,000 in fees on the file. Although he performed some legal services, the amount Mr. Meugens could claim for fees was unclear. He did make personal use of client trust money for some time when he had no right to it, and he retained some part of it.

Although Mr. Meugens testified before the hearing panel that he had returned \$5,000 to Mr. D, the panel could not find this evidence to be corroborated and made no finding in this regard.

Breach of accounting rules

Over the course of 1993, Mr. Meugens admitted that he received \$9,600 in cash from nine clients but failed to deliver a bill or issue a receipt, contrary to Law Society Rule 825(2) or account to his partner for the funds. He also breached Rule 835(1) by failing to prepare and deliver a bill to a client when he transferred fees from his trust account to his general account. In each of these cases, the people Mr. Meugens failed to bill were friends, relatives or longstanding clients.

Verdict

The hearing panel found that Mr. Meugens' wrongful conversion and improper withdrawal of client trust funds for his own use constituted professional misconduct and a breach of Rules 3(8) and 5(6), Chapter 1 (Canons of Legal Ethics) of the *Professional Conduct Handbook* and Rule 1, Chapter 2 of the *Handbook*.

Mr. Meugens was also guilty of professional misconduct in failing to account to his partner and for failing to bill clients from whom he received money in trust. He further breached Law Society accounting rules.

Penalty

Mr. Meugens submitted to the discipline hearing panel a letter of resignation and various undertakings, including an undertaking never to apply for reinstatement. The panel, however, was not satisfied that Mr. Meugens took responsibility for his actions or was remorseful.

Mr. Meugens' conduct was very serious. His actions were planned, he employed subterfuges to effect them, he attempted to cover them up and he lied to explain or mitigate them. In the circumstances, a resignation was not sufficient.

The panel ordered that Mr. Meugens:

1. be disbarred; and
2. pay costs of the discipline proceedings, which totalled \$24,659.92.

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