

Vancouver, B.C.

Called to the Bar May 14, 1976

Discipline hearing panel: December 14, 1995

J.M. MacIntyre, Q.C., Chair, R. Margetts and J. Shackell

J. Whittow, for the Law Society

M. Carroll, Q.C. for Mr. Pihl

Summary

Mr. Pihl represented PH Ltd., a company owned by his father-in-law and other members of the father-in-law's family. The father-in-law later reorganized PH Ltd. to purchase an interest in another company that he and two family members owned. The reorganization involved the transfer of ownership of PH Ltd. to the father-in-law's five children and their spouses, including Mr. Pihl and his wife. Mr. Pihl was in a conflict of interest by acting as the solicitor for PH Ltd. in the reorganization and purchase transaction when he also had a personal interest in receiving shares. The instructions of the father-in-law were to reorganize the company's shares so that they would be held equally by the family members and their spouses. Mr. Pihl failed to follow those instructions when, for tax reasons and with the agreement of his wife, he placed both his shares and his wife's shares into a company (HI Ltd.), which was in his name alone. Mr. Pihl explained that he had intended to reorganize HI Ltd. so that he and his wife were equal shareholders. He had not, however, discussed a reorganization with his wife. HI Ltd. continued to hold the PH Ltd. shares of Mr. Pihl and his wife when their marriage broke up shortly thereafter. The shares were then inextricably tangled in the divorce proceedings. Mr. Pihl at all times recognized that he held part of the PH Ltd. shares in trust for his wife, and he did not intend to improperly appropriate them.

Facts

In 1984 Mr. Pihl incorporated and represented PH Ltd., a company owned by his father-in-law and several other members of his wife's family.

PH Ltd. was inactive until the father-in-law decided the family should use the company to purchase an interest in another company owned by the father-in-law and two other members of his family. The purchase was intended to benefit the family members and their spouses, including Mr. Pihl and his wife, all of whom were to receive an equal number of shares of PH Ltd.

Mr. Pihl acted as solicitor for PH Ltd. in the reorganization of its share structure and in its purchase of an interest in the other company, although he was in conflict of interest because he was to receive shares of PH Ltd.

Mr. Pihl received instructions from his father-in-law, as principal of PH Ltd., to reorganize PH Ltd. so that the company's shares were held equally by the family members and their spouses. He acted contrary to those instructions when, for tax reasons and with the agreement of his wife, he placed his shares and his wife's shares into HI Ltd., a company held in his name alone. Mr. Pihl explained that he had intended to reorganize HI Ltd. so that he and his wife were equal shareholders. However, he had not discussed a reorganization with his wife. When their marriage broke up shortly thereafter, HI Ltd. still held the shares of PH Ltd. and these were inextricably tangled with the other claims in the divorce litigation. Mr. Pihl at all times recognized his wife's interest in the shares of PH Ltd. and did not intend to improperly appropriate them.

Admission

The Discipline Committee and the discipline hearing panel accepted an admission from Mr. Pihl pursuant to Rule 469 that his conduct constituted professional misconduct.

Penalty

The Discipline Committee and the discipline hearing panel accepted Mr. Pihl's proposed disciplinary action, and ordered that he:

1. pay a \$5,000 fine by August 14, 1996, and
2. pay \$1,000 toward the costs of the discipline proceedings by August 14, 1996.

Discipline Case Digest — 1996: No. 3 June (Pihl)