

**THE LAW SOCIETY OF BRITISH COLUMBIA**

IN THE MATTER OF THE *LEGAL PROFESSION ACT*, SBC 1998, C. 9

AND

**KHUSHPAL S. TAUNK**

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**RULE 3-7.1 CONSENT AGREEMENT SUMMARY**

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1. On May 11, 2023, the Chair of the Discipline Committee approved a consent agreement proposal submitted by Khushpal Singh Taunk (the “Lawyer”) under Rule 3-7.1 of the Law Society Rules (the “Rules”).
2. Under the proposal, the Lawyer admitted that he committed professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*, as follows:
  - i. Between approximately November 2017 and June 2020, the Lawyer failed to record 15 general transactions promptly, and in any event within 30 days of the transaction, contrary to [Rule 3-72\(b\)](#) of the Law Society Rules.
  - ii. Between approximately November 2017 and June 2020, the Lawyer maintained \$327,185.90, more than the \$300 permitted of their own funds in their pooled trust account, contrary to [Rule 3-60\(5\)](#) of the Law Society Rules.
3. Under the proposal, the Lawyer agreed to pay a fine of \$25,000.
4. In making their decision, the Chair of the Discipline Committee considered an Agreed Statement of Facts signed by the Lawyer on May 4, 2023, and a letter to the Chair of the Discipline Committee also signed by the Lawyer on May 4, 2023.

5. The Chair also considered the Lawyer's Professional Conduct Record, which consisted of a citation, a conduct review, and two referrals to Practice Standards.
6. The Lawyer attended a conduct review in January 2004 to discuss their conduct with respect to their acceptance of cash from clients on nine occasions wherein the Lawyer deposited the funds to personal accounts rather than the trust account, and failed to properly account to the clients for the cash received.
7. The Lawyer was referred to Practice Standards twice. In 2003, the Practice Standards Committee made recommendations concerning, among other matters, their accounting practices (including receipt of cash from clients, accounting to clients and general compliance with trust accounting rules). In 2019, the Committee made recommendations regarding quality of service issues.
8. The Lawyer had a prior finding of professional misconduct in 2008, for wrongfully obtaining a divorce order in a family law proceeding by failing to advise the Court of a previous consolidation order of the Court. The Lawyer admitted this misconduct and was suspended for one month.
9. This consent agreement will now form part of the Lawyer's Professional Conduct Record.
10. Pursuant to Rule 3-7.1(5) of the Rules, and subject to Rule 3-7.2 of the Rules, the Law Society is bound by an effective consent agreement, and no further action may be taken on the complaint that gave rise to the agreement.
11. The admitted facts were set out in the Agreed Statement of Facts. They have been summarized below.

### **Summary of Facts**

12. The Lawyer was called and admitted as a member of the Law Society of British Columbia on May 19, 2000.

13. The Lawyer has been practising at Sovereign Law Group (the “Firm”) in Surrey since 2010.
14. The Lawyer primarily practises in the areas of plaintiff motor vehicle cases and civil litigation.
15. In February and March 2022, the Law Society's Trust Assurance Department conducted a compliance audit of the Firm for the period July 1, 2020 to February 14, 2022.
16. The compliance audit identified that the Lawyer’s Firm issued bills in Excel and delivered them to clients at the completion of legal services, but significantly delayed recording the bills in the accounting records, and significantly delayed withdrawing trust funds in payment of the Lawyer’s fees and disbursements. Thus, the Firm did not record the fees, disbursements and applicable taxes in the same period as they were earned or incurred. This resulted in the under-reporting of income tax and Goods and Services Tax (“GST”) to the Canada Revenue Agency (the “CRA”), and Provincial Sales Tax (“PST”) to the Ministry of Finance (the “Ministry”), on the returns filed in the audit period.
17. Upon further investigation, the Law Society identified that the Lawyer had issued 15 invoices between November 2017 and June 2020 in relation to 15 client matters, and delayed recording each invoice in the Firm’s accounting records for periods spanning between 699 days and 1,588 days. The invoices were not recorded until March, April and May 2022.
18. The Law Society also identified that the Lawyer had issued 14 invoices dated between November 2017 and June 2020, in relation to 14 client matters, totaling \$328,074.56 in legal fees and \$26,631.64 in taxes. The Lawyer delayed withdrawing their fees from trust for each matter, for periods spanning between 704 days and 1,589 days. As a result, the Lawyer held an aggregate of \$327,185.90 in trust. The Lawyer did not withdraw their fees from trust until March, April and May 2022.
19. Between January 2018 and February 2022, the Lawyer under-reported revenues for GST purposes by \$1,525,995.43 and under-reported GST collected by \$65,348.38. The Lawyer also under-reported revenues for PST purposes by \$1,430,340.69 and under-reported PST

collected by \$48,843.82. The GST and PST returns were amended after the Law Society's compliance audit.

20. All outstanding GST and PST taxes owing by the Lawyer have been paid to the CRA, together with interest and penalties.
21. The Lawyer has revised his billing and accounting practices, after retaining an expert to advise him respecting compliance with the Law Society's accounting rules.
22. Additional mitigating considerations in this consent agreement included the following:
  - i. there were no concerns that the Lawyer had misappropriated client funds;
  - ii. at no time were clients' monies involved or exposed to any risk, as all monies were those of the Lawyer or taxes owing thereon;
  - iii. the Lawyer's conduct was not motivated by dishonesty or calculated to obtain personal benefit; and
  - iv. at all times during the consent agreement resolution process, the Lawyer was cooperative with Law Society counsel and he made early and fulsome admissions.