

2009 : No. 2

Michael Lee Seifert

Vancouver, BC

Called to the bar: May 10, 1978

Discipline hearing : February 4 and 19, 2009

Panel : Gavin Hume, QC, Chair, Ralston Alexander, QC and Robert Brun, QC

Report issued : May 25, 2009 (2009 LSBC 17)

Counsel : Maureen Baird and Julien Dawson for the Law Society and David Gruber and Marvin Storrow, QC for Michael Lee Seifert

Facts

This matter came to the Law Society's attention through a self report from Michael Lee Seifert on December 17, 1999 advising that he had entered into an agreed statement of facts and undertaking with the BC Securities Commission.

Seifert and other lawyers at Maitland & Company performed various services for Arakis Energy Corporation (AEC) between January 1992 and December 1995, including advising on reporting and filing obligations under the *Securities Act*. In April 1994 AEC issued Anthem International Incorporated one million shares of AEC, but did not publicly disclose that one of the reasons for the issuance was that European financiers would seek to secure financing for AEC. Seifert was aware of the potential financing and did not advise AEC to disclose this. Between April 18, 1995 and July 25, 1995, one year after he became aware of the potential financing, Seifert sold shares of AEC for proceeds of \$331,259.60 and USD\$366,319.63. In addition, Seifert's advice to a holding company led to trades that generated proceeds of \$295,006. Seifert's relatives stood to benefit from these proceeds as beneficiaries of the Seifert Trust.

Verdict

The panel found, and Seifert admitted, that he was guilty of professional misconduct for performing legal services for AEC when he and his relatives had financial interests in the company that affected his professional judgment, contrary to Chapter 7, Rule 1 of the *Professional Conduct Handbook*.

Penalty

The panel underscored the seriousness of Seifert's misconduct, given the important role the legal profession plays in protecting the integrity of the capital market. The panel noted that this misconduct was the only departure from Seifert's otherwise unblemished record. However, they also found that given Seifert's 22-year career in securities law, there could be no leniency for inexperience or lack of familiarity with the *Securities Act*. While the panel noted Seifert had brought the misconduct to the attention of the Law Society, the facts disclosed would have come to the society's attention in any event, given their notoriety.

The panel ordered that Seifert:

1. be suspended for two months commencing May 29, 2009; and
2. pay costs of \$25,000.