

**Hearing File No.:** HE20200032  
**Citation Authorized:** April 29, 2020  
**Citation Issued:** May 20, 2020  
**Citation Amended:** November 23, 2021

**LAW SOCIETY OF BRITISH COLUMBIA TRIBUNAL  
HEARING DIVISION**

BETWEEN:

LAW SOCIETY OF BRITISH COLUMBIA

AND:

AMARJIT SINGH DHINDSA

RESPONDENT

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**RULE 4-29 ADMISSION OF MISCONDUCT  
AND UNDERTAKING TO DISCIPLINE COMMITTEE**

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TAKE NOTICE THAT on December 2, 2021, the Discipline Committee considered and accepted a proposal submitted by the Respondent under Rule 4-29 of the Law Society Rules.

Under the proposal, the Respondent admitted professional misconduct as alleged in the citation issued May 20, 2020 and amended November 23, 2021 (the “Citation”), agreed to resign his membership in the Law Society as of December 3, 2021, and gave his undertaking:

- a) not to engage in the practice of law in British Columbia with or without the expectation of a fee, gain or reward, whether direct or indirect;
- b) not to apply for re-admission to the Law Society or elsewhere in Canada;
- c) not to apply for membership in any other law society (or like governing body regulating the practice of law) without first advising in writing the Law Society;  
and

- d) not to permit his name to appear on the letterhead of, or otherwise work in any capacity whatsoever for, any lawyer or law firm in British Columbia, without obtaining the prior written consent of the Discipline Committee of the Law Society.

As a result, the Citation is now resolved under Rule 4-29 of the Law Society Rules and the Respondent's admission of professional misconduct and his undertaking will be recorded on his professional conduct record.

In making its decision, the Discipline Committee considered a letter to the Chair of the Discipline Committee dated November 29, 2021 in which the Respondent admitted the disciplinary violation and gave his undertaking not to practice law, an Agreed Statement of Facts dated November 29, 2021, and the Respondent's prior professional conduct record which consisted of three conduct reviews, three citations, an administrative suspension and various practice standards recommendations.

The Respondent has acknowledged that pursuant to Rule 4-29(5), his undertaking not to practice means that he is a person who ceased to be a member of the Law Society as a result of disciplinary proceedings and that section 15(3) of the *Legal Profession Act* applies to him.

The admitted facts underlying the misconduct are set out below.

## **FACTS**

### **Citation Issued May 20, 2020 and amended November 23, 2021**

1. The Respondent was called and admitted as a member of the Law Society of British Columbia ("**Law Society**") on June 8, 2001.
2. The Respondent was at all relevant times a sole practitioner.
3. The citation was authorized by the Discipline Committee on April 29, 2020 and issued on May 20, 2020. On May 20, 2020 the Respondent was served with the citation through his counsel.
4. The citation was amended on November 23, 2021 under Rule 4-21(1)(a) of the Law Society Rules 2015 (the "**Citation**") and the Respondent was served with the Citation on that day.

5. The Citation contains two allegations of professional misconduct concerning 12 clients and relating to conflicts of interest that arose in respect of those clients and the development of four properties in the Fraser Valley, British Columbia.
6. The Respondent admitted to the professional misconduct alleged in the Citation and agreed to the supporting facts in an agreed statement of facts, including those set out below.

### **Background Facts**

7. In about July 2015, AA (a friend and client of the Respondent) sought the Respondent's assistance with the purchase of four, adjacent, undeveloped properties in the Fraser Valley of British Columbia.
8. In August 2015, AA purchased the first of these four property (the "**T Property**"). The other properties were the E Property and two C Properties.
9. In the summer of 2015 AA had a right to purchase the E Property. He wanted to assign this purchase right and would earn a profit in doing so. AA offered the Respondent a 3% commission to broker the assignment of the E Property.

### **Allegation 1**

#### ***Allegation 1(a): Acted for BB and [First Numbered] B.C. Ltd. regarding assignment of the E Property***

##### Admission of Professional Misconduct

10. The Respondent admitted that between approximately July 2015 and January 2016, he acted for AA and [first numbered] B.C. Ltd. in connection with an assignment of AA's right to purchase the E Property to [first numbered] B.C. Ltd.
11. In doing so, he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code of Professional Conduct for British Columbia* ("**Code**").

12. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *Legal Profession Act*, S.B.C. 1998, c. 9 [*LPA*].

### Background Facts

13. In August 2015, the Respondent contacted BB about his interest in purchasing the E Property. BB had been the Respondent's client through his businesses for many years.
14. In October 2015, AA lowered his asking price for the E Property from \$120,000 per lot to \$90,000 per lot, for a total assignment price of \$2.97 million. The closing date had initially been October 29, 2015, but no assignee was identified by that time.
15. At the end of October 2015, the Respondent negotiated an extension of the closing date to January 4, 2016 on AA's behalf, in exchange for payment of an extension fee.
16. In December 2015, BB and another individual, CC, agreed to purchase the E Property. As they lacked sufficient funds to complete the purchase, it was agreed the Respondent's cousin, DD, would contribute funds to close the purchase of the E Property.
17. In December 2015 and January 2016, the Respondent represented to opposing counsel that he acted for AA and that AA would close on the purchase of the E Property. The Respondent negotiated a further extension of the closing date to January 27, 2016 in exchange for a \$50,000 extension fee.
18. On December 29, 2015, the Respondent incorporated [first numbered] B.C. Ltd. for the purchase and development of the E Property. Its registered shareholders were S Ltd., which was BB's company, and K Ltd., which was CC's company. BB and CC were the sole directors and officers of [first numbered] B.C. Ltd.
19. The Respondent became [first numbered] B.C. Ltd.'s corporate solicitor and an authorized signatory of the company.
20. Acting on behalf of [first numbered] B.C. Ltd., the Respondent prepared an Assignment and Assignment Addendum for the E Property (together the "**E Agreement**"). AA and

[first numbered] B.C. Ltd. entered into the E Agreement on or about January 4, 2016. The Respondent dated the Agreement to December 29, 2015.

21. The Assignment provided, among other things, for payment of a \$200,010 assignment fee to AA, plus reimbursement of a \$200,000 deposit paid by AA to the vendor of the E Property. The Assignment Addendum contained the main substance of the transaction and provided, among other things, for the following:
- a. the purchase price of the E Property was \$90,000 per lot for 33 fee simple lots, to be reduced if AA did not obtain preliminary lot approval from the District by July 30, 2016;
  - b. AA would submit the Official Community Plan amendment application by February 12, 2016;
  - c. the Respondent would receive a 3% commission; and
  - d. AA had an option to buy back the E Property for the purchase price for any breach of the buyer's obligation.

***Allegation 1(b): Acted for DD, S Ltd. and K Ltd. in connection with Declaration of Trust***

**Admission of Professional Misconduct**

22. The Respondent admitted that between approximately July 2015 and May 2016 he acted for DD, S Ltd. and K Ltd. in connection with a declaration of trust by S Ltd. and K Ltd. in favour of DD, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code*.
23. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

**Background Facts**

24. BB, CC and DD were to each contribute \$1 million in capital to [first numbered] B.C. Ltd. for the purchase price of the E Property.
25. The Respondent acted for DD, S Ltd. and K Ltd. in preparing trust declarations indicating that S Ltd. and K Ltd. each held about 32% of their shares in [first numbered] B.C. Ltd. in trust for DD. This represented DD's beneficial interest in [first numbered] B.C. Ltd.

26. In early January 2016, the Respondent had BB and CC sign waivers on behalf of themselves and S Ltd. and K Ltd., acknowledging the Respondent had urged them to obtain independent legal advice (“**ILA**”), waiving their rights to ILA, and stating they could not rely on a failure to obtain ILA for any reason against the Respondent or his law corporation.
27. The Respondent did not prepare a waiver for DD to sign.

***Allegation 1(c): Acted for S Ltd. and K Ltd. in connection with Declaration of Trust in his Favour***

Admission of Professional Misconduct

28. The Respondent admitted that between approximately July 2015 and May 2016 he acted for S Ltd. and K Ltd. in connection with a declaration of trust by S Ltd. and K Ltd. in his own favour, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code*.
29. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

30. In connection with the E Property transaction, the Respondent was to receive a 12% interest in [first numbered] B.C. Ltd. which would be held in trust by K Ltd. and S Ltd.
31. In about December 2015, the Respondent prepared trust declarations indicating that S Ltd. and K Ltd. each held six Company shares in trust for him, for a total of 12 shares (as opposed to 12%) in [first numbered] B.C. Ltd.
32. The Respondent acted for S Ltd. and K Ltd. in preparing these trust declarations that were made for his own benefit.
33. On January 4, 2016, S Ltd. and K Ltd. signed the ILA waivers referred to above in paragraph 26.

***Allegation 1(d): Acted for [first numbered] B.C. Ltd. regarding Loan by it to AA regarding E Property***

Admission of Professional Misconduct

34. The Respondent admitted that between approximately July 2015 and May 2016 he acted for [first numbered] B.C. Ltd. in connection with a loan from that company to AA relating to the E Property, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code*.
35. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

36. The Assignment Addendum described the loan by [first numbered] B.C. Ltd. to AA in part as follows:

Buyer [[first numbered] B.C. Ltd.] shall lend to the Seller [AA] \$1,000,000.00 to be secured by a second mortgage at Royal Bank of Canada's prime rate on or before January 29, 2016 for a term expiring 10 business days after the Buyer has paid the full purchase price to the Seller. ...

AA's profit from the transaction was documented as a "loan" of \$1 million to be secured by a second mortgage on or before January 29, 2016, for a term expiring 10 business days after [first numbered] B.C. Ltd. had paid the full purchase price to AA.

37. This loan, referred to as the "bump money", was intended to be AA's profit on the E Property transaction.
38. The advance of the bump money was to be secured by a mortgage placed on the C Properties because the E Property deal depended on AA obtaining the necessary approvals as described at paragraph 21 above.
39. In early January 2016, the Respondent was still owed a significant amount of money by AA for matters unrelated to the E Property transaction. The Respondent acted for [first numbered] B.C. Ltd. in respect of this loan to AA.

40. On January 4, 2016, the Respondent paid out the \$200,010 assignment fee to various parties pursuant to directions from AA. This included making an approximately \$33,000 payment to himself.

***Allegation 1(e): Acted for D Ltd., [first numbered] B.C. Ltd., CC and BB re: a Loan from D Ltd. to [first numbered] B.C. Ltd., CC and BB for Purchase of E Property***

Admission of Professional Misconduct

41. The Respondent admitted that in January 2016 he acted for D Ltd., a company of which he was a director and officer, and for [first numbered] B.C. Ltd., CC and BB in connection with a loan from D Ltd. to [first numbered] B.C. Ltd., CC and BB to purchase the E Property, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code*.
42. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

43. In January 2016 after the E Agreement was signed, BB and CC informed the Respondent they did not have the funds required to complete the E Property purchase. The Respondent arranged for two loans to [first numbered] B.C. Ltd. to complete the purchase:
- a. a loan of \$500,000 from D Ltd. to [first numbered] B.C. Ltd., CC and BB for a term of one year at 14% interest (“**D Ltd. Loan**”), to be registered as a first mortgage against the E Property; and
  - b. a loan of \$500,000 from B Ltd. to [first numbered] B.C. Ltd., CC and BB for a term of one year, closed for four months with 12% interest payable at the end of the term (“**B Ltd. Loan**”), to be registered as a second mortgage against the E Property.
44. At the time of the D Ltd. Loan, the Respondent was a registered director and officer of D Ltd.



45. D Ltd.'s corporate records indicate a notice of change of directors was filed after the date of the D Ltd. Loan on February 15, 2016, removing the Respondent from his position as director. However, the change was stated to be effective January 1, 2016.
46. Corporate documents also indicate that the Respondent's removal as an officer of D Ltd. was stated to be effective January 1, 2016.
47. On about January 22, 2016, the Respondent obtained written consent to act for each of D Ltd., B Ltd. and [first numbered] B.C. Ltd. with respect to the D Ltd. Loan. The consent did not contain any background regarding the Respondent's involvement with D Ltd. Neither CC nor BB met either of the lenders on the D Ltd. and B Ltd. Loans while they were being negotiated and finalized. CC did know a shareholder of D Ltd. and had met him in the past.
48. On or about January 26, 2016, the Respondent had BB and CC sign a directors' resolution authorizing [first numbered] B.C. Ltd. to borrow \$560,000 from B Ltd. (i.e. the B Ltd. Loan), which amount included the interest owing on the B Ltd. Loan.

***Allegation 1(f): Acted for B Ltd., [first numbered] B.C. Ltd., CC and BB in connection with Loan from B Ltd. to [first numbered] B.C. Ltd., CC and BB for Purchase of E Property***

Admission of Professional Misconduct

49. The Respondent Admitted that he acted for B Ltd., [first numbered] B.C. Ltd., CC and BB in connection with a loan from B Ltd. to [first numbered] B.C. Ltd., CC and BB to purchase the E Property, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the *Code*.
50. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

51. The principals of B Ltd., FF and GG, had been the Respondents' clients since approximately the fall of 2015. At all relevant times, the Respondent continued to act for B Ltd. and FF on other matters.

52. On about January 22, 2016, the Respondent obtained written consent to also act for each of D Ltd., B Ltd. and [first numbered] B.C. Ltd. with respect to the B Ltd. Loan.
53. On or about January 26, 2016, the Respondent had BB and CC sign a director's resolution authorizing [first numbered] B.C. Ltd. to borrow \$570,000 from D Ltd. in respect of the D Ltd. Loan, which amount included the interest owing on the D Ltd. Loan.

***Allegation 1(g): Acted for CC, his spouse and B Ltd. in connection with a loan from B Ltd. to DD and his spouse for Purchase of E Property***

Admission of Professional Misconduct

54. The Respondent admitted that he acted for DD, DD's spouse, and B Ltd. in connection with a loan from B Ltd. to DD and DD's spouse to purchase the E Property, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
55. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

56. Like BB and CC, DD did not have enough money for his \$1 million capital contribution to [first numbered] B.C. Ltd. for the E Property transaction.
57. In January 2016, the Respondent arranged for a \$200,000 loan from B Ltd. to DD to cover the shortfall, to be registered against DD's personal residence. The Respondent had B Ltd., DD and DD's wife sign a consent document acknowledging the Respondent was acting for each of the borrower, lender and covenantor.
58. The Respondent also personally contributed \$20,000 toward DD's contribution to [first numbered] B.C. Ltd. to repay an earlier, undocumented loan.

***Allegation 1(h): Loaned \$23,699.46 to CC, BB or [first numbered] B.C. Ltd. in connection with Purchase of the E Property***

Admission of Professional Misconduct

59. The Respondent admitted that he loaned \$23,699.46 to CC, BB or [first numbered] B.C. Ltd. in connection with the purchase of the E Property, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
60. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

#### Background Facts

61. The sale of the E Property to [first numbered] B.C. Ltd. completed on January 27, 2016. On or about that same date, the Respondent loaned \$23,699.46 to [first numbered] B.C. Ltd. to cover a shortfall in the amount that was required to close the transaction.
62. The loan was not documented with a loan agreement. BB and CC eventually repaid the Respondent for the loan.

#### ***Allegation 1(j): Preferred Interests of AA over those of [first numbered] B.C. Ltd. in connection with assignments of AA's right to purchase E and C Properties***

#### Admission of Professional Misconduct

63. The Respondent admitted that he preferred the interests of AA over those of [first numbered] B.C. Ltd. in connection with the assignments of AA's right to purchase the E Property and C Properties, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
64. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

#### Background Facts

##### Additional Facts Regarding Purchase of E Properties

65. When the E Agreement was signed on or about January 4, 2016, the purchase and sale transaction was still scheduled to close on that date.

66. On or about the same date, BB and CC provided the Respondent with an assignment fee of approximately \$200,000 to be paid to AA. On AA's instructions, the Respondent paid approximately \$33,000 of this fee to himself.
67. Acting for [first numbered] B.C. Ltd., the Respondent then secured an extension of the closing to January 27, 2016 in exchange for an additional \$50,000 extension fee to the seller. The Respondent secured this extension in spite of the fact that none of BB, CC or DD had come up with the funds required for the E Property purchase price.

#### Purchase of C Properties

68. In January 2016, AA also told the Respondent that he did not have sufficient funds to complete his purchase of the C Properties.
69. This was problematic as the E Agreement required AA to secure his \$1 million profit (i.e. the bump money) from [first numbered] B.C. Ltd. against the two C Properties.
70. BB and CC had already paid the \$200,000 assignment fee for the E Property, and agreed to the D Ltd. Loan and B Ltd. Loan at this point.
71. The Respondent suggested that rather than AA purchasing the C Properties, BB and CC could purchase them through [first numbered] B.C. Ltd.
72. On or about January 24, 2016, [first numbered] B.C. Ltd., directed by BB and CC, entered into two further assignment agreements with AA with respect to the C Properties (together, the "**C Agreements**"). The Respondent prepared the C Agreements, acting on behalf of [first numbered] B.C. Ltd.
73. Together, the E Agreement and C Agreements, along with a further assignment addendum dated January 25, 2016, provided among other things as follows:
  - c. The purchase price of the three Properties would provide AA with a profit of \$1,554,322, of which \$750,000 was to be paid upfront;
  - d. A further immediate payment of \$25,000 would be paid to AA, to reimburse him for deposits he had paid to the original sellers of the C Properties;

- e. [first numbered] B.C. Ltd. was not permitted to “financially or otherwise encumber” the E Property by more than \$1.1 million;
  - f. [first numbered] B.C. Ltd. would hold one of two C Properties in trust for AA, as security for the portion of his profits not paid upfront;
  - g. If [first numbered] B.C. Ltd. were to breach any of its obligations, AA would
    - i. have the option to buy-back the E Property and/or the larger of the two C Properties for the price under the original contract of purchase and sale, which did not include Mr. AA’s profit in the assignment, less amounts paid as commissions;
    - ii. receive the smaller of the two C Properties for no cost; and
    - iii. keep the \$750,000 upfront payment on his profits.
74. The E and C Agreements provided that AA would pay 3% of the total purchase price to the Respondent as a commission, totaling \$181,500.
75. The sale of the E Property completed on January 27, 2016 and AA received \$772,567.85.
76. In February 2016, AA missed the deadline to submit a development application.
77. On February 17, 2016, AA then emailed the Respondent and asserted that [first numbered] B.C. Ltd. was in breach of its obligations under the E Agreement and that he was now entitled to buy back the E Property. AA relied on the fact that the B Ltd. and D Ltd. Loans, which were registered as mortgaged against the E Property, encumbered the E Property in an amount greater than \$1.1 million. He asserted this was a breach of the Assignment Addendum.
78. BB and CC subsequently attempted to reach the Respondent, but were unable to do so.

***Allegation 1(i): Acted for EE and [first numbered] B.C. Ltd. in connection with a loan from EE to [first numbered] B.C. Ltd. to purchase the C Properties***

Admission of Professional Misconduct

79. The Respondent admitted that he acted for EE and [first numbered] B.C. Ltd. in connection with a loan from EE to [first numbered] B.C. Ltd. to purchase the C Properties, and that in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
80. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

81. In late January 2016, the closing date for purchase of the C Properties by [first numbered] B.C. Ltd. was extended to April 2016.
82. The Respondent facilitated a mortgage from EE to [first numbered] B.C. Ltd. in the amount of \$1.14 million to finance the purchase of the C Properties.
83. The Respondent acted for both EE (lender) and [first numbered] B.C. Ltd. (borrower) in this mortgage transaction. He obtained consents to act for both parties on the transaction.

***Allegation 1(k): Failed to Comply with Instructions of Directors of Company to change Registered and Records Office and Cease Acting as Solicitor for [first numbered] B.C. Ltd.***

Admission of Professional Misconduct

84. The Respondent admitted that he failed to comply with instructions from the directors of [first numbered] B.C. Ltd. to change the registered and records office and cease acting as solicitor for [first numbered] B.C. Ltd., and in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
85. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

Background Facts

86. On February 22, 2016 after AA had asserted breaches of the E Agreement, BB and CC retained another lawyer to represent them and [first numbered] B.C. Ltd. The Respondent's signing authority was revoked.
87. New counsel for [first numbered] B.C. Ltd. wrote to the Respondent requesting that he provide [first numbered] B.C. Ltd.'s documents so that the registered office could be moved to the new firm.
88. The Respondent failed to comply with instructions from [first numbered] B.C. Ltd.'s directors to change the registered and records office, and to cease acting as [first numbered] B.C. Ltd.'s solicitor. He also failed to send documents that the new counsel requested.
89. By March 1, 2016, new counsel had not received the demanded documents and so filed a petition seeking their delivery, including delivery of any trust agreements relating to the shares of [first numbered] B.C. Ltd. Some of the documents were delivered, but the trust agreements were not.
90. On March 11, 2016, new counsel for [first numbered] B.C. Ltd. obtained a court order for the production of the documents. The documents ordered to be produced were eventually delivered.

***Allegation 1(l): Backdated Central Securities Register of [first numbered] B.C. Ltd. to show DD as Shareholder as of Date of Incorporation***

**Admission of Professional Misconduct**

91. The Respondent admitted that he backdated the central securities register of [first numbered] B.C. Ltd. to show DD as a shareholder as of the date of [first numbered] B.C. Ltd.'s incorporation, and in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
92. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the LPA.

### Background Facts

93. DD was not a registered shareholder as of December 29, 2015, the date [first numbered] B.C. Ltd. was incorporated.
94. In February 2016 when the Respondent refused to provide [first numbered] B.C. Ltd.’s documents to the new counsel on request, the Respondent noted, *inter alia*, that DD was a beneficial owner of [first numbered] B.C. Ltd. The Respondent and new counsel exchanged correspondence about the distinction between being a “registered” rather than beneficial shareholder.
95. On or about March 10, 2016, the Respondent signed a document pursuant to which he gave DD his beneficial interest in [first numbered] B.C. Ltd, which was stated to be 12% of the company’s shares.
96. The Respondent then created a new central securities register showing DD as a registered shareholder and dated the new register back to December 29, 2015.

***Allegation 1(m): Preferred Interests of FF, GG and B Ltd. over CC, BB, S Ltd. and K Ltd. in connection with sale of Shares in [first numbered] B.C. Ltd. to 1062057 B.C. Ltd. and 1062055 B.C. Ltd***

### Admission of Professional Misconduct

97. The Respondent admitted that he preferred the interests of FF, GG and B Ltd. over those of CC, BB, S Ltd. and K Ltd., and in doing so he acted in a conflict of interest contrary to rule 2.1-3 and section 3.4 of the Code.
98. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

### Background Facts

FF and GG’s Instructions to Draft Share Purchase Agreement for Shares in [first numbered] B.C. Ltd.



99. On February 23, 2016, AA filed a caveat on the E Property asserting multiple breaches of the E Agreement including by registering mortgages in excess of \$1.1 million (i.e. the B Ltd. and D Ltd. Loans) and failing to make the \$1 million “loan” to AA.
100. In March 2016, the Respondent advised FF, a principal of B Ltd., about the caveat, that the Respondent was no longer involved in the E Property development and that FF should obtain ILA.
101. FF was upset and expressed concern about the money that B Ltd. had loaned to [first numbered] B.C. Ltd.
102. In about mid-March 2016, one or both of FF and GG met with the Respondent. FF and GG said they would either see if the principals of [first numbered] B.C. Ltd. would pay out the B Ltd. Loan or if not, FF and GG would offer to buy [first numbered] B.C. Ltd.
103. FF and GG then instructed the Respondent to draft a share purchase agreement with their numbered companies as the purchasers of [first numbered] B.C. Ltd.’s shares.

Documents for Purchase of [first numbered] B.C. Ltd.’s Shares

104. The Respondent drafted two share purchase agreements. One was between GG’s company, and S Ltd. and DD. The other agreement was between FF’s numbered company, K Ltd. and DD.
105. The purchase price was comprised of, *inter alia*, the following:
- h. Release of the B Ltd. Loan secured by a mortgage in the amount of \$560,000 on the E Property;
  - i. Release of the D Ltd. Loan secured by a mortgage in the amount of \$570,000 on the E Property; and
  - j. \$386,849.73 to be paid only on the sale of all 61 lots in the development of the E Property and C Properties.
106. The \$386,489.73 was payable to each of BB and CC and was meant to pay out their investments in [first numbered] B.C. Ltd; however, BB and CC maintain these amounts

did not match what either of them had put into [first numbered] B.C. Ltd. and that CC had in fact contributed \$450,000.

107. Among other things, the Respondent prepared resignations for CC and BB to resign as from [first numbered] B.C. Ltd. He also prepared releases — one for S Ltd. and BB, and another for K Ltd. and CC — in favour of himself, his law corporation and FF and GG's numbered companies.
108. On or about March 23, 2016, FF and GG provided the Respondent with copies of these releases and advised the Respondent that BB and CC had sold [first numbered] B.C. Ltd. to them.
109. After this sale of the shares of [first numbered] B.C. Ltd., the Respondent resumed his role as corporate solicitor for [first numbered] B.C. Ltd. and continued to perform legal work on behalf of the development projects.

## **Allegation 2**

### ***Providing Legal Services re Purchase and Development of Four Properties in the Fraser Valley, BC when Respondent had a Financial Interest in the Transaction***

#### **Admission of Professional Misconduct**

110. The Respondent admitted that between approximately July 2015 and May 2016, he provided legal services for one or more of his clients AA (July 2015 to January 2016 only), BB, CC, DD, EE, [first numbered] B.C. Ltd., S Ltd., K Ltd., FF, GG and B Ltd. in connection with the purchase and development of four properties in the Fraser Valley, British Columbia, when he had a direct or indirect financial interest in the transaction, contrary to one or more of rules 2.1-3, 3.4-28, 3.4-29 and 3.4-34 of the Code.
111. The Respondent admitted that this conduct constituted professional misconduct, contrary to section 38(4) of the *LPA*.

#### **Background Facts**

112. The facts stated in the paragraphs above pertaining to allegation 1 of the Citation are also applicable to allegation 2.

113. As outlined above, the Respondent provided legal services for AA (between July 2015 and January 2016), BB, CC, DD, EE, [first numbered] B.C. Ltd., S Ltd., K Ltd., FF, GG and B Ltd. in connection with the purchase and development of the four Properties in the Fraser Valley, British Columbia (i.e. the E, C and T Properties).
114. During this time, the Respondent had a direct or indirect financial interest in the transactions concerning the purchase and development of the E, C and T Properties, as follows:
- a. The Respondent represented AA between July 2015 and January 2016 when AA owed him approximately \$200,000.
  - b. While providing legal services to AA and [first numbered] B.C. Ltd. in respect of the E Property transaction, AA offered the Respondent a 3% commission if he could broker the assignment of the E Property from AA to a third party.
  - c. In December 2015 the Respondent represented [first numbered] B.C. Ltd., S Ltd. and K Ltd. in connection with the preparation of trust declarations, including one which declared that S Ltd. and K Ltd. would hold in trust the Respondent's interest in [first numbered] B.C. Ltd.
  - d. The Respondent continued to act for [first numbered] B.C. Ltd. after this occurred.
  - e. On about January 4, 2016, the Respondent paid out the approximately \$200,000 assignment fee paid by BB and CC, including a \$33,010 payment to himself. This was done on AA's instructions.
  - f. In January 2016, in connection with the closing of the E Property purchase, the Respondent personally loaned \$23,699.46 to [first numbered] B.C. Ltd. to cover a shortfall so that the transaction could close. [First numbered] B.C. Ltd. had no independent legal representation in this transaction.

- g. In January 2016 when AA did not have sufficient funds to complete the purchase of the C Properties, the Respondent suggested BB and CC purchase them instead through [first numbered] B.C. Ltd. so that the transaction could still complete.
- h. The assignment documents relating to the E and C Properties together provided, *inter alia*, that the Respondent would receive a 3% commission from AA. This 3% commission totaled \$181,500, a \$92,400 increase over the commission the Respondent would have earned if the transaction had not included the C Properties.
- i. On May 2, 2016 the Respondent facilitated the sale of the T Property from AA to one of FF's business partners. The purchase and sale agreement provided that the Respondent would receive \$92,400 in commissions, although he actually received \$100,250 in commissions.