

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

BETWEEN:

THE LAW SOCIETY OF BRITISH COLUMBIA

AND:

FAIYAZ A. DEAN

RESPONDENT

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

The Respondent

1. On November 17, 2023, the Discipline Committee considered and accepted a proposal submitted by the Respondent under Rule 4-29 of the Law Society Rules.
2. Under the proposal, the Respondent admitted to various allegations of professional misconduct as alleged in a citation issued June 3, 2021 (the “**Citation**”).
3. Under the Rule 4-29 proposal, the Respondent undertook that for a period of eight (8) years from December 1, 2023, he would not:
 - a. engage in the practice of law in British Columbia with or without the expectation of a fee, gain or reward, whether directly or indirectly;
 - b. apply for re-instatement to the Law Society of British Columbia or elsewhere within Canada;
 - c. 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 of British Columbia; and

- d. permit his name to appear on the letter head of, or 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.
4. In addition to this eight-year undertaking, the Respondent has been a non-practising member of the Law Society since January 1, 2020, pursuant to an undertaking he gave to the Law Society, during its investigation into the conduct underlying the Citation, not to practice law. Together, the effective ban on practice in this case is 12 years (the “**Undertaking**”).
5. 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.
6. In making its decision, the Discipline Committee considered a letter to the Chair of the Discipline Committee dated November 15, 2023 in which the Respondent admitted to disciplinary violations and gave his Undertaking not to practice law, as well as an Agreed Statement of Facts dated November 15, 2023.
7. As part of his proposal, the Respondent has acknowledged that pursuant to Rule 4-29(5) of the Law Society Rules, his Undertaking not to practice law means that he is a person who has 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.
8. Pursuant to section 19(3) of the *Legal Profession Act*, should the Respondent apply for reinstatement in British Columbia at the conclusion of the term of his Undertaking, a mandatory credentials hearing would be held to consider his good character and fitness to practise law, with the Respondent bearing the onus of demonstrating he meets the requisite test. The Respondent’s professional conduct record reflecting this admitted misconduct, as well as other relevant information, would be considered at that time.
9. If the Respondent were to be reinstated, he would have to comply with any “conditions on returning to practice” that a credentials panel may impose. The Law Society would have the opportunity to seek appropriate conditions to address the protection of the public.

10. As such, the public will be protected as the Respondent is not permitted to practise law for a lengthy period of time and the geographic scope of the Undertaking (specifically the prohibition on practising anywhere in Canada and the requirement to inform the Law Society if he applies to practise elsewhere in the world) adds an additional layer of protection beyond the orders that could be made by a discipline hearing panel. Finally, if the Respondent applies for reinstatement, he would be subject to a process in which he bears the onus of proof as to his fitness to practise law.

Key Admitted Facts

Respondent's Background

11. The Respondent was called and admitted as a member of the Washington state bar in November 2003 and as a member of the Law Society of British Columbia on February 1, 2009.
12. Beginning in 2009, the Respondent practiced law through his own firm, Dean Law Corporation (the "**Firm**"). The Respondent was the sole signatory on the Firm's trust account.

Compliance Audit, Investigation, and Citation

13. In July and August 2017, the Law Society's Trust Assurance Department conducted a routine compliance audit of the Respondent's practice for the period of January 1, 2016 to July 28, 2017, pursuant to Rule 3-85 of the Law Society Rules (the "**Compliance Audit**").
14. The Compliance Audit identified several concerns relating to the Respondent's practice, including certain trust account transactions and compliance with client identification and verification requirements.
15. Following the Compliance Audit, the matter was referred to the Law Society's Investigations, Monitoring and Enforcement department for further investigation.
16. On July 30, 2019, the Respondent reported to the Law Society that he had been indicted in the District of Arizona. The indictment alleges that the Respondent committed and engaged in a conspiracy to commit securities fraud, wire fraud, and money laundering.

17. The Law Society opened a further investigation arising from the Respondent's July 30, 2019 report.
18. The Citation was authorized by the Discipline Committee on May 26, 2021 and served on the Respondent on June 3, 2021.
19. The specific admissions made by the Respondent are summarized below. He admits professional misconduct in connection with various aspects of his representation of clients and trust accounting procedures.
20. The Law Society did not proceed with Allegation 4 of the Citation.
21. As a result of the Respondent's Rule 4-29 Proposal, the entirety of the Citation is considered resolved.

Use of Trust Account Without Legal Services or Reasonable Inquiries (Allegation 1) and Failure to Comply with Client Identification and Verification Requirements (Allegation 5)

22. The Respondent admitted that between approximately November 2014 and December 2016, he used or permitted the use of the Firm's trust account to receive and disburse funds on behalf of several clients and failed to provide substantial legal services, make reasonable inquiries about the circumstances of transactions, or record the results of any inquiries.
23. The details of the clients and transactions are set out in the Agreed Statement of Facts, but the objectively suspicious circumstances that the Respondent should have inquired into included:
 - a. The Respondent did not meet most of the clients or the reporting individuals in-person, and often received instructions from individuals who held themselves out as representatives of corporate clients without confirming their identity or authorization to do so. Where multiple parties were involved in a transaction, it was often unclear who the Respondent was actually acting for or who was responsible for instructing him. For example, in one case where the Respondent was said to be acting on behalf of an individual, AK, the Respondent never communicated with AK and took instructions exclusively from an individual involved in a separate client file, to whom some of AK's funds were ultimately paid.

- b. Several individuals with whom the Respondent dealt were involved in multiple of the different client matters, often using multiple email addresses. The transactions often involved companies that were, at various times, owned or controlled by one or more of the same individuals, or for which the same individuals gave instructions.
 - c. Funds were deposited into the Respondent's trust account for the sole purpose of being paid to someone else. Often, these funds were transferred (either directly or intra-trust) to other of the Respondent's clients, their companies, or persons associated with those clients.
 - d. The Respondent did not provide any legal services in respect of the transactions. In most cases, it should have been clear to the Respondent from the outset that he was not being asked to perform any legal services, and that the sole purpose of the retainer was the use of his trust account.
 - e. Identification documents for the companies and supporting documents for the transactions were often sent to the Respondent directly by the clients or persons associated with the clients, with no independent verification of the information or the legitimacy of the transactions he was facilitating.
 - f. Many of the companies and entities involved in the transactions (for which no legal services were sought or provided) were incorporated in and/or used bank accounts in jurisdictions with stringent bank secrecy laws.
24. In respect of the same clients, the Respondent admitted that he failed to properly obtain, record and verify client identification information.
25. The Respondent admitted that his conduct with respect to Allegation 1 and Allegation 5 constituted professional misconduct.

Assisting in or Encouraging Dishonesty, Crime or Fraud (Allegation 2)

26. The Respondent admitted that between December 2010 and June 2013, he engaged in activities that he ought to have known assisted in or encouraged dishonesty, crime or fraud. In particular, the Respondent admitted that, in the course of acting for Company H, Company I, and SD, he engaged in activities that he ought to have known assisted one or

more of FV and JP in a fraudulent scheme to manipulate the market for shares of Company J and effect the illegal sale of Company J stock.

27. The facts pertaining to this allegation are set out in the Agreed Statement of Facts, but the suspicious circumstances that ought to have alerted the Respondent to the risk that he was being used as a dupe by an unscrupulous client included:
- a. The Respondent arranged for the acquisition of a shell company (Company H) on the instructions of GC (aka FV). The Respondent never met GC and did not identify him or verify his identity.
 - b. Company H had both a control block of shares held by the shell vendor and a block of shares held by private placement investors. Although initially preparing a letter of intent for acquisition of both the control block and private placement block of shares for a certain price, the Respondent subsequently revised the letter of intent to only purchase the control block shares; however, the purchase price was the same as the price for both the control block and private placement shares.
 - c. GC later introduced SD of Company I as GC's "client", who GC said was the intended purchaser of the control block shares of Company H. GC also later introduced JP, another person GC said would be assisting him and SD with Company H. The Respondent only communicated with these various individuals by email or phone and never met any of these purported representatives in person. No client identification and verification were completed.
 - d. The Respondent knew that Company I was paying the entire purchase price for both the control block shares and the private placement shares but believed that Company I was going to identify new investors to purchase the private placement shares. However, at the time of closing, the "new investors" had not been identified, and Company I paid the purchase price for both blocks of Company H's shares.
 - e. Company H made public filings about the acquisition of the control block shares but made no mention of the remaining private placement shares.
 - f. The Respondent assisted GC and JP with having shares transferred to nominees later identified by GC and JP as the purchasers of the private placement shares,

including by providing documents to Company H's transfer agent and to a securities brokerage firm. This included documents that purported to show the nominees purchasing shares from the initial owners of the private placement shares after Company I paid the purchase price for these shares.

- g. Although the Respondent was acting for Company H, and not the nominee purchasers, the Respondent received funds into trust from escrow agents he identified for the nominee purchasers, and paid those funds to Company H.
 - h. The Respondent facilitated payment to a printing company, in the context of a related matter where he was only acting as escrow agent for two clients he never met (described below), who were referred to him by JP, and where his escrow fee was paid by Company I.
28. In May 2018, the U.S. Securities and Exchange Commission (the "SEC") filed a Complaint against the Respondent, FV (aka GC), and JP, alleging that they engaged in a fraudulent scheme to effect illegal, unregistered sales and manipulate the market for shares of Company J. The Respondent did not file a response to the SEC Complaint, and the SEC obtained a default judgment against him in November 2019. The orders included a permanent market prohibition and a civil penalty.
29. In June 2023, the British Columbia Securities Commission made orders against the Respondent arising from the SEC default judgment, including permanent market prohibitions.
30. In April 2019, the Respondent was indicted in the District of Arizona. The indictment alleges that the Respondent committed and engaged in a conspiracy to commit securities fraud, wire fraud, and money laundering. The indictment arose from substantially the same allegations as the SEC Complaint, and alleged that the Respondent, together with FV and JP, orchestrated a pump and dump scheme in respect of the shares of Company H and Company J.
31. The Respondent admitted that his conduct with respect to Allegation 2 constituted professional misconduct.

Use of Trust Account Without Legal Services or Reasonable Inquiries (Allegation 3) and Failure to Comply with Client Identification and Verification Requirements (Allegation 5)

32. The Respondent admitted that in April and May 2013, he used or permitted the use of the Firm's trust account to receive or disburse funds on behalf of RR, RS, Company I, and SD and failed to provide substantial legal services, make reasonable inquiries about the circumstances of transactions, or record the results of any inquiries.
33. The details of the clients and transactions are set out in the Agreed Statement of Facts, but the objectively suspicious circumstances that the Respondent should have inquired into included:
 - a. The Respondent was introduced to RR and RS by JP, who was associated with Company I. The Respondent only communicated with RR and RS by email and never met either in person.
 - b. The only service the Respondent was asked to perform was to act as an escrow for funds that were said to relate to a secured loan instrument between RR, RS, and a third party company. The Respondent's "escrow agent fee" was 1.25% of the loan amount.
 - c. The Respondent prepared the Escrow Agreements on the instructions of an unknown third party.
 - d. The Respondent was subsequently instructed by an individual purportedly associated with the third party company to release the escrow funds to a printing business, in partial payment of an invoice for 10,000,000 self-mailers.
 - e. The escrow fee was invoiced to and paid by Company I, rather than RR or RS.
34. In respect of the same clients, the Respondent admitted that he failed to properly obtain, record and verify client identification information.
35. The Respondent admitted that his conduct with respect to Allegation 3 and Allegation 5 constituted professional misconduct.