

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

BETWEEN:

THE LAW SOCIETY OF BRITISH COLUMBIA

AND:

DAVID LESLIE SCHAEFER

RESPONDENT

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

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1. On February 6, 2025, the Discipline Committee considered and accepted a proposal submitted by the Respondent under Rule 4-29 of the Law Society Rules (the “**Rules**”).
2. Under the Rule 4-29 proposal, the Respondent admitted to the allegations of professional misconduct as alleged in paragraphs 1, 2(a), 2(b), 2(c), 3(a), 3(b), 3(c), 3(d), 3(e), 4(a), 4(b), and 4(c) of the citation issued November 14, 2023, and amended September 26, 2024 (the “**Citation**”):
  1. Between approximately November and December 2007, you acted in a conflict of interest by providing legal services to RM in relation to a real estate transaction for a property located in British Columbia (the “**Property**”) when you had a personal interest and/or a direct or indirect financial interest in the Property, contrary to one or more of Chapter 1, Rule 3(2), Chapter 2, Rule 1, and Chapter 7, Rules 1 and 7, of the *Professional Conduct Handbook* then in force.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

2. Between approximately April 2013 and July 2013, in relation to a mortgage investment from your Canadian Western Trust Self-Directed RRSP Account, you made one or more of the following representations to Canadian Western Trust that you knew or ought to have known were false or misleading, contrary to one or both of rules 2.1-1(a) and 2.2-1 of the *Code of Professional Conduct for British Columbia*:
  - (a) RM was a party with whom you dealt at arm's length (as defined in the *Income Tax Act*);
  - (b) you would not obtain any advantage from the Mortgage, other than advantages specifically permitted under applicable tax legislation; and
  - (c) the Mortgage was a *bona fide* mortgage.

This conduct constitutes professional misconduct or conduct unbecoming the profession, pursuant to s. 38(4) of the *Legal Profession Act*.

3. Between approximately April 2013 and December 2021, in relation to a mortgage investment from your Canadian Western Trust Self-Directed RRSP Account (the "Mortgage") to your client RM, which you registered or caused to be registered against real property owned by RM in British Columbia (the "Property"), you did one or more of the following:
  - (a) acted in a conflict of interest by failing to ensure RM had independent legal representation with respect to the Mortgage, contrary to one or more of rules 3.4-1, 3.4-28, and 3.4-34 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client;
  - (b) acted in a conflict of interest by performing legal services when there was a substantial risk that your loyalty to or representation of RM would be materially and adversely affected by your interest in the Mortgage and/or the Property, contrary to one or more of rules 3.4-1 and 3.4-26.1 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client;
  - (c) borrowed some or all of the Mortgage funds back from RM, contrary to one or more of rules 3.4-28 and 3.4-31 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client;
  - (d) on or about June 21, 2013, filed or caused to be filed a Form B with the Land Title Office that you knew or ought to have known contained false or misleading information, contrary to one or both of rules 2.1-1(a) and 2.2-1 of the *Code of Professional Conduct for British Columbia*; and

- (e) in approximately December 2021, represented to Canadian Western Trust that the funds for the repayment of the Mortgage to Canadian Western Trust came from RM, when you knew or ought to have known that was false or misleading, contrary to one or both of rules 2.1-1(a) and 2.2-1 of the *Code of Professional Conduct for British Columbia*.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

- 4. Between approximately June 2015 and September 2017, you acted in a conflict of interest when you purchased real property located in British Columbia (the “Property”) from your client RM and you did one or more of the following, contrary to one or more of rules 3.4-1, 3.4-26.1 and 3.4-28 of the *Code of Professional Conduct for British Columbia* and your fiduciary duties to your client:

- (a) performed legal services when there was a substantial risk that your loyalty to or representation of RM would be materially and adversely affected by your interest in the Property;
- (b) failed to ensure the transaction was fair and reasonable to RM; and
- (c) failed to ensure RM had independent legal representation.

This conduct constitutes professional misconduct, pursuant to s. 38(4) of the *Legal Profession Act*.

- 3. Under the Rule 4-29 proposal, the Respondent undertook that for a period of five (5) years from February 6, 2025, he would:

- (a) not 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) not apply for re-instatement to the Law Society of British Columbia or elsewhere within Canada;
- (c) not 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) not permit his name to appear on the letterhead of, or work in any capacity whatsoever, for any lawyer or law firm in British Columbia, without obtaining the prior written consent of the Executive Director of the Law Society.

(the “**Undertaking**”)

4. As a result, the Citation is now resolved under Rule 4-29 of the Rules and the Respondent’s admission of professional misconduct and his Undertaking will be recorded on his professional conduct record.
5. In making its decision, the Discipline Committee considered a letter to the Chair of the Discipline Committee dated January 9, 2025, in which the Respondent admitted to the disciplinary violations and gave his Undertaking, as well as an Agreed Statement of Facts dated January 7, 2025.
6. As part of the Rule 4-29 proposal, the Respondent has acknowledged that, pursuant to Rule 4-29(5) of the Rules, his Undertaking not to practice law means that he is a person who has ceased to be a member of the Law Society of British Columbia as a result of disciplinary proceedings and that section 15(3) of the *Legal Profession Act*, S.B.C. 1998, c. 9 (the “**LPA**”), applies to him.
7. At the conclusion of the term of his Undertaking, pursuant to section 19(3) of the *LPA*, should the Respondent apply for reinstatement in British Columbia, a mandatory credentials hearing would be held to consider his good character and fitness to practice 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.
8. 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 of British Columbia would have the opportunity to seek appropriate conditions to address the protection of the public.

9. As such, the public will be protected as the Respondent is not permitted to practice law for a lengthy period of time and the geographic scope of the Undertaking (specifically the prohibition against practising elsewhere in Canada and the requirement to inform the Law Society of British Columbia if he applies to practice 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 practice law.

### **Key Admitted Facts**

#### ***Respondent's Background***

10. The Respondent is currently 66 years of age.
11. The Respondent was called and admitted as a member of the Law Society of British Columbia on June 14, 1985.
12. The Respondent practices in the areas of residential and commercial real estate, wills and estates, corporate/commercial, civil litigation, commercial lending, creditor's remedies and administrative law.
13. The Respondent practiced with the law firm of Davidson Lawyers from 1986 to 1997.
14. The Respondent then practiced with the law firm of Allan Francis & Pringle from 1997 to 2016.
15. In 2016, the four remaining partners in Allan Francis & Pringle joined with the four remaining partners of Davidson Lawyers creating the firm Davidson Pringle LLP. That firm changed its name to Davidson Lawyers LLP in approximately 2018. The Respondent practiced with Davidson Lawyers LLP until May of 2020.
16. After May 2020, the Respondent practiced as a sole practitioner through David L. Schaefer Law Corporation in Vernon, BC.

***Acting in a conflict of interest by providing legal services to RM in relation to a property when he had a personal and/or indirect financial interest in the property (Allegation 1)***

17. In 2007, the Respondent approached his long-time client RM and asked RM to purchase a local property that the Respondent himself wanted to purchase (“Lot 14”). The Respondent did not have the available funds to purchase Lot 14.
18. In the months before this, the Respondent had assisted RM with selling a business. The Respondent was aware that RM had funds available for investment. In fact, the Respondent had proposed other investment opportunities to RM before mentioning the possible purchase of Lot 14.
19. RM agreed to purchase Lot 14 for \$126,000. The Respondent planned to purchase Lot 14 from RM some time later when he could afford to do so. RM says that the Respondent agreed to pay him \$140,000 for Lot 14. This agreement was not committed to writing.
20. The Respondent acted for RM on his purchase of Lot 14 despite having a personal and direct or indirect financial interest in Lot 14.
21. RM did not have independent legal representation with respect to his purchase of Lot 14.
22. In the subsequent years, the Respondent paid the annual property taxes for Lot 14 but he was never able to complete the purchase.

***Making false or misleading representations to Canadian Western Trust with respect to a Mortgage on Lot 14 (Allegations 2(a), 2(b), 2(c))***

23. In April 2013, the Respondent approached Canadian Western Trust (“CWT”) to discuss lending \$80,000 to RM from his self-directed RRSP on terms and conditions that the Respondent could determine. A Mortgage would be secured against Lot 14.
24. The Respondent swore a declaration to CWT that he was “arm’s length” from RM for the purposes of the *Income Tax Act*. He also swore that he would not obtain any advantage from the Mortgage, other than allowed under the *Income Tax Act*. The Respondent represented to CWT that the mortgage was *bona fide*. These representations were false or misleading.

25. The Respondent and RM did not deal at “arm’s length”. The Mortgage did not reflect ordinary commercial dealings between parties acting in their own separate interests.
26. The Respondent obtained an advantage from the Mortgage, and it was not a *bona fide* mortgage.
27. In June 2013, the Respondent and RM entered into a Letter of Intent whereby they agreed that the Respondent would take \$80,000 out of his RRSP as a “loan” to RM. RM would keep \$40,000 and apply it towards the Respondent’s future purchase of Lot 14. RM would then immediately advance the other \$40,000 back to the Respondent. They agreed that the Respondent would pay all interest payments under the Mortgage and pay the property taxes on Lot 14.

***Acting in a conflict of interest by failing to ensure RM had independent legal representation; acting in a conflict of interest when he had his own interest in the Mortgage and/or Lot 14; borrowing some or all of the Mortgage funds back from RM (Allegations 3(a), 3(b), 3(c))***

28. In June 2013, the Respondent acted for RM with respect to the Mortgage, despite having a personal interest in Lot 14 and the Mortgage.
29. RM did not have independent legal representation with respect to the Mortgage.
30. In June 2013, CWT funded the Mortgage. The Respondent signed the trust cheque issuing \$80,000 to RM on account of the Mortgage. RM deposited the mortgage funds and then provided a cheque to the Respondent for \$40,000, which the Respondent cashed.

***Filing or causing to be filed a Form B with the Land Title Office that was false or misleading (Allegation 3(d))***

31. In June 2013, the Respondent caused a misleading Form B to be filed with the Land Title Office with respect to the Mortgage. The Form B listed RM as the borrower and set out that he would be paying 3% interest annually. This did not reflect the true state of affairs.
32. The Respondent knew or ought to have known that the Form B contained false or misleading information.

***Acting in a conflict of interest when he purchased Lot 14 from RM (Allegation 4)***

33. In 2015, the Respondent finally agreed that he would purchase Lot 14 from RM for \$65,000. The Respondent provided RM with \$25,000 towards the purchase sometime in 2015.
34. In June 2015, RM executed a Form A to convey Lot 14 to the Respondent for \$65,000. The Form A listed the value of the property as \$65,000. The BC Assessment value for Lot 14 in 2015 was \$130,000.
35. The Respondent obtained a benefit by purchasing Lot 14 from RM at a price lower than the 2007 purchase price and below the assessed value for 2015.
36. The Form A was not registered in the Land Title Office until September 29, 2017.
37. The BC Assessment value for Lot 14 for 2017 was \$152,000.
38. The Respondent performed legal services on his own purchase of Lot 14 from RM.
39. RM did not have independent legal representation for the sale of Lot 14 to the Respondent.
40. The Respondent failed to ensure that his purchase of Lot 14 from RM was fair and reasonable to RM.

***Marking false or misleading representations to CWT regarding payout of the Mortgage (Allegation 3(e))***

41. On October 26, 2021, the Respondent requested a payout statement for the Mortgage from CWT. The Respondent's letter to CWT stated he was acting on behalf of RM "in connection with the sale of the property".
42. The Respondent did not have instructions to act for RM and had not contacted him about repayment of the Mortgage.
43. On November 30, 2021, the Respondent sent CWT a payout statement with borrower details for RM.



44. On December 23, 2021, the Respondent paid \$87,666.91 into his RRSP account in payment of the Mortgage. The \$87,666.91 Mortgage repayment funds did not come from RM.
45. The Respondent represented to CWT that the repayment funds had come from RM when he knew or ought to have known that was false or misleading.
46. On December 23, 2021, CWT executed a release of Mortgage (the “Release”) and sent it to the Respondent by letter on December 30, 2021.
47. On January 5, 2022, the Respondent applied his digital signature to the Release, and filed the Release, or caused it to be filed, at the Kamloops Land Title Office.
48. Between October 1, 2021, and January 5, 2022, the Respondent did not contact RM about the repayment of the Mortgage.
49. On January 5, 2022, the Respondent transferred Lot 14 into joint tenancy with his new wife. The Form A listed the market value of Lot 14 as \$256,000.