THE LAW SOCIETY OF BRITISH COLUMBIA

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

AND

GREGORY G. DUREAULT

(a member of the Law Society of British Columbia)

RULE 3-7.1 CONSENT AGREEMENT SUMMARY

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1. On February 28, 2025, the Chair of the Discipline Committee approved a consent agreement proposal submitted by Gregory G. Dureault (the "Lawyer") under Rule 3-7.1 of the Law Society Rules ("Rules").

2. Under the proposal, the Lawyer admitted that he committed the following professional misconduct:

   (a) between approximately July 2016 and April 2017, in the course of undertaking actions in relation to three entities and three individuals, he permitted the use of his firm's trust accounts to receive and disburse funds (the "Transactions") and failed to do the following in relation to the Transactions:

      i. provide any or substantial legal services;

      ii. make reasonable inquiries regarding the source and nature of the funds that he deposited to and disbursed from trust; and

      iii. record the result of any inquiries made in respect of the circumstances.

   (b) between approximately April 2016 and March 2017, he acted as a director and shareholder of a company that was the major shareholder of a public company, during which time he failed to make reasonable or any inquiries into the conduct of three entities and four individuals, and the business and disclosure of the public company, in the face of suspicious circumstances.

   (c) he failed to comply with the client identification and verification requirements set out in the Law Society Rules (the "Rules").

(d) to being duped and that in hindsight he ought to have known that he may have been facilitating crime, dishonesty or fraud. This conduct was contrary to rules 3.2-7 and 3.2-8 of the *Code of Professional Conduct*; and

(e) he failed to make inquiries about why individuals who were not his clients were directing him to undertake the activities outlined above. The Lawyer simply undertook those activities in circumstances where he should have asked more questions about the purpose of the transactions, and turned his mind to who his client was in the circumstances.

3. Under the proposal, the Lawyer agreed to be suspended from the practice of law for a period of three months, to commence seven days after acceptance of the proposal.

4. In making its decision, the Chair of the Discipline Committee considered an Agreed Statement of Facts, a letter to the Chair of the Discipline Committee and the outcomes in prior and similar cases. The Chair also considered that the Lawyer did not have a prior professional conduct record. This consent agreement will now form part of the Lawyer's professional conduct record.

5. 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.

6. The admitted facts set out in the Agreed Statement of Facts have been summarized below.

Summary of Facts

Member Background

7. The Lawyer was called and admitted as a member of the Law Society of British Columbia in June of 1985.

8. Since May 7, 1992, the Lawyer has practised law as a sole practitioner. By 2008, the Lawyer largely ceased his private practice.

9. Since then, the Lawyer practiced as in-house counsel in a number of businesses. The Lawyer also provided legal services to a few individual clients. His area of practice was primarily general corporate work, with some real estate, civil litigation and wills and estates matters.

10. Between November 28, 2014 and November 9, 2017, the Lawyer acted as in-house counsel to QMI. In 2016 and 2017, he was also one of five managing partners of Company BNL, a Nevada limited liability company.

11. The Law Society commenced an investigation following a referral from RCMP in February 2020.

12. The Lawyer has no prior disciplinary history in British Columbia or any other jurisdiction.

The Lawyer's Involvement in Company BLT

13. Beginning in 2010, the Lawyer was one of the managing partners of Company BNL.

14. In April 2016, the Lawyer engaged with AB and his brother BC, the principals of what was then Company NA, a reporting US issuer that later changed its name to Company BLT in November 2016. It was a potential bingo technology and business undertaking. BC caused Company BLT to issue 50M restricted common shares of Company BLT in exchange for use of Company BNL's proprietary software and QMI's gaming lottery kiosks for use in US casinos.

15. In July 2016 Company NA, later Company BLT, had committed to engage US gaming executives DM as director and CEO, and RH as director and Vice President. On March 14, 2017, DM became a director and officer of Company BLT, followed by RH on March 22, 2017, until their resignations were announced on May 2, 2017.

16. In 2016 and 2017, the Lawyer was a director and shareholder of Company BNT. He had held voting and investment control of Company BNT since 2005. The Lawyer stated that as of April 2016, Company BNT was intended to be a holding company for the benefit of DM, RH, and others involved in Company BNL and QMI, related to the restricted common shares in Company BLT and the preferred shares that were issued later.

17. The 50M common shares issued to Company BNT represented 95% of the voting control of Company BLT at that time. However, there was a purported debt owing by Company BLT to Company LRH of approximately $350,000, which could be converted into more than 350M shares of Company BLT. CD had voting and investment control over Company LRH. DE was also a director of Company LRH. The Lawyer was aware of CD's and DE's involvement in Company LRH.

18. In about June 2016, Company LRH sold $469,370 in convertible debt to Company RCC, a company whose beneficial owner resided in Belize. This convertible debt could be converted into 469,370,000 common shares of Company BLT. The Lawyer says he is unaware how the convertible debt grew from approximately $350,000 to approximately

$469,000 (with the concomitant increase in shares the debt could be converted into), nor how Company LRH's convertible debt arose in the first place or any due diligence inquiries he made in that respect.

19. In July 2016, the Lawyer created a client trust ledger for Company BNL even though he was the managing partner of Company BNL, and received $25,000 from CD, which funds were disbursed shortly after receipt. The Lawyer says these funds were intended to pay for meeting and consulting expenses payable to RH (the prospective director and VP of Company NA, later Company BLT). He was under the honest but mistaken belief that these funds could constitute fiduciary property, referring to other funds for which a lawyer holds responsibility in a representative capacity or as a trustee that could be placed in a trust account under the previous exception described in Rule 3-55(6). This exception was enacted in June 2016, and repealed in July 2019 (**"Fiduciary Property"**).

20. On July 15, 2016, the Lawyer disbursed $6,648 to RH and transferred $2,922 in payment of his account, which he recorded as "expense recovery to Greg Dureault on Disbursement Accounts Rendered". The account the Lawyer rendered was issued to AB, Company AS and related to out-of-pocket expenses regarding 'Bingo Nation Whistler Meeting'.

21. Theses expenses had no connection to the provision of legal services.

22. The Lawyer then opened a U.S. client trust ledger for Company BNL, again notwithstanding he was the managing partner of Company BNL, and, on July 19, 2016, he received US$50,000 by wire transfer from Company AS. The transfer came from a bank in Saint Lucia and was specified to be for "legal services", and Company AS was listed as having an address in Poland. The Lawyer was again under the honest but mistaken belief that these funds could constitute Fiduciary Property.

23. The Lawyer says AB informed him that the source of these funds was CD and DE, which explanation he accepted without further inquiry. The Lawyer admits he did not provide any legal services in respect of these funds, but says he was holding them as a "fiduciary" to pay RH's and DM's consulting fees and expenses. The Lawyer admits he took instructions from AB despite his assertion that DE was his client.

24. On July 20, 2016, the Lawyer transferred CA$9,750.00 from the USD trust account without obtaining written authorization to support the trust transfer. The Lawyer issued a trust cheque (#1847) to Company LHI on July 16, 2016, which the Lawyer says was to reimburse CD. The reimbursements were not related to the provision of legal services.

25. The Lawyer also received a further US$50,000 in March 2017 from Company GHL, a company domiciled in the Marshall Islands. The funds came from a bank in Switzerland.

The Lawyer says this transfer was organized by AB, and he did not make further inquiries as to the source of the funds. The Lawyer admits he took instructions from AB notwithstanding that his client was DE.

26. In total, the Lawyer withdrew US$75,708.28 from trust to pay DM, RH and CD. These monies did not relate to the provision of legal services.

27. The Lawyer also withdrew a total of CA$21,071.16 to pay for his out-of-pocket expenses, which related to trips to Las Vegas and Whistler connected to Company BNL's business, and to him personally funding payments to RH. These withdrawals did not relate to the provision of legal services.

28. Between July 19, 2016 and April 24, 2017, the Lawyer received and disbursed a total of $100,000 through his US trust account for Company BNL (a total of 31 Transactions, collectively, the "**BNL Trust Transactions**"). The Lawyer (a) did not make inquiries as to the source of the funds for the BNL Trust Transactions (other than to attend Scotiabank to obtain written wire transfer details for two wire transfers received and accept that CD, DE and AB organized them), (b) accepted instructions from CD and AB notwithstanding that they were not his clients, and (c) did not provide legal services in respect of the BNL Trust Transactions. The Lawyer did not receive written authorizations for any of these transactions until April 2017. The Lawyer was under the honest but mistaken belief that the BNL Trust Transaction could constitute the receipt and disbursement of Fiduciary Property. The Lawyer disbursed payments through his trust account instead of opening a separate bank account for Company BNL to handle these payments directly. He was not a signatory on an existing bank account held by Company BNL in Las Vegas, which was managed by a former salesman for QMI who lived in Las Vegas. The Lawyer admits this was not a valid reason to have run expenses through his trust account.

29. In or about September 2016, the Lawyer learned of the sale of Company LRH's debt to Company RCC.

30. In October 2016, the Lawyer executed a shareholder's resolution of Company NA dated July 1, 2016, purporting to approve the name change from Company NA to Company BLT in his capacity as director of Company BNT. The Lawyer also provided to AB an irrevocable stock power of attorney to transfer 50M shares of Company NA. The stock power of attorney was signed by the Lawyer as President of Company BNT, and his signature was guaranteed by a branch manager of the Bank of Nova Scotia.

31. On October 11, 2016, Company BNT converted 25M common shares to 5M preferred shares.

32. In April 2017, the Lawyer learned from EF, a U.S. lawyer who acted for Company NA, about the sale by Company RCC of its convertible debt to five other offshore entities located in Hong Kong, the Seychelles and Saint Kitts and Nevis. These entities then converted their debt into shares of Company BLT.

33. On March 6, 2017, BC, the sole director and officer of Company BLT at the time, filed a Form 8-K announcing the sale of convertible debt and subsequent share issuance to the offshore entities.

34. The Lawyer received a copy of the Form 8-K prior to its filing, but did not make further inquiries of EF until April 13, 2017, after the SEC's temporary suspension order.

35. On July 21, 2020, the SEC ordered that the registration of all classes of the registered securities of Company BLT be revoked.

The Trust Transactions Involving Company MCI and DE

36. In or around October 2016, the Lawyer was retained by Company MCI and DE. DE is the president of Company MCI. The Lawyer describes DE as his client in the transactions described below. His retainer was limited to facilitating financial transactions for Company WB, who was not a client. The Lawyer says he believed DE had an equity position in Company WB but took no steps to confirm if that was true.

37. On October 4, 2016, the Lawyer received a wire transfer from a Citibank account in California for US$100,000 from Company WB, which was specified to be for a legal retainer. The Lawyer made no inquiries about the source of the funds other than to attend Scotiabank to obtain written wire transfer details. The Lawyer did not record the source and form of these funds in his trust account records, contrary to Rule 3-68(a)(ii).

38. The Lawyer did not take steps to identify or verify DE, Company MCI or Company WB contrary to Rules 3-100, 3-102 and 3-107. The Lawyer knew DE personally.

39. On October 7, 13 and 26, 2016, the Lawyer disbursed these funds to Company RTT (US$50,000) and BH (US$20,000) and transferred the remaining funds (US$30,000) to his Canadian trust account. He did so on the instructions of DE.

40. The Lawyer says he believed he was acting as a "trustee" for DE in carrying out these transactions. There is no trust or other agreement documenting the Lawyer's position as "trustee". The Lawyer admits he was not aware of the nature of these funds, but accepted DE's instructions that he wanted to use the funds to obtain what were described as a "general release" for Company WB and to make a personal loan to FG. The Lawyer denies that Company WB was ever a client.

41. Despite this denial, the Lawyer prepared two general releases in Company WB's name and a credit agreement, promissory note and personal guarantee, all on DE's instructions. The releases were unilateral contracts. The Lawyer says he believed he was sending funds to people who were investors in Company LRH or who were involved as part of the convertible debentures. There is no documentation in support of that belief. The Lawyer did not inquire as to the purpose of the releases and loan to FG, or what they concerned, but said FG and DE agreed to a loan of $30,000 with the stated interest (5% per annum) in his presence in mid-September 2016. AB and CD were also present at the meeting. The Lawyer witnessed FG (for FG Holdings Ltd.) and AB (purportedly for Company WB) sign the loan documents in October 2016.

42. The Lawyer did not take steps to inquire into the source of funds transferred by Company WB. He took no steps to verify the identities of FG, FG Holdings Ltd., AB, Company WB or DE, and he also acted on the instructions of individuals other than DE despite saying DE was his client. The Lawyer says he believed FG Holdings Ltd. to be the alter ego of FG and admits, to his knowledge, neither had any business operations.

43. FG Holdings Ltd. was dissolved for failure to file annual reports on April 22, 2013. The Lawyer did not conduct any due diligence into FG Holdings Ltd.

44. The Lawyer delivered the release to BH in person, in the presence of CD, at the Surrey Golf Club, on the instructions of AB (despite AB not being his client). He handed BH the $25,000 bank draft in exchange for the release.

45. After the Lawyer transferred the US$30,000 to his Canadian trust account he then purchased a bank draft for CA$32,000 payable to FG Holdings Ltd. and the funds were withdrawn from trust. The credit agreement the Lawyer prepared between Company WB and FG Holdings Ltd. did not include a principal amount. The Lawyer also prepared a promissory note for CA$32,000 by which FG Holdings Ltd. agreed to repay Company WB the loan amount plus interest.

46. In January 2019, the RCMP advised the Lawyer of its joint investigation with the FBI into Company WB and possible money laundering through his firm's trust account but misidentified a transaction for US$228,228 on November 17, 2016, involving a Belize company called MCI and a specified Bank of Montreal account. The Lawyer only had accounts with Scotiabank.

47. However, a different transaction did occur related to DE's and Company MCI's retainer of the Lawyer around November 2016 for the purpose of receiving funds from Company WB. On November 8, 2016, the Lawyer received a wire transfer of US$225,000 from a California Citibank account from Company WB, which was described as '[JU] property

purchase 07 Nov 16'. The Lawyer made no inquiries about the source of the funds other than to attend Scotiabank to obtain wire transfer details.

48. On November 25, 2016, the Lawyer withdrew the US$225,000 from the US pooled trust account and deposited the equivalent of CA$301,162.50 to the Canadian pooled trust account. Acting on the instructions of DE, the Lawyer then transferred the entire amount, other than $15,000 which he transferred to his account in payment of his fees, to a trust ledger for Company MCI and in turn transferred $255,000 out of the account through 12 file-to-file transfers to five separate trust ledgers (DE, JU, MA and MI (collectively, the "**DE Family**"). The Lawyer was under the honest but mistaken belief that the funds constituted Fiduciary Property.

49. Between November 30, 2016 and December 29, 2016, the Lawyer withdrew a total of $311,091.00 from trust and the disbursements were recorded in four separate trust ledgers (the "**DE Trust Transactions**"). The transactions included funds the Lawyer withdrew from trust to pay for MI's university tuition ($5,543.42) and to purchase jewelry for MA (a total of $9,610).

50. The Lawyer did not make inquiries of the purpose of these transactions other than the $239,000 transferred to JU, which was used to facilitate the purchase of a condominium (which the Lawyer assisted with). The Lawyer did not provide legal services in respect of the trust transactions, but says he was acting a "trustee in a notional sense" in respect of those funds.

51. The $15,000 the Lawyer billed Company MCI for, and which the Lawyer withdrew from trust, concerned reimbursement of travel expenses to Poland to present lottery technology materials. These activities were not legal services.

52. On December 29, 2016, the Lawyer deposited the remaining balance in the trust account into Company MCI's bank account ($31,162.50). There are no documents to support this trust withdrawal other than the Lawyer's trust cheque.

53. On December 29, 2016, the Lawyer withdrew the unexpended balance of $390.00 (cheque #1871) to pay an account. On December 30, 2016, the Lawyer billed DE (#301216) a total of $390.00 for legal services. The unsigned document indicated '*the balance as miscellaneous fees for bank charges, administration, and a standing in line at the bank for hours fee*'.

54. The Lawyer did not identify or verify any of the DE Family at the material time, contrary to Rules 3-100, 3-102, 3-105 and 3-107.

Mitigating Factors

55. The Lawyer has made admissions regarding the misconduct in issue and has, through his legal counsel, cooperated with discipline counsel in a timely way to propose a resolution by consent pursuant to R. 3-7.1.

56. The Lawyer is remorseful. He now understands that his decision to accept the Trust Payments was wrong and not in compliance with the Rules. He understands the seriousness and gravity of the misuse of a lawyer's trust account generally and of his misconduct as outlined above.

57. Subsequent to the audit leading to this Agreed Statement of Facts, the Lawyer and Firm have ceased operating a trust account and have undertaken not to operate a trust account in the future. The Lawyer closed the US trust account in April 2017, and the Canadian trust account on March 31, 2023.

58. The Lawyer cooperated appropriately with RCMP in their investigation, consistent with his professional obligations to his clients(s).