Federation of Law Societies of Canada | Fédération des ordres professionnels de juristes du Canada

Federation of Law Societies of Canada

Effectiveness of Law Society Regulation Relating to Anti-Money Laundering and Counter Terrorist Financing

Response to the Financial Action Task Force (FATF) 5th Round Mutual Evaluation of Canada's Effectiveness with the FATF Recommendations

Ottawa, July 3, 2025

**This document has been prepared exclusively by the Federation of Law Societies of Canada in anticipation of the mutual evaluation of Canada's anti-money laundering framework by the Financial Action Task Force. Its contents have not been prepared or endorsed by the Government of Canada.*

Table of Contents

LIST OF ABBREVIATIONS **4**

EXECUTIVE SUMMARY **5**

1. BACKGROUND AND CONTEXT **7**

A) CONSTITUTIONAL FRAMEWORK AND AML/CTF REGULATION 8
B) LAW SOCIETY MANDATE 8
C) MODEL RULES AND COLLABORATION 9
D) MODEL CODE OF PROFESSIONAL CONDUCT 10

2. SOLICITOR-CLIENT PRIVILEGE: A BEDROCK CONSTITUTIONAL PRINCIPLE **12**

3. SUPERVISORY AND DISCIPLINARY POWERS OF LAW SOCIETIES. **14**

A) INVESTIGATIVE POWERS 14

4. FATF IMMEDIATE OUTCOME 4 (IO4) **15**

4.1. HOW WELL DO LICENSING, REGISTRATION OR OTHER CONTROLS IMPLEMENTED BY SUPERVISORS OR OTHER AUTHORITIES PREVENT CRIMINALS AND THEIR ASSOCIATES FROM HOLDING, OR BEING THE BENEFICIAL OWNER OF A SIGNIFICANT OR CONTROLLING INTEREST OR HOLDING A MANAGEMENT FUNCTION IN DNFBPS? HOW WELL ARE BREACHES OF SUCH LICENSING OR REGISTRATION REQUIREMENTS DETECTED AND ADDRESSED AS APPROPRIATE? **16**

A) LICENSING AND ADMISSION 16
Good Character, "fit and proper" tests, and other measures *16*
National Committee on Accreditation *18*
Revocation of License *18*
Law Society of British Columbia vs. Ronald Norman Pelletier, 2023 LSBC 03R 19
Law Society of Ontario v. David Timothy Starr (2024 ONLSTH 133) 20
Oath and Duty to the Court *20*
Controlling Interest in Legal Practice *21*
B) UNLICENSED LEGAL SERVICE PROVIDERS 23
Law Societies' Powers *23*
In Focus: Law Society of Ontario 24
Courts' Powers *25*

4.2. HOW WELL DO SUPERVISORS IDENTIFY, UNDERSTAND, AND PROMOTE REGULATED ENTITIES UNDERSTANDING OF ML/TF RISKS AND AML/CTF REQUIREMENTS? **25**

A) EDUCATION 25
For law society staff *26*
For legal professionals *27*
B) GUIDANCE 28
C) RISK ASSESSMENTS AND ADVISORIES 29

D) INFORMATION SHARING AMONG LAW SOCIETIES 30
Investigations and Sanctions *30*
Counterpart Groups *30*
E) INFORMATION SHARING WITH EXTERNAL ENTITIES 31
F) PRACTICE MANAGEMENT/ADVISORY 32
In-focus – Law Society of British Columbia Practice Advisory Services *34*

4.3. HOW WELL DO DNFBPS UNDERSTAND THE NATURE OF THE LEVEL OF THEIR ML/TF RISKS? 35

A) TRUST ACCOUNTS 35
In Focus: Operating a Trust Account in Québec *35*
In Focus: Operating a Trust Account in Alberta *36*
B) REGION SPECIFIC RISK INFORMATION 37
British Columbia *37*
Ontario *37*
C) OUTREACH TO SPECIFIC LAW SOCIETIES 38

4.4. HOW WELL DO DNFBPS UNDERSTAND AND APPLY AML/CTF OBLIGATIONS AND MITIGATING MEASURES APPROPRIATE TO THEIR BUSINESS ACTIVITIES? 39

A) CLIENT DUE DILIGENCE MEASURES 39
Beneficial Ownership *40*
Ongoing Monitoring *40*
In Focus: Administrative Penalties in British Columbia *41*
B) ENHANCED OR SPECIFIC MEASURES FOR PEPS, NEW TECHNOLOGIES, HIGH-RISK COUNTRIES 42
Politically Exposed Persons *42*
New Technologies *42*
High-Risk Countries *43*
C) INTERNAL CONTROL AND PROCEDURES AND AUDIT REQUIREMENTS 44
D) LEGAL AND REGULATORY REQUIREMENTS 45

4.5 WITH A VIEW TO MITIGATING THE RISKS, HOW WELL DO SUPERVISORS, MONITOR AND/OR SUPERVISE THE EXTENT TO WHICH DNFBPS (INCLUDING AT GROUP LEVEL WHERE APPLICABLE), ARE COMPLYING WITH THEIR AML/CTF REQUIREMENTS? 46

A) AUDIT AND COMPLIANCE PROGRAMS 46
In Focus: Law Society of Ontario Spot Audits *48*
In Focus: Law Society of British Columbia Compliance Audits *49*
B) DISCIPLINARY POWERS AND SANCTIONS 50

4.6 TO WHAT EXTENT HAS MONITORING AND/OR SUPERVISION, INCLUDING, PROVIDING OUTREACH, TRAINING AND APPLYING REMEDIAL ACTIONS AND/OR EFFECTIVE, PROPORTIONATE AND DISSUASIVE SANCTIONS WHERE APPROPRIATE, HAD A DEMONSTRABLE POSITIVE IMPACT ON COMPLIANCE BY DNFBPS? 51

A) NATIONAL DISCIPLINE STANDARDS 51
B) CASES, AUDITS, SANCTIONS 52
C) EDUCATION AND GUIDANCE 53

CONCLUSION 53

TABLE 4.1.1 – LAW SOCIETY LICENSING REQUIREMENTS 54

TABLE 4.1.2 – LIMITATIONS ON CONTROLLING INTERESTS IN LEGAL PRACTICE 66

TABLE 4.1.3 - NUMBER OF LAWYERS, PARALEGALS, CIVIL LAW NOTARIES, AND LAW FIRMS IN CANADA 72

TABLE 4.2.1 – EDUCATION INITIATIVES AND GUIDANCE TO THE PROFESSION 74

TABLE 4.5.1 – AUDIT PROGRAMS 87

TABLE 4.5.2 – DISCIPLINE OUTCOMES (CASES) 103

TABLE 4.5.3 - STATISTICS ON SUSPENSIONS, REVOCATIONS, LIMITATIONS ON TRUST ACCOUNTS 130

LIST OF ABBREVIATIONS

Abbreviation	Description
AML/CTF	Anti-Money Laundering and Counter Terrorist Financing
AMLTF	Anti-Money Laundering and Terrorist Financing
CDD	Client Due Diligence
CIV	Client Identification and Verification
Code, Model Code, Code of Professional Conduct	Model Code of Professional Conduct
CPLED	Canadian Centre for Professional Legal Education
DAC	Discipline Administrators Committee
DNFBPs	Designated non-financial businesses and professionals
FATF	Financial Action Task Force
Federation	Federation of Law Societies of Canada
FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
iO4	Immediate outcome 4
LESA	Legal Education Society of Alberta
MDP	Multi-disciplinary practice
ML/TF	Money Laundering/Terrorist Financing
Model CIV Rule	Model Client Identification and Verification Rule
MOU	Memorandum of Understanding
NCA	National Committee on Accreditation
NDS	National Discipline Standards
PCMLTFA	*Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
PEP	Politically Exposed Person(s)
RCMP	Royal Canadian Mounted Police
SCC	Supreme Court of Canada
TAG	Trust Assurance Group

EXECUTIVE SUMMARY

This document outlines the effectiveness of law society regulation in Canada vis-a-vis anti-money laundering and counter terrorist financing (AML/CTF), specifically as measured against the Financial Action Task Force's methodology on effectiveness and *Immediate Outcome 4.* The Federation of Law Societies of Canada (the Federation), as the national association of Canada's 14 provincial and territorial law societies, demonstrates how the implementation of the robust regulatory framework through the use of compliance audits, disciplinary sanctions, oversight procedures, and preventative practice advisory services and education ensures adherence with AML/CTF obligations. Crucially, law society regulation achieves this while respecting constitutional principles such as solicitor-client privilege and the independence of the legal profession.

Key Highlights:

1. **Regulatory Framework and Oversight**:

    - Canadian law societies are self-regulatory bodies established by provincial/territorial statutes, tasked with licensing, setting admission standards, monitoring, and disciplining legal professionals.

    - The Federation's Model Rules and Model Code of Professional Conduct provide detailed obligations on the use of trust accounts, conducting client due diligence via identification and verification procedures, limitations on the use of cash, and the overarching principle that legal professionals do not assist in dishonesty, fraud, or criminal activity. Implemented across Canada, the rules and the Code provide a harmonized approach to AML/CTF regulation, ensuring consistency and effectiveness.

    - The Supreme Court of Canada[1] has affirmed that solicitor-client privilege is a bedrock constitutional principle and a cornerstone of justice, ensuring that legal professionals can maintain client confidentiality without government interference. Law societies are unique among regulators, with the authority to oversee AML compliance while respecting constitutional principles.

2. **Licensing and Admission Controls**:

    - Stringent licensing processes, including education requirements, bar admission exams, and fit to practice assessments, prevent criminals from becoming licensed to practise law in Canada.

    - Law societies also enforce strict ownership rules, limiting non-legal professionals from holding controlling interests in legal practices.

[1] *Canada (Attorney General) v. Federation of Law Societies of Canada*, 2015 SCC 7, [2015] 1 SCR 401; Canada *(National Revenue) v. Thompson*, 2016 SCC 21, [2016] 1 S.C.R. 381; *Maranda v Richer*, [2003] S.C.C. 67.; *Stevens v. Canada (Prime Minister) (C.A.)*, 1998 CanLII 9075 (FCA), [1998] 4 FC 89; *Descoteaux et al. v Mierzwinski*, [1982] 1 S.C.R. 860.; *Lavallee, Rackel & Heintz v. Canada (Attorney General)* 2002 SCC 61, *Canada (Attorney General) v. Chambre des notaires du Québec*, [2016] 1 SCR 336.

3. **AML/CTF Education and Guidance**:
    - Comprehensive educational initiatives, such as the Federation's online AML/CTF training modules, equip legal professionals with the knowledge to identify and mitigate money laundering risks.
    - Detailed guidance documents and risk advisories address specific vulnerabilities, such as trust account misuse, real estate transactions, and dealings with politically exposed persons (PEPs).
4. **Monitoring and Compliance**:
    - Law societies conduct regular compliance audits, spot checks, and require legal professionals to submit annual reports to ensure adherence to AML/CTF rules.
    - Advanced risk-based auditing approaches focus on high-risk transactions and practices.
5. **Disciplinary Measures and Enforcement**:
    - Law societies have broad investigative powers, including the ability to compel the production of privileged information (while maintaining the privilege), ensuring effective oversight.
    - Disciplinary actions, including license revocations, fines, and suspensions, are imposed for breaches of AML/CTF rules, with notable cases (see Table 4.5.2) demonstrating the effectiveness of these measures.
6. **Collaboration and Information Sharing**:
    - The Federation's Standing Committee on AML/CTF fosters collaboration among law societies, ensuring a unified approach to regulation.
    - Partnerships with external entities, including the government of Canada, enhance information sharing, and enforcement capabilities.

Through the Federation, Canada's law societies have established an effective regulatory framework that largely aligns with FATF's iO4 criteria. This framework not only safeguards public trust but also upholds the constitutional principles fundamental to Canada's legal system.

1. Background and Context

1. As per the Canadian constitution, legal professionals in Canada are regulated at the sub-national level (provincial/territorial). The law societies are created by provincial or territorial statute, derive their powers from legislation, and are the **self-regulatory bodies** responsible for anti-money laundering and counter terrorist financing ("AML/CTF") regulation of the legal profession. There are 14 provincial/territorial law societies in Canada. Within the meaning set out in the FATF methodology, the law societies are the "**competent authority**" with AML/CTF supervisory and monitoring responsibilities in respect to legal professionals.

2. Law societies are responsible for licensing and admission to the profession, providing education and guidance to legal professionals on their AML/CTF obligations, monitoring for compliance and investigating potential misconduct, performing compliance audits including of trust accounts and AML/CTF related obligations, imposing discipline via a myriad of possible sanctions, and sharing information and collaborating to continually improve regulation.

3. The Federation of Law Societies of Canada ("the Federation") is the national association of the 14 law societies that regulate the legal profession in Canada. The law societies are statutorily charged with the responsibility for regulating more than 141,000 lawyers, 3,846 notaries in Quebec and Ontario's approximately 11,000 licensed paralegals, in the public interest. An important role of the Federation is to express the views of the governing bodies of the legal profession on national and international issues relating to the administration of justice and the rule of law.

4. The existence of law societies as regulators of the legal profession in Canada has deep historical roots, tied to the development of the legal system and the need to ensure public trust, professional standards, and independence in the legal profession. The legal profession was granted self-regulation to ensure its independence from government interference. This independence is critical for lawyers to advocate for their clients without fear of political or external pressures. Law societies were created to act as independent bodies that could regulate lawyers in the public interest, rather than serving the interests of the government or the profession itself.

5. Importantly, law societies in Canada are not the representative bodies of the profession and therefore are not to be confused with an industry association. A separate regulatory body helps safeguard the independence of the legal profession from external influences. This independence is essential for upholding the rule of law and ensuring that lawyers can act in the best interests of their clients and the justice system. As such, the law societies' primary focus is on ensuring that lawyers are competent, ethical, and accountable to the public.

6. By setting standards for education, licensing, and discipline, law societies ensure that lawyers meet the necessary qualifications and adhere to ethical rules. This regulatory framework helps maintain public confidence in the legal system.

7. All 14 law societies are governed by a board or council that includes both elected lawyers and appointed representatives who are not lawyers.[2] This governance structure is designed to ensure that the regulation of the legal profession is balanced, transparent, and accountable to the public.

a) Constitutional Framework and AML/CTF Regulation

8. The Federation recognizes the importance of the objectives of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA"). Initiatives to fight financial crime, which include fulfillment of Canada's commitments internationally as a result of its membership in the Financial Action Task Force ("FATF"), must respect the framework of the values and constitutional principles on which Canadian society rests. This includes the rule of law, and within that, the right of individuals to an independent judiciary and independent legal counsel.

9. In 2015 the Supreme Court of Canada recognized that the provisions in the PCMLTFA requiring legal counsel to collect and retain information not required for client representation, expansive powers to search law offices, and inadequate protection for solicitor-client privilege violated provisions of the Canadian Charter of Rights and Freedoms and undermined the ability of lawyers and Quebec notaries to comply with their duty of commitment to the client's cause, a principle of fundamental justice.[3] As such, the Supreme Court of Canada cemented the constitutional protections of solicitor-client privilege and independence of the legal profession as principles of fundamental justice, which must be considered when approaching the regulation of the legal profession to tackle money-laundering and terrorist financing ("ML/TF").

b) Law Society Mandate

10. The mandate of all Canadian law societies is to protect the public interest, including by ensuring the public is served by competent and ethical legal professionals. The law societies determine the requirements for admission to the profession, set the standards of professional conduct that legal professionals must comply with, educate and provide guidance to promote compliance, proactively audit legal professionals, including their trust accounts, to monitor compliance, and conduct robust investigations with effective disciplinary outcomes. In fulfilling their public interest mandate, the law societies in Canada are leaders among regulators, with high standards of professional conduct for their legal professionals and extensive powers to investigate and discipline legal professionals' misconduct. In addition, law societies have powers to require legal professionals to successfully complete training on AML/CTF. They may suspend or restrict a legal professional's practice until such training is duly completed.

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[2] The Law Society of Ontario also has elected paralegals on its board. https://lso.ca/about-lso/governance/benchers

[3] *Canada (Attorney General) v. Federation of Law Societies of Canada*, [2015] 1 SCR 401, 2015 SCC 7.

c) *Model Rules and Collaboration*

11. Consistent with their public interest mandate, the law societies, acting through the Federation, have developed comprehensive AML/CTF rules that respect fundamental constitutional principles, including the independence of legal regulation. The Model Rules, together with the Model Code of Professional Conduct, set a standard for AML/CTF regulation of the legal profession across Canada.

12. The law societies collaborate in a myriad of ways, including through the Federation's Standing Committee on AML/CTF to ensure a robust, consistent, effective and proportionate regulatory regime to address money laundering and related risks arising in the practice of law and the provision of legal services. Pursuant to its terms of reference, in carrying out its mandate, the Standing Committee must:

    (a) Periodically review the existing anti-money laundering and terrorist financing model rules to determine whether amendments or new rules are required taking into consideration any significant national or international developments, including amendments to the federal anti-money laundering and terrorist financing regime.

    (b) Develop guidance and educational materials to support compliance with the obligations under the rules.

    (c) Identify best practices for effective enforcement of the rules.

    (d) In collaboration with the Standing Committee on National Discipline Standards, develop standards for monitoring enforcement of the Model Rules, including tracking and reporting of breaches and regulatory outcomes.

13. One of the aims of the Federation's Standing Committee on AML/CTF is to ensure harmonization in the approach to AML/CTF regulation across the 14 law societies. The standing committee also includes sub-groups on education and rules to ensure AML/CTF regulation remains up to date and the profession understands the money-laundering and terrorist financing risks they face and the rules they are subject to.

14. The law societies in Canada recognize that the nature of legal practice makes legal professionals at risk of being targeted by criminals seeking to commit offences and launder the proceeds of crime. The clear standards of conduct set by the law societies, enshrined in Codes of Professional Conduct, supplemented by robust AML/CTF rules, mitigate against these risks. Central to this regulatory framework is the overarching principle that lawyers are officers of the court and must be on guard against assisting or encouraging any dishonesty, fraud, crime, or illegal conduct. This principle mandates that legal professionals must exercise due diligence in identifying and mitigating risks of involvement in illegal activities. They have a duty to make reasonable inquiries in the face of suspicious circumstances to objectively satisfy themselves that they are not facilitating any dishonest or illegal conduct, including money laundering. When not objectively satisfied of the legitimacy of the matter, the legal professional must withdraw from the client's matter. Law societies have the authority to take disciplinary action when legal professionals fail to make appropriate inquiries. For example, in *Law Society of British Columbia* v. *Guo,* 2023 LSBC 28, the hearing panel stated, in part, at para. 170:

"The Respondent had a duty to investigate the circumstances of a retainer where there were objective circumstances to suspect the purpose of the retainer was not completely legitimate. As stated in *Huculak*, at para. 107 and 108:

> As established in *Elias v. Law Society of British Columbia*, 1996 BCCA 1359 and confirmed in *Law Society of BC v. Gurney*, 2017 LSBC 15, a lawyer's duty to investigate the circumstances of their retainer arises when there is objective reason to suspect that the purposes of the retainer are not completely legitimate. The duty to make reasonable inquiries into objectively suspicious circumstances has been mandated by the Rules — and therefore known to BC lawyers — for more than a quarter century. It long predates the Law Society's heightened anti-money laundering measures of the past decade. The Respondent is incorrect in asserting that "hardly anyone was concerned about money laundering and proceeds of crime" when the Transactions took place."

15. Importantly, the above-mentioned case also stated that the respondent was "ungovernable", highlighting the importance of certain behavioural expectations that are required to be a licensed legal professional in Canada.

16. Law societies ensure that legal professionals maintain the highest standards of integrity and ethical conduct, thereby reinforcing public trust in the legal profession and protecting the public from harm. This regulatory vigilance not only protects the public but also safeguards the profession's reputation in the eyes of the public, ensuring that legal professionals contribute positively to the administration of justice and uphold the rule of law. Through continuous education, rigorous monitoring and enforcement of professional standards, including effective disciplinary actions and proactive guidance, law societies in Canada regulate the legal profession to effectively mitigate against the risk of the misuse of legal services for illicit purposes, including money laundering and terrorist financing.

d) Model Code of Professional Conduct

17. The Model Code of Professional Conduct ("Model Code") developed by the Federation assists with ensuring these overarching ethical duties are in place in each jurisdiction in Canada. The Model Code (as adopted by the law societies) sets out the expected standards of conduct for legal professionals and a breach of the Model Code may support disciplinary action by a law society. Rules 3.2-7 and 3.2-8 and its commentaries specifically speak to the principle that legal professionals serve the public interest and must not knowingly assist in or encourage dishonesty, fraud, crime or illegal conduct. This applies whether the legal professional has actual knowledge or is willfully blind or reckless. Fulfilling this duty requires legal professionals to exercise due diligence and make the necessary inquiries about the client and their legal matter. Legal professionals have a duty to make inquiries in the face of suspicious circumstances and must objectively satisfy themselves of the legitimacy of the matter prior to proceeding. Legal professionals must withdraw if a client instructs them to act contrary to professional ethics. These provisions of the Model Code have been adopted and implemented in every law society across Canada.

18. As noted above, in addition to the standards of conduct set out in the Model Code, the Federation has developed Model Rules that further address the risks of money laundering and terrorist financing in the practice of law. The Model Rules include client identification and verification requirements, cash transaction rules, and restrictions on use of a legal professional's trust account. Each law society has incorporated these AML/CTF Model Rules into its rules/by-laws that govern the conduct of legal professionals in their respective jurisdiction. These rules/by-laws have the power of regulations under each law society's enabling statutes (i.e., the legislation that establishes the law societies and gives them powers to regulate).

19. The Model Rule in respect of the proper use of trust accounts reflects the long-standing obligations of legal professionals and the recognition by the Federation and the law societies of the unique vulnerabilities associated with trust accounts. In *Law Society of BC* v. *Gurney,* 2017 LSBC 15, the hearing panel stated, in part, as follows regarding a legal professional's duties with respect to their use of a trust account (at para. 79):

    …A lawyer's trust accounts are to be used for legitimate commercial purposes for which they are established, the completion of a transaction, where the lawyer plays the role of legal advisor *and* facilitator. They are not to be used as a convenient conduit…. a lawyer's trust account cannot be used only for the purpose of facilitating the completion of a transaction, but the lawyer must also play a role as a legal advisor with regard to the transaction. This is the requirement to provide legal services.

20. While lawyers in Canada are excluded from the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA"), the robustness of law society regulation and supervision of the profession, grounded in law, establishes a regulatory framework that often exceeds that of the federal framework under the PCMLTFA.

21. The Honourable Justice Austin Cullen who led the *Commission of Inquiry into Money Laundering in British Columbia* commented in his final report on the effectiveness of law society regulation to counter money laundering in the legal profession. Recognizing that lawyers were not subject to the federal PCMLTFA, Justice Cullen stated:

    "Lawyers are subject to extensive anti–money laundering regulation by the Law Society, and that regulation has gone a long way to addressing many of the money laundering risks in this sector."[4]

22. Justice Cullen further expanded, referring to the risks of money-laundering faced by the legal profession:

    "While the foregoing risks are significant, the **Law Society has mitigated many of them through robust regulation**. Even though lawyers do not fall under the federal PCMLTFA regime, they do face **extensive regulation for money laundering by the Law Society**. This regulation goes a long way to addressing the exclusion of lawyers from the PCMLTFA regime[...]. The Law Society regulates all aspects of lawyers' practice, and **it has strong powers to investigate misconduct. It**

[4] Commission of Inquiry into Money Laundering in British Columbia – Final Report, June 2022 at p.23. [Cullen Commission]

can overcome legal privilege, compel answers and documents, and use search and seizure–type powers. When misconduct is found, the Law Society can impose sanctions ranging from reprimands or fines to suspension and disbarment."[5] [Emphasis added]

23. Indeed, the conclusions made by the Cullen Commission demonstrate the strength of the anti-money laundering regulatory environment under which legal professionals operate in Canada.

24. The robustness of this regulatory framework, combined with its implementation by the law societies demonstrates the effectiveness of law society regulation of AML/CTF in accordance with Immediate Outcome 4, as described in more detail below.

25. This document acknowledges that the FATF standards apply to legal professionals when they prepare for, or carry out, transactions for their client concerning the following activities:
    - buying and selling of real estate;
    - managing of client money, securities or other assets;
    - management of bank, savings or securities accounts;
    - organization of contributions for the creation, operation or management of companies;
    - creating, operating or management of legal persons or arrangements, and buying and selling of business entities.

26. With limited exceptions, legal professionals may only use their trust account if they are providing legal services in relation to the transaction.[6]

27. It should be noted that though the FATF requirements apply to a narrow subset of legal professional activity, in Canada any of the above-listed activities may still be subject to solicitor-client privilege. The expansive scope of privilege in Canada is one of the reasons why the Supreme Court of Canada affirmed in their 2015 decision that law societies are the most appropriate body to regulate the legal profession, including when it comes to AML/CTF.

2. Solicitor-Client Privilege: A Bedrock Constitutional Principle

28. Regulation of legal professionals in Canada is informed by the Canadian Constitution and its treatment of the principle of solicitor-client privilege. Solicitor-client privilege is a cornerstone of the lawyer-client relationship and has become a fundamental right of clients in Canada. Privilege allows lawyers and clients to communicate freely and candidly, with the expectation that these communications will remain private. This helps to ensure lawyers are fully informed and permits clients to disclose everything necessary in furtherance of their legal objectives. It is important to note the privilege belongs to the client and not the lawyer[7].

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[5] Cullen Commission Final Report, June 2022. At p.44.
[6] See Model Trust Accounting Rule.
[7] Law Society of Ontario - https://lso.ca/lawyers/practice-supports-and-resources/topics/the-lawyer-client-relationship/solicitor-client-privilege#:~:text=Solicitor%2Dclient%20privilege%20is%20a,subject%20to%20solicitor%2Dclient%20privilege.

29. Privilege is more narrowly defined than confidentiality. Where confidentiality covers the entire relationship with the client, solicitor-client privilege covers communications between the lawyer and client for the purpose of seeking or giving legal advice. The communication must be intended to be confidential and have occurred between the lawyer and client to be considered privileged.

30. Lawyers have a positive obligation to protect both clients' confidentiality and solicitor-client privilege. When receiving a demand for a clients' information from any third party, lawyers must determine if the information requested is confidential and/or subject to solicitor-client privilege. If a lawyer determines that requested information may be subject to privilege, they must also determine if the subject matter falls within any exception to solicitor-client privilege.

31. The Supreme Court of Canada has ruled in a number of cases that solicitor-privilege is almost absolute[8]. As mentioned previously, the Supreme Court of Canada also confirmed that solicitor-client privilege is a bedrock principle of fundamental justice in Canada[9]. There is, however, a limitation of privilege where a client seeks legal advice to facilitate the commission of a crime[10].

32. The courts have found that many records generated by lawyers are presumptively privileged:
    - Lawyer or law firm billings.[11]
    - Facts or acts included in account statements.[12]
    - All communications made within the framework of the solicitor-client relationship such as when a lawyer obtains confidential information prior to a formal retainer.[13]

33. Changing the scope of privilege in Canada would likely require a constitutional amendment, something that successive governments have recognized as a near impossibility. The formula to amend the Canadian constitution requires the agreement of at least 7 provinces representing at least fifty percent of the population.

34. Law societies have the unique ability among any regulatory bodies to be able to compel information from their members (lawyers and Quebec notaries) whether or not it is subject to solicitor-client privilege. Legal professionals also have an obligation to cooperate and respond to a law society inquiry, whether or not the information they provide may be contrary to their best interests. As such, law societies can penetrate much deeper into a lawyer's trust account transactions, communications, and records to determine whether they have acted contrary to their AML/CTF obligations.

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[8] *Canada (National Revenue) v. Thompson*, 2016 SCC 21, [2016] 1 S.C.R. 381; *Maranda v Richer*, [2003] S.C.C. 67.; *Stevens v. Canada (Prime Minister) (C.A.)*, 1998 CanLII 9075 (FCA), [1998] 4 FC 89; *Descoteaux et al. v Mierzwinski*, [1982] 1 S.C.R. 860.; *Lavallee, Rackel & Heintz v. Canada (Attorney General)* 2002 SCC 61, *Canada (Attorney General)* v. *Chambre des notaires du Québec*, [2016] 1 SCR 336.

[9] *Canada (Attorney General) v. Federation of Law Societies of Canada*, [2015] 1 SCR 401, 2015 SCC 7

[10] *Descoteaux et al. v Mierzwinski*, [1982] 1 S.C.R. 860, and *Maranda v. Richer*, 2003 SCC 67.

[11] *Maranda v. Richer*, 2003 SCC 67.

[12] Ibid.

[13] *Descôteaux et.al. v. Mierzwinski*, [1982] 1 SCR 860.

3. SUPERVISORY AND DISCIPLINARY POWERS OF LAW SOCIETIES.

35. Law societies are effective regulators in large part due to their supervisory powers and monitoring capabilities.

36. Law societies across Canada are vested with investigative authority and significant powers to enforce their AML/CTF rules and standards of professional conduct. These powers include the ability to compel the production of information and records from legal professionals, even if that information is protected by solicitor-client privilege. They are the only bodies with such authority, marking a notable difference from the powers of governmental authorities. This is a crucial consideration in determining the effectiveness of law society AML/CTF regulation.

37. Law societies also have broad powers to conduct audits and investigations of legal professionals, powers that include the right to examine their practice records and compel them to respond to inquiries from the law society.

38. During the course of an investigation, law societies also have the authority to apply interim measures such as restrictions or conditions on practice or suspensions when necessary to protect the public. In some circumstances, a provisional custodian may be appointed over the records, files or trust accounting documents when a legal professional is under investigation[14].

39. All law societies in Canada have the authority to impose a range of sanctions for misconduct. These generally fit into the following categories:
    - Restrictions or conditions on practice
    - Reprimand
    - Order the completion of a remedial program
    - Suspension from practice
    - Revocation of license
    - Fines
    - Administrative Monetary Penalties (only some law societies at the time of writing).

    With rare exceptions, disciplinary sanctions that are ordered following a hearing (or as a part of a consent agreement) are published by the law societies.

a) INVESTIGATIVE POWERS

40. To meet their public interest mandate, every law society across Canada is required under its enabling statute to investigate legal professionals for misconduct in response to a complaint or on their own initiative. If there is a basis for investigation, information and documents will be gathered

[14] See section 79(8) of the *Notaries Act*, Chapter N-3.

as per the powers to compel production of information[15]. The legal professional is required to cooperate with the investigation, including providing any responses, information and records required by the law society. The law societies also have the authority to review the legal professional's client files, conduct interviews with various parties and examine accounting records.

41. Across law societies, investigators have broad general authority to direct the legal professional concerned or any other legal professional subject to regulation by the law society to answer inquiries, produce any records, give up possession of any records, and attend before the investigator. Legal professionals cannot refuse a request for information or refuse to attend without consequence, which may be a suspension. Furthermore, law societies are able to gather all records including those that are subject to solicitor-client privilege which places law societies in a unique regulatory position vis-a-vis legal professionals as they are the only bodies that can do so while respecting the constitution of Canada.

42. Investigations may lead to several outcomes: closing the complaint without further action; remedial measures may be ordered against the legal professional; or discipline may be ordered. A variety of sanctions may be ordered as a result of discipline ranging from a reprimand, fine, administrative monetary penalties, suspension or revocation of licence. For more information on disciplinary measures and sanctions, see sections 4.5 and 4.6.

4. FATF IMMEDIATE OUTCOME 4 (IO4)

"Supervisors appropriately supervise, monitor and regulate DNFBPs for compliance with AML/CTF requirements, and DNFBPs adequately apply AML/CTF preventive measures commensurate with the risks, and report suspicious transactions."[16]

43. The remainder of this document is structured to respond to the criteria under FATF immediate outcome 4, as applicable to supervisors of the legal profession in Canada. The subheadings refer to the criteria under iO4 as per the FATF assessment methodology.

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[15] See Federation of Law Societies of Canada, *Response to the Financial Action Task Force (FATF) 5th Round Mutual Evaluation of Canada's Technical Compliance with the FATF Recommendations on Anti-Money Laundering and Counter Terrorist Financing*, March 14, 2025. Table 4 at p.60. https://flsc.ca/wp-content/uploads/2025/04/FLSC_Background-Document-on-Technical-Compliance-with-FATF-Recommendations_March-2025.pdf

[16] FATF (2024), Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectivenesss of AML/CFT/CPF Systems, FATF, Paris, https://www.fatf-gafi.org/content/dam/fatf-gafi/methodology/FATF-Assessment-Methodology-2022.pdf.coredownload.inline.pdf. at p.136.

4.1. How well do licensing, registration or other controls implemented by supervisors or other authorities prevent criminals and their associates from holding, or being the beneficial owner of a significant or controlling interest or holding a management function in DNFBPs? How well are breaches of such licensing or registration requirements detected and addressed as appropriate?

44. The mandate of all Canadian law societies is to protect the public interest, including by ensuring the public is served by competent and ethical legal professionals. As such, the law societies determine the requirements for admission to the legal profession and are responsible for all elements of licensing. This includes the required educational components, licensing examinations, and requirements related to good character, including a "fit and proper" test to ensure candidates meet strict requirements.

a) Licensing and Admission

45. To practice law in Canada, it is mandatory to be a member of one of the 14 recognized law societies. Becoming licensed requires holding a degree from a recognized academic institution approved for training lawyers or Québec notaries. Licensing only occurs after completion of post-law school training which includes a form of internship or apprenticeship. Some provinces also include a bar admissions course prior to becoming eligible for admission to the bar. For example, the Barreau du Québec operates a Bar School (École du Barreau) that works to prepare the professional integration of young lawyers with a view to protecting the public. A final requirement for admission to the bar is passing a bar admission exam or program. Only once all steps are complete will a law society confer a license to practice law on an individual.

46. The lawyer licensing process ensures that every candidate meets the Law Society's established standards of learning, entry-level competence and professional conduct. Table 4.1.1 at the end of this document provides details on the licensing and admission process for each Canadian law society.

Good Character, "fit and proper" tests, and other measures

47. To be licensed as a lawyer or a paralegal in Ontario, for example, the *Law Society Act* requires that an applicant be of good character. The good character requirement is ongoing and applies to applicants throughout their licensing term. Legal professionals who resign their license or have their license revoked may re-apply for admission, however it is exceptionally rare for a legal professional to be re-instated, and they must demonstrate they are of good character.

48. The good character requirement is intended to protect the public and maintain high ethical standards in the profession by ensuring that persons who are licensed as lawyers and paralegals show respect for the rule of law and the administration of justice and conduct themselves with

honesty, integrity and candour. Applicants must fill out a Good Character Questionnaire and must self-report any conduct or circumstance that may raise issues about their character. This includes whether they have previously been convicted of a criminal offense in Canada or elsewhere. An affirmative answer does not automatically disqualify an applicant from licensing, but the law society will investigate the circumstances and determine whether the individual is fit to practice law.

49. Should any concerns arise in an application, the law society will investigate and if not satisfied that the test is met, can order a hearing. The onus is on the applicant to meet the fitness and good character test.

50. All other law societies have similar requirements. The Barreau du Québec requires that each candidate record is systematically reviewed by the Committee for Access to the Profession, verifying if the candidate has the "required moral character, conduct, skills, knowledge and qualifications to practise the profession."

51. In Alberta, applicants must meet the good character and reputation requirements on both admission and enrollment. The admission requirements include having a law degree or equivalent to become a student-at-law. For enrollment, the student-at-law must demonstrate entry level competency by completing the practice readiness education program ("PREP") and 12 months of articles. To successfully complete articles, the principal must certify that the student conducted themselves with diligence, honesty and propriety, completed the key competencies in the Education Plan, and is a fit and proper person to be enrolled.

52. In British Columbia, the *Legal Profession Act* imposes a statutory obligation requiring each applicant for enrolment to be of good character and fit to become a barrister and solicitor of the Supreme Court of British Columbia[17]. The onus is on the applicant to establish that they have met the fitness and good character test. Law Society staff screen all prospective applicants to ensure they are of good character and repute and are fit to become a barrister and a solicitor of the Supreme Court. This could include investigation of criminal charges, financial difficulties, and any other factors that may affect an applicant's character or fitness for practice.

53. If Law Society of British Columbia staff have concerns about the character or fitness of a candidate for enrolment, call and admission, transfer or reinstatement, the application is referred to the Credentials Committee. The Credentials Committee can:
    - approve the application;
    - approve the application with conditions;
    - defer consideration pending further information or the completion of an investigation; or
    - order a credentials hearing. At a hearing, the onus remains with the applicant to prove that they have met the fitness and good character test.

[17] See https://www.lawsociety.bc.ca/licensing/good-character-assessment-for-applicants/

54. The practice of law in any jurisdiction in Canada is limited to only individuals with a valid license from one of the 14 Canadian law societies. Tables 4.1.1, 4.1.2, and 4.1.3 provide more information on the licensing and admission requirements as well as limitations on controlling interests in legal practice for non-legal professionals.

National Committee on Accreditation

55. The National Committee on Accreditation (NCA) is a standing committee of the Federation of Law Societies of Canada. Committee members include administrators of provincial and territorial law societies and of the practising bar, and representatives of the Council of Canadian Law Deans.

56. The NCA plays a pivotal role in ensuring Canada's law societies protect the public interest by making sure that anyone who earned their legal education and training outside Canada has the knowledge they need to practise law in Canada.

57. The NCA does this using a process that assesses the academic training and professional experience of foreign trained applicants. The NCA uses a single standard called the National Requirement[18] to determine what exams or studies need to be completed to acquire the requisite level of knowledge to be admitted to practice law in Canada.

58. Once the NCA confers a Certificate of Qualification on a candidate, they can then apply to be admitted to the bar of a Canadian common law jurisdiction, which include all the provinces and territories except for Quebec.

Revocation of License

59. There have been multiple instances between 2019 and 2025, where a legal professional has had their license either suspended or revoked (disbarred) by a law society for professional misconduct that relates to AML/CTF rule breaches and facilitating money laundering. Additional details can be found in tables 4.5.1 and 4.5.2, but below are a select few examples.

[18] Federation of Law Societies of Canada, National Requirement, January 1, 2018. https://flsc.ca/wp-content/uploads/2018/01/National-Requirement-Jan-2018-FIN.pdf

Law Society of British Columbia vs. Ronald Norman Pelletier, 2023 LSBC 03R

Ronald Norman Pelletier, a Vancouver-based lawyer, was disbarred by the Law Society of British Columbia (LSBC) for his involvement in significant professional misconduct, including that he knowingly used his trust account to move funds that were proceeds of securities fraud. Pelletier used his law firm's trust accounts to receive approximately $31 million in Canadian and U.S. currency between 2014 and 2018. This included $24 million in Canadian dollars and $5.36 million in U.S. dollars. He treated his trust account as a "bank" for his clients, allowing them to deposit and disburse illicit funds. He also directed his office manager to alter invoices to erase client names, further concealing the fraudulent activities.

Pelletier knowingly assisted clients in a $78 million "pump-and-dump" stock scheme. The scheme involved creating false appearances of investment interest to inflate stock prices before selling shares at a profit. Pelletier received $900,000 in "legal fees" for his role in helping clients hide funds from U.S. authorities.

Despite the attempts by Pelletier to hide his conduct, the Law Society of British Columbia uncovered the misconduct during a routine compliance audit, demonstrating the effectiveness of the audit program in detecting AML/CTF related misconduct.

Potential Criminality: Pelletier was found to have purchased 20 burner phones over 18 months to avoid detection.

He used anonymous email addresses and nicknames to evade scrutiny and actively enabled his clients to benefit from their crimes.

Client Concerns: Pelletier's clients included companies and individuals under investigation by the U.S. Securities and Exchange Commission (SEC) for fraud. He knowingly facilitated their activities despite being aware of the ongoing investigations.

Law Society of Ontario v. David Timothy Starr (2024 ONLSTH 133)
This case involved serious allegations of professional misconduct leading to the revocation of Starr's license to practice law. Starr misapplied $18,500 of client trust funds held in his mixed/pooled trust account for multiple clients, for the benefit of one client for whom he held only $6,500 in trust. Between December 2017 and September 2019, Starr concealed and converted $57,500 in cash through his personal and trust accounts for the same client. He received $42,500 in cash from the client between December 2017 and January 2018, violating the Law Society of Ontario's bylaw limiting cash transactions to $7,500 per client matter. Starr used his trust account for non-legal purposes, including receiving $15,000 from the client and disbursing it back to her without legitimate legal justification. In June 2021, Starr suggested a scheme to "clean" $106,000 of the client's money by pretending to employ her, concealing the source of the funds. **Potential Criminality:** Starr was accused of knowingly assisting the client in "dishonesty, fraud, crime, or illegal conduct" on multiple occasions between 2017 and 2021. The tribunal alleged that he either knew or ought to have known about the fraudulent nature of these activities. The client was reportedly involved in activities that Starr described as "near human trafficking," and he claimed to have been protecting her funds from exploitation. However, the tribunal found his actions to be complicit in enabling illegal conduct.

60. Table 4.5.2 contains a table of cases summarizing public decisions where a law society imposed disciplinary action against a legal professional, following a hearing or in a consent agreement, for a breach of the client identification and verification rules, cash transactions rule, misuse of trust accounts, facilitating money laundering, or a failure to make inquiries in the face of suspicious circumstances. Note that there are other cases of AML/CTF breaches that are not public decisions, such as conduct reviews by the Law Society of British Columbia. Furthermore, administrative penalties levied by the Law Society of British Columbia include breaches of the cash transactions rule and failing to properly identify and verify client identity.

Oath and Duty to the Court

61. The specific duty to the court for legal professionals in Canada is a cornerstone of their ethical obligations. This duty includes the ethical obligations set out in Chapter 5 of the Model Code of Professional Conduct. The overarching principle is that legal professionals, as officers of the court, must act in a way that promotes the proper functioning of the justice system. This includes balancing their duty to their client with their duty to the court and ensuring that their conduct does not undermine public confidence in the legal profession or the administration of justice. This duty supersedes the lawyer's duty to their client when there is a conflict between the two. Any breach of

this duty may be subject to law society investigations and/or disciplinary proceedings, which helps to ensure the good character of licensed members of the profession.

62. Section 2.1-1 of the Model Code further enshrines the requirement for legal professionals to act with integrity:

    2.1-1 A lawyer has a duty to carry on the practice of law and discharge all responsibilities to clients, tribunals, the public and other members of the profession honourably and with integrity.

63. The commentary to this section further establishes that integrity towards clients, tribunals and the public is a fundamental quality of any person who seeks to practise as a member of the legal profession[19].

Controlling Interest in Legal Practice

64. All jurisdictions in Canada place limits on who can own or hold shares in a legal practice.

65. As an illustrative example, in Ontario, under the *Law Society Act,* law firms must be owned and controlled by licensed lawyers or paralegals, with strict rules prohibiting non-lawyer ownership or control. Multi-disciplinary practices are allowed under specific conditions, but lawyers must maintain control to ensure compliance with professional and ethical standards. These rules are designed to protect the independence of the legal profession and maintain public trust in the legal system.

66. Certain key principles related to law firm ownership in Ontario are:

    Lawyers Must Control Law Firms

    - Law firms in Ontario must be owned and controlled by **licensed lawyers** (or **paralegals** if the firm provides paralegal services). This ensures that the firm is managed by individuals who are subject to the professional and ethical obligations of the legal profession.
    - Non-lawyers are not permitted to own or control law firms, as this could compromise the independence of legal professionals and create conflicts of interest.

    Multi-Disciplinary Practices (MDPs)

    - Ontario allows **multi-disciplinary practices (MDPs)**, where lawyers can partner with non-lawyers to provide a mix of legal and non-legal services. However, strict rules apply:
        - Lawyers must maintain **control of the firm** to ensure compliance with legal and ethical obligations.
        - Non-lawyer partners must agree to abide by the rules of professional conduct and the Law Society's regulations.

[19] Federation of Law Societies of Canada, Model Code of Professional Conduct, Amended April 2024. See commentary [1], [2], [3], and [4].

Professional Corporations

- Lawyers in Ontario can operate their law firms as **professional corporations**. However, the ownership of these corporations is restricted:
  - Only licensed lawyers (or paralegals, for paralegal firms) can own shares in the corporation.
  - Shareholders must be actively involved in the practice of law or the provision of legal services.
  - Non-lawyers cannot own shares in a professional corporation that provides legal services.

Prohibition on Fee-Sharing with Non-Lawyers

- Lawyers and law firms are prohibited from sharing fees with non-lawyers. This rule is in place to prevent external influence on the lawyer's professional judgment and to protect the independence of the legal profession.

No Publicly Traded Law Firms

- Ontario does not allow law firms to be publicly traded or owned by non-lawyers.

Ethical and Professional Obligations

- Regardless of the ownership structure, all persons who are licensed to practise law or provide legal services, regardless of their professional business structure, must comply with the **Rules of Professional Conduct** set by the Law Society of Ontario. This includes obligations related to client confidentiality, conflicts of interest, and the duty to act in the best interests of clients.

67. There are some minor variations of how these principles are applied in other jurisdictions, however, the limitation on ownership and control of law firms exists in all jurisdictions in Canada.

68. In Québec, there is one key difference. For the Barreau du Québec, the controlling interest (50% +1) in the voting rights and of the membership of the board/committee in a law firm must be held by "professionals" regulated by the *Professional Code*. These 55 professions are regulated by 46 professional orders[20]. They may be non-legal professionals, but they are subject to the same level of control by their regulator as the law societies have on their members. The applicable statute (the *Professional Code*) is the same, and regulations on multidisciplinary practices are similar for the 55 professions.

69. See table 4.1.2 for more information.

[20] For a complete list of the 46 professional orders and the 55 professions, see: Liste des ordres professionnels québécois Ordres professionnels

b) UNLICENSED LEGAL SERVICE PROVIDERS

70. The practice of law in Canada requires a license conferred by one of the 14 law societies. Attempting to practice law or provide legal advice without a license constitutes the unauthorized practice of law.

71. In Canada, law societies and courts have significant powers to address the unauthorized practice of law. These powers are derived from provincial and territorial legislation that governs the legal profession. Below is an overview of the recourse available to law societies and courts when individuals engage in the unauthorized practice of law:

Law Societies' Powers

72. Law societies are empowered by their enabling statutes to regulate the legal profession and protect the public from harm caused by unlicensed individuals providing legal services. Their powers include:

- **Investigations:** Law societies can investigate complaints or reports of unauthorized practice. They have the authority to gather evidence, interview witnesses, and request documents from the individual suspected of engaging in unauthorized practice.
- **Cease-and-Desist Orders:** Law societies can issue cease-and-desist letters to individuals or entities engaging in unauthorized practice, warning them to stop providing legal services without a license.
- **Injunctions:** Law societies can apply to the courts for injunctions to prevent individuals from continuing to provide legal services without authorization. These injunctions are enforceable by law, and violations can result in contempt of court proceedings.
    - In Ontario, the *Law Society Act* empowers the Law Society of Ontario (LSO) to seek injunctions against individuals providing legal services without a license. Violators can face fines of up to $25,000 for a first offense and $50,000 for subsequent offenses.
- **Fines and Penalties**: In some jurisdictions, law societies can impose administrative penalties or fines on individuals found to be engaging in unauthorized practice.
    - In Québec, whoever practises the profession of lawyer without being entered on the Roll is guilty of an offence and is liable to the penalties provided in section 188 of the Professional Code, which include a fine of not less than $2,500 nor more than $62,500 in the case of a natural person and of not less than $5,000 nor more than $125,000 in other cases. In the case of a subsequent offence, the minimum and maximum fines are doubled. If the fines are not paid, imprisonment may be imposed in some cases.
- **Public Warnings:** Law societies may issue public warnings or notices to inform the public about individuals or entities engaging in unauthorized practice, thereby protecting potential clients from harm. Law societies frequently publish notices on their websites to warn the public about individuals or organizations engaging in unauthorized practice. These warnings often include the names of the individuals and details of their unauthorized activities.

In Focus: Law Society of Ontario

The *Law Society Act* gives the Law Society authority to prosecute illegal practitioners. When made aware of an individual who may be practising illegally, the law society may do one or more of the following[1]:

- Send a cease and desist letter demanding that the person stop providing legal services they are not licensed to provide. This is often successful.
- Conduct an investigation, especially if the person accused of illegal practice is persistent or is placing the public directly at risk.
- Ask the person to sign an undertaking (agreement) to cease the unauthorized activity. This is a document that may be used later in court if the behaviour persists.
- Initiate court proceedings. The Law Society has the power to seek injunctions in Superior Court. If the injunction is breached, this may result in an application to have the person found in contempt. Contempt can be punishable by fines or imprisonment or both. The Law Society can also prosecute illegal practice in provincial court or provincial offences court. The *Law Society Act* provides for significant fines as well as probation orders if someone is convicted of unauthorized practice.

The Law Society of Ontario has been involved in a number of cases where it sought to stop someone from the unauthorized practice of law. Some examples are:.

- Law Society of Ontario v. Helia Bayegan and HMB Canadian Immigration Firm Corp.: The court issued an injunction preventing the respondents from holding themselves out as lawyers or legal service providers, or from engaging in any activities that constitute the practice of law. The respondents were ordered to pay restitution to individuals who had been harmed by their unauthorized practice, ensuring that affected parties were compensated for any financial losses.

- Law Society of Ontario v Jonhattan Da Rosa, c.o.b. as AXE Consulting Group: The respondent, Da Rosa, was prohibited from engaging in the practice of law or providing legal services in Ontario unless properly licensed by the Law Society of Ontario. The court issued an injunction preventing Da Rosa from holding themselves out as a lawyer or legal service provider, or from engaging in any activities that constitute the practice of law.

Courts' Powers

73. Courts play a critical role in enforcing the law societies' mandates and addressing unauthorized practice. Their powers include:

    - **Injunctions:** Courts can order and enforce injunctions sought by law societies against individuals engaging in unauthorized practice. Failure to comply with an injunction can result in a finding of contempt of court, which may lead to fines or imprisonment.
    - **Criminal Prosecution**: Engaging in the unauthorized practice of law may result in an injunction, the violation of which may be prosecuted criminally. Law societies can refer cases to law enforcement or Crown prosecutors for criminal charges. Convictions can result in fines, imprisonment, or both.
    - **Civil Remedies**: Courts can award damages to individuals who have suffered harm due to the unauthorized practice of law. For example, if a person received negligent legal advice from an unlicensed individual, they may sue for compensation.

74. Law societies and courts in Canada have robust mechanisms to address the unauthorized practice of law. These measures ensure that only qualified and licensed individuals provide legal services, thereby protecting the public and maintaining the integrity of the legal profession.

4.2. How well do supervisors identify, understand, and promote regulated entities understanding of ML/TF risks and AML/CTF requirements?

75. According to Canada's National Risk Assessment[21], legal professionals are seen to have a high vulnerability to money-laundering and terrorist financing largely due to their "specialized knowledge and expertise" that "encompasses establishing trust accounts, forming corporations and legal trusts, and carrying out financial, real estate and securities-related transactions."[22] Law Societies across Canada are aware of these risks and work diligently to inform, educate, and guide legal professionals towards compliance with their AML/CTF obligations.

a) Education

76. Anti-Money laundering has been a strategic priority of the Federation for many years. The Federation and the law societies have dedicated significant resources and put an abundance of energy into educating the law society staff, as the regulators, and the legal profession about the risks of money laundering.

[21] Updated Assessment of Inherent Risks of Money Laundering and Terrorist Financing in Canada, March 2023. https://www.canada.ca/content/dam/fin/programs-programmes/fsp-psf/nira-neri/nira-neri-eng.pdf
[22] Ibid. at p.46.

For law society staff

77. In September 2024, audit staff from the Law Society of British Columbia conducted a training session for members of the Trust Assurance Group, a working group consisting of members of all Canadian law societies, and others involved in administering or conducting law society audits that focused on how to incorporate AML requirements into auditing procedures. The presenters provided their experiences auditing for AML breaches and how TAG members can implement best practices into their various audit programs. The session was attended by over 30 trust assurance staff and has helped advance the audit programs across law societies in Canada.

78. In October 2024, the theme of the Federation's annual conference was *Anti-money laundering and terrorist financing regulation – challenges and opportunities for legal regulators.* Conference attendees included CEOs and senior staff of all the Canadian law societies, as well as a large number of trust assurance personnel, investigation staff and discipline administrators, and policy counsel. The Conference was highlighted by several presentations including:
    - A keynote address by the Honourable Justice Austin Cullen, former Commissioner of the *Commission of Inquiry into Money Laundering in British Columbia;*
    - A keynote address by Jeremy Weil, Vice-President of the FATF, on the expectations of the FATF and how law societies are expected to implement various requirements;
    - A panel of senior law society staff speaking about the tools available to law societies to detect, investigate, and discipline AML Rule breaches;
    - A detailed overview of select law society discipline cases where a lawyer had been sanctioned for AML breaches; and
    - A large group discussion on the challenges and opportunities facing law societies in their efforts to continually improve AML regulation.

    The conference achieved a strategic goal of ensuring high levels of awareness and a sense of urgency among the regulators vis-a-vis AML.

79. In May 2025, the Trust Assurance Group coordinated a conference in Calgary entitled *Navigating Compliance: AML and Fraud Prevention in the Canadian Legal Sector.* The conference provided an opportunity for law society staff to learn about the most recent AML developments including best practices for detection, the use of digital identity verification software, and educational initiatives to assist law society staff in detecting, auditing, and investigating legal professionals for potential AML/CTF breaches.

80. Law Societies also provide training to their staff on AML/CTF procedures and obligations. For example, in 2023 and 2025, the Discipline Administrators Committee – a joint initiative of the law societies – included sessions on AML/CTF at their annual conference. Attendees include law society staff who administer discipline against legal professionals who have been found in breach of their AML/CTF and other professional obligations.

81. Law Societies also provide training to their staff to assist them in obtaining AML certifications.

For legal professionals

82. The Federation and the law societies have taken a multifaceted approach to AML/CTF education, providing a range of educational resources to ensure that legal professionals are equipped with the knowledge and tools necessary to detect and respond appropriately to money laundering and terrorism financing risks. Central to this strategy is the continuous development and dissemination of educational resources tailored to the evolving nature of financial crimes. These resources include detailed guidelines, practice directives, and specialized training programs designed to enhance the proficiency of legal practitioners in AML compliance.

83. Central to this is the Federation's online learning program, "Anti-Money Laundering and Terrorist Financing in the Canadian Legal Profession". The program, free of charge, is divided into 5 modules, as described below. Since November 2024, The Law Society of Saskatchewan requires all new legal professionals practising as sole practitioners to complete the online training. They also require some legal professionals to complete the course to remedy any deficiencies that may have been found during a compliance audit. Other law societies have also been discussing making the program mandatory for some or all of their licensees. The Federation's AML/CTF Standing Committee is also considering recommending that the program be a mandatory requirement.

	Title	Module Highlights
1	**Understanding the Problem of Money Laundering and Terrorist Financing**	This module provides an overview of the entire program and explains the threats of money laundering and terrorist financing, how they are regulated, and why legal professionals need to be aware of the problem. Approx. 35-40 minutes
2	**Assessing and Managing Money Laundering Risks**	This module describes specific money laundering vulnerabilities and risks in providing legal services, the duty to apply risk appropriate management measures, and how to identify, assess and respond to risks. Approx. 60-70 minutes
3	**Key Due Diligence Requirements**	This module describes the requirements under the Model Rule on Client Identification and Verification and how to comply. Approx. 55-60 minutes
4	**Proper Use of Trust Accounts**	This module describes the requirements under the Model Trust Accounting Rule, how to comply, and implementing proper trust account management. Approx. 25-30 minutes
5	**Cash Transactions**	This module describes the requirements under the Model Rule on Cash Transactions and how to comply. Approx. 20-25 minutes

84. The program was conceived in full recognition of how legal professionals are exposed to unique risks in relation to money laundering and terrorist financing. Although some practice areas present higher risks, any legal professional engaged in financial transactions may be targeted by criminals seeking to launder money or finance terrorist activities. Between September 2023 and April 2025, there have been 12,883 unique visits to the online education program.

85. The online program uses interactive tools like scenarios, videos, and quizzes to provide guidance to legal professionals on how to recognize and mitigate money laundering and terrorist financing risks and comply with their legal and regulatory obligations. The program supplements the written anti-money laundering and terrorist financing resources the Federation has developed for the

profession.

86. The Federation's focus on education underscores its understanding of the unique risks faced by the legal profession. By fostering a deep understanding of AML principles and practices, the Federation ensures that legal professionals can effectively identify suspicious activities and contribute to the broader efforts to uphold the rule of law and financial integrity.

87. The Federation makes these educational resources available across the country, and many law societies complement them with additional AML/CTF educational programs for their members. Table 4.2.1 summarizes the AML/CTF Educational initiatives undertaken across the country.

b) GUIDANCE

88. In addition to educational initiatives, the Federation provides extensive guidance to legal professionals on best practices for AML compliance. This guidance is encapsulated in a series of comprehensive directives and frameworks that address money laundering and terrorism financing risks and the responsibilities of legal practitioners in the context of the AML/CTF regulatory regime. The Federation's AML/CTF guidance covers critical areas such as client identification and verification procedures, record-keeping requirements, and the implementation of risk-based approaches to managing potential AML threats. Below is a list of guidance that is available on the Federation's website:
    a) FAQs on the Client Identification and Verification Rules (March 2023)
    b) Guidance for the Legal Profession: Your Professional Responsibility to Avoid Facilitating or Participating in Money Laundering and Terrorist Financing **(**March 2023**)**
    c) Guidance on Politically Exposed Persons (December 2023)
    d) Source of Funds Guidance (December 2023)
    e) Guidance on Monitoring Obligations (July 2020)
    f) Guidance on Using an Agent (July 2020)
    g) Risk Assessment and Compliance (December 2023)
    h) Quick Reference Guide on Potential Risks (Red Flags) (December 2023)
    i) Risk Assessment Case Studies for the Legal Profession (February 2020)
    j) Risk Advisories for the Legal Profession: Advisories to Address the Risks of Money Laundering and Terrorist Financing (December 2019)

89. The above guidance is designed to be both practical and adaptable, allowing legal professionals to integrate AML/CTF best practices into their daily operations seamlessly. In addition to the Federation's guidance, several law societies provide their own tailored guidance to their members related to managing AML risks, as described in table 4.2.1.

90. The Federation's emphasis on anti-money laundering education and guidance is a testament to its member law societies' dedication to protecting the public by upholding the integrity of the legal profession and the financial system. Through comprehensive educational initiatives, practical guidance frameworks, and collaborative efforts, the Federation empowers legal professionals to play a pivotal role in the fight against money laundering and terrorist financing. This unwavering

commitment not only enhances the capabilities of legal practitioners but also reinforces the broader societal goal of safeguarding financial stability and security.

c) *Risk Assessments and Advisories*

91. Law Societies are dynamic and evolve to respond to emerging risk. Their processes and the information they provide to legal professionals is informed by the current realities and risks present in legal practice.

92. The Federation has been active in providing tools to assist legal professionals in understanding their risks vis-à-vis AML/CTF. This includes providing risk assessment case studies that identify red flags that legal professionals need to understand. These focus on high-risk areas such as:
    - the misuse of trust accounts
    - the purchase and sale of real property and other financial transactions
    - the creation and management of trusts and companies
    - managing client affairs and making introductions
    - disputes and litigation.

93. The case studies go through detailed scenarios that legal professionals are likely to encounter and propose real solutions and guidance on how to handle the situations.

94. The Federation has also published Risk Advisories for the legal profession in five core areas:
    - Risk Advisory for Real Estate
    - Risk Advisory for Shell Corporations
    - Risk Advisory for Private Lending
    - Risk Advisory for Trusts
    - Risk Advisory for Litigation

95. Finally, the Federation has published guidance to assist legal professionals and their firms with implementing processes and procedures to mitigate against the risks of money-laundering and terrorist financing. The Risk Assessment and Compliance guidance strives to build an understanding of the measures to ensure practice-wide awareness of and compliance with the AML/CTF obligations, to promote professional and ethical legal practice and to demonstrate a commitment to achieving a successful and viable legal practice to serve the communities in which legal professionals work.

96. The Honourable Justice Austin Cullen remarked in his final report on the *Commission of Inquiry into Money Laundering in British Columbia:*

> *The evidence before me demonstrates that the* ***Law Society and the Federation have worked to gain a strong understanding of the money laundering risks in this sector*** *and have implemented measures focused on anti–money laundering since at least 2004. They also continue to revisit their anti–money laundering rules to address new and evolving risks.*[23]

[23] Cullen Commission, at p.1159.

d) Information Sharing Among Law Societies

97. The Federation's Standing Committee on AML/CTF is comprised of law society CEOs and senior staff and is the primary mechanism responsible for setting national AML/CTF policies, and for ensuring co-operation and coordination amongst the regulators of the legal profession. The Federation Standing Committee on AML/CTF ensures a robust, consistent, and compatible regulatory regime to address money laundering and related risks arising in the practice of law. One of the aims of the Federation's Standing Committee on AML/CTF is to ensure harmonization in the approach to AML/CTF regulation across the 14 regulators. The standing committee also includes sub-groups on education and rules to ensure AML/CTF regulation remains up to date and the profession understands the money-laundering and terrorist financing risks they face and the rules they are subject to.

98. It is through the AML/CTF Standing Committee that law societies are able to contribute to the development of AML/CTF model rules and policies at the national level, and draft guidance for the legal profession that strives to ensure a comprehensive understanding of the inherent risks of money-laundering in the legal profession.

Investigations and Sanctions

99. Law Societies also share information about legal professionals who are licensed in multiple jurisdictions and are under investigation. This ensures that a legal professional does not avoid potential sanctions simply by moving to or operating in another Canadian jurisdiction. Law societies across Canada also have the ability to mirror sanctions imposed by another law society so that a lawyer suspended in one jurisdiction cannot continue to practice law in another Canadian jurisdiction. In addition, under the National Mobility Agreement, a disciplinary decision by a law society concerning professional misconduct of a legal professional will be considered as proof of that lawyer's guilt by all signatories to the agreement. This ensures a national approach to recognition of professional misconduct when found by any of the legal regulators in Canada.

Counterpart Groups

100. Law societies often make use of counterpart groups on specialized topics of legal regulation to share information, best practices, and advance guidance.

101. The Trust Assurance Group (TAG) is one such example. Made up of trust assurance staff and audit professionals from law societies across the country, TAG fosters alignment and consistency of audit programs across the various law societies, and educates its members on how to conduct AML/CTF audits.

102. The Discipline Administrators Committee is comprised of senior law society staff responsible for complaints and discipline matters, policies and processes. The group has developed National Discipline Standards (see section 4.6. for more) to implement a national approach to discipline action, share information related to reporting on discipline action and proceedings, and strives to coordinate approaches to discipline for legal professionals. The group is designed to provide a timely means for communication and sharing among the law society staff from jurisdictions across

Canada.

103. Additionally, the law societies created an Investigations counterpart group whereby investigation staff from the law societies meet to share best practices and discuss common issues, including the conduct of AML/CTF related investigations.

e) INFORMATION SHARING WITH EXTERNAL ENTITIES

104. As of May 2025, the Law Society of British Columbia (as of 2000) and the Law Society of Ontario (as of 2023) have information sharing Memorandums of Understanding (MOUs) with the RCMP. Another ten law societies are currently negotiating such MOUs with the RCMP. Some law societies also have MOUs with regional/local law enforcement, such as the Chambre des Notaires du Québec and their agreement with the *Directeur des poursuites criminelles et pénales* in Québec. These MOUs strive to ensure that law enforcement is able to share important information with law societies pertaining to the potential misconduct of a legal professional regulated by the law society. This information can be essential for a law society to commence or further an investigation which may lead to disciplinary action, and the information may also be relevant to assessing risks pertinent to conducting a compliance audit of the law practice.

105. Furthermore, the law societies recognize the important role of law enforcement when a legal professional is engaged in criminal conduct. Legal professionals may be prosecuted for money laundering and terrorist financing offences committed in the course of their law practice should they violate the *Criminal Code of Canada*[24]. Law Societies have general authority to refer a matter to law enforcement when it has information that may disclose a criminal offence has occurred, subject to specific conditions[25].

106. As an example of when sharing information with law enforcement is appropriate, the Law Society of Ontario has a detailed list of when it will refer a matter to law enforcement including policy and other regulatory bodies[26]:

- Where there are reasonable grounds to believe that a licensee or any other person has been involved in criminal or illegal activity.
- In addition to reports by the Law Society, the Law Society encourages complainants and witnesses to report directly to law enforcement and supports their efforts in doing so.
- A report is not required if law enforcement is already aware of the alleged illegal activity.
- The report cannot include information that is subject to the confidentiality provisions of section 49.12 of the *Law Society Act*. As a general rule the report will include a summary of

[24] Sections 83.02, 83.03, 354 and 462.31 of the *Criminal Code of Canada,* R.S.C. 1985, c. C-46

[25] Section 124 of the Code des profession in Quebec, does not authorize a syndic to disclose to law enforcement agencies information obtained in an investigation that is protected by professional secrecy between an advocate or a notary and a client. However, it is up to the court or a judge to make the determination if an exception to professional secrecy may be applied when a crime is committed. *Laquerre c. Société canadienne d'hypothèques et de logement*, 2013 QCCA 95, par. 70 to 72.

[26] https://lso.ca/protecting-the-public/complaints/process-for-reporting-criminal-or-illegal-activity

the relevant allegations based on information received with the initial complaint. Consent of the complainant and/or client will ordinarily be obtained before the report is made.

- The Law Society will disclose additional information under section 49.12(2)(h) of the *Act* if there are reasonable grounds for believing that there is a significant risk of financial harm to a person, and the disclosure is made principally for a purpose related to preventing the harm or investigating the risk.
- The Law Society will disclose additional information under section 49.12(2)(i) of the *Act* if there are reasonable grounds to believe that there is a significant threat to the life, health or security of an individual, and the disclosure is made principally for a purpose related to addressing or investigating the threat.
- On release of decisions of the Law Society Tribunal, any matter that raises issues of criminal or illegal activity will be reported to law enforcement.

Since 2021, the Law Society of Ontario has made 47 referrals to law enforcement after a Tribunal hearing in which the information is made public.

107. The Law Society of British Columbia has also made 5 referrals to law enforcement since 2021. The basis for these referrals includes misappropriation, AML concerns, and interference in the administration of justice.

108. The Federation Standing Committee on AML/CTF has also demonstrated a willingness to work with other regulatory agencies and has met with FINTRAC to advance discussions on similar information sharing agreements. It is crucial that law societies, as the exclusive regulators of the legal profession, and as the bodies who can initiate investigations and impose sanctions on their members, be able to obtain information about suspected misconduct in order to carry out their public interest mandate and reduce the risk of possible money laundering occurring via the legal profession. As such, the law societies are hopeful that information sharing agreements can be negotiated with FINTRAC to allow for this flow of information and thereby enhance the overall strength of the AML/CTF regime in Canada.

109. The Federation and the law societies would support an amendment to the PCMLTFA and/or information sharing agreements to facilitate FINTRAC's, and other reporting entities, ability to share information with law societies that would strengthen the law societies' ability to detect and investigate allegations of money laundering in the legal profession. A cooperative and coordinated approach that allows for the flow of information pertinent to potentially disrupting money laundering is in the public's best interest. Such amendments to the PCMLTFA or information sharing agreements would encourage a coordinated response where each party carries out its respective mandate, all in the interest of contributing to combatting ML/TF.

f) Practice Management/Advisory

110. Law societies are also proactive in managing AML/CTF risks faced by the legal professionals they regulate. They provide practice management support and guidance to legal professionals when they have specific questions on what steps they should take in particular circumstances. Many law

societies have practice advisors who can advise legal professionals on law society rules regarding trust accounts, requirements to identify and verify client identity and ethical and professional responsibility obligations including when to withdraw from a file or when to refuse to represent a possible client. Practice advice is a crucial component of the law societies AML/CTF arsenal as it focuses on the prevention side rather than on discipline for misconduct. Assisting legal professionals in navigating their responsibilities limits the risk that legal professionals will find themselves in a situation where they are being used to further criminal activity.

111. Some law societies, including the Law Society of British Columbia, also maintain an FAQ page to assist members in answering questions prior to contacting a practice advisor. The Barreau du Québec has the *Info-Déonto*[27] telephone line, which has been set up to answer questions quickly. Experienced lawyers from the Syndic Office will offer support for ethics related questions on a case-by-case basis and help in emergency situations.

112. Law societies are also engaged in practice reviews of those they regulate. Practice reviews further the goal of quality assurance whenever legal services are provided or legal advice is given to members of the public. Practice reviews are designed to proactively assess the practice management capabilities of legal professionals and to identify any deficiencies, which, if neglected, could have an adverse effect on the quality of legal services offered to the public.[28]

113. Practice review staff at certain law societies provide personalized guidance aimed at helping legal professionals correct deficiencies within their practice management systems in order to avoid serious non-compliance, competence or misconduct issues. It is another tool in the law societies' arsenal to assist legal professionals before any problems arise, furthering the goal of preventing legal professionals being caught up in any potential money laundering activity.

[27] Link is only available in French.
[28] See Law Society of Ontario, Practice Reviews, updated September 24, 2024. https://lso.ca/lawyers/about-your-licence/practice-reviews#mission-and-objectives-5

In-focus – Law Society of British Columbia Practice Advisory Services

The Law Society of British Columbia maintains a practice advisory service where legal professions can make inquiries to the law society related to questions about the interpretation of rules, policies, guidance and receive advice on the appropriate course of action to take in a particular circumstance.

This contributes to the prevention of ML/TF as legal professionals can turn to the law society as a resource prior to taking a course of action that may be problematic.

The below table indicates the number of practice advice inquiries that have been received by the law society based on certain categories:

Year	AML	CIV	Fraud/Scam	Trust Monies	TOTAL
2020	17	686	129	335	1167
2021	69	369	132	246	816
2022	29	270	122	330	851
2023	38	301	118	308	765
2024	43	280	83	340	746
***2025 (January 1 to April 30)**	13	70	46	122	251

The **"AML" category** refers to when a legal professional asks about AML risks generally, AML courses and other resources, establishing policies and general risk management.

The **"CIV" category** reflects calls involving a lawyer's obligations in Law Society Rules 3-98 to 3-110. This includes identification, verification, source of funds, exemptions from verification and source of funds obligations and withdrawal.

Calls regarding Codes rules 3.2-7 to 3-2-8 involving dishonesty, crime or fraud, including possible money laundering are typically recorded under **"Fraud/Scam".** These calls often include a discussion about the duty to make reasonable inquiries in the context of the extant facts, to obtain supporting documents, concerns about wires coming from outside of Canada (wires from clients or third parties) and whether a wire triggers an exemption from the requirement to verify the client's identity and ask about the source of funds. This category includes fraudsters trying to dupe lawyers into depositing phony financial instruments into trust and paying out before the lawyer and the financial institution realize that the instrument is bad. In these cases, the lawyer is the victim.

The **"Trust Monies"** category includes inquiries regarding obligations under Law Society Rule 3-58.1 (i.e. funds in trust must be directly related to the legal services provided).

4.3. How well do DNFBPs understand the nature of the level of their ML/TF risks?

114. Law Societies, recognizing that the practice of law exposes the legal profession to unique risks and vulnerabilities in relation to money laundering, have taken measures to ensure that legal professionals understand the nature of their risks and are equipped to properly manage them.

a) Trust Accounts

115. It is widely acknowledged that one of the most significant money laundering risks faced by the legal profession is the possibility of their trust accounts being misused by criminals to shield their ill-gotten gains and launder illicit funds. To prevent such misuse, law societies across Canada have been very active in putting in place effective prevention mechanisms to complement the existing set of rules which restricts the use of trust accounts to transactions or matters for which the legal professionals or their firm are providing legal services.

116. A 2016 discipline decision from the Law Society of British Columbia illustrates the practice and the risks it presents. In *LSBC v. Donald Gurney*, a lawyer used his trust account to transfer almost $26 million in connection with four line of credit agreements in which his client was the sole borrower. There were no legal services provided – only the receipt and disbursement of funds. The disciplinary panel found that Gurney had breached his professional and ethical duties by failing to make reasonable inquiries about the transactions, and by using his trust account as a conduit for funds notwithstanding "the series of transactions being objectively suspicious." Many law societies in Canada require their members to obtain training and certification prior to being authorized to open and operate a trust account. This training includes being able to recognize various red flags that might be cause for suspicion of money laundering activity.

In Focus: Operating a Trust Account in Québec
If a Québec lawyer wants to receive money in trust, they are required to open a general trust account in a Québec branch of a financial institution that meets the requirements set out in the regulation (all major Canadian banks and the Desjardins credit union). In order to understand the requirements for this account, lawyers must complete the online training course "***Accounting and Standards of Practice - Complying with Professional Obligations***" within six months of the opening the account (unless this training has already been completed as part of the École du Barreau training, which is now mandatory for all aspiring lawyers). Also, lawyers must complete a form and send it to the Barreau du Québec for each general trust account and private trust account they open or close.

In Focus: Operating a Trust Account in Alberta

Before beginning to operate its law practice, a law firm in Alberta must obtain, and thereafter maintain, approval from the Law Society for the designation of a responsible lawyer (RL) within the firm and the authorization to operate a trust account. As the RL, they have the key accountability for the trust accounting and safety of the firm. They are responsible for:

- overseeing all the trust and general transactions of the firm and ensuring they comply with the Rules;
- all trust money and property received from a client;
- ensuring all required records are maintained and accounts are reconciled monthly; and,
- submitting the required annual reporting.

All Responsible Lawyers who operate a trust account must complete the Law Society of Alberta's online Legal Education Society of Alberta (LESA) - Client Identification and Verification courses including:

- Trust Accounting Fundamentals (Module I)
- Trust Accounting for Responsible Lawyers (Module II)
- Client Identification and Verification Rules

These courses were provided to several legal professionals between January 1 and December 31, 2024, including lawyers and support staff:

- Trust Accounting 1: Fundamentals = 324 completions
- Trust Accounting 2: Responsible Lawyer = 239 completions
- Client Identification and Verification = 284 completions

The Trust Safety Responsible Lawyer and Trust Account Approval Protocol was developed as a reference for lawyers regarding the RL application process. It provides information on the requirements set out in the Rules, factors that are considered in both applications and revocations, the process to follow to apply, and appeals.

b) Region Specific Risk Information

British Columbia

117. The Law Society of British Columbia provides e-briefs to the profession regarding Discipline Advisories, educational opportunities and resources related to anti-money laundering, fraud and scams. While the e-briefs are directed to lawyers, law firm staff can and do sign up to receive the notices directly as well.

118. Examples of e-briefs, discipline advisories, educational opportunities and resources can be found in Table 4.2.1.

Ontario

119. The Law Society of Ontario issues notices to the profession on certain risks by practice area. Real Estate is one of the key focus areas in this regard. An example of AML and fraud related notices include:
    - Fighting Real Estate Fraud - Lawyer | Law Society of Ontario
    - Exploitative-Loan-Agreements - Law Society of Ontario
    - Notice to the Professions: The Homeowner Protection Act, 2024 | Law Society of Ontario
    - Notice to the Professions: Virtual Verification of Client Identity with Authentication | Law Society of Ontario

120. The Law Society of Ontario also provides practice resources for fraud, money-laundering and cash-payments to assist the profession with managing the risks inherent in operating a law practice. The various checklists, worksheets and tools includes risk-assessment case-studies. These resources include:

    - Checklists, worksheets & tools
        - At-A-Glance: Anti-money laundering and terrorist financing amendments
        - Glossary of defined terms (AMLTF)
        - Risk assessment case studies: Anti-money laundering and terrorist financing
        - Worksheet: Red flags of fraud, money laundering, terrorist financing, and other illegal activity
    - CPD programs
        - Anti-money laundering best practices – Your questions answered (June 2023)
        - Anti-money laundering: Protecting your litigation practice (October 2023)
        - The new anti-money laundering requirements: What you need to know before January 1, 2022 (November 2021)
    - Podcasts
        - Episode #21: Juice jacking and rubber duckies
        - Episode #22: Man in the middle attacks
        - Episode #27: Phishing
        - Episode #30: Ransomware
        - Episode #34: Social engineering
    - Practice notes

    - Anti-money laundering
    - Cash and money laundering
    - Exploitative loan agreements
    - Payment by cheque
- Technology Resource Centre
    - Cybersecurity and fraud
    - Cybersecurity awareness and risk management

c) *OUTREACH TO SPECIFIC LAW SOCIETIES*

121. The Federation, by virtue of its place as the national association of the law societies, plays a coordinating role in AML/CTF regulation and supports law societies in harmonization and implementation efforts. This support can take many forms, including direct outreach when law societies request assistance. As an example, the Law Society of Prince Edward Island undertook an exercise to update their Form 17 – Annual Lawyer's Report on Trust Monies. The Federation assisted in reviewing the questions and providing feedback on their alignment with the requirements under the Model Rules designed to combat money laundering.

122. In addition, several law societies have created working groups to share resources and best practices in advancing their AML detection capabilities. For example, in Québec, the Barreau and the Chambre des notaires have created an exchange network and centre of expertise on AML/CTF initiatives to pool resources, skills, and technologies, share best practices and coordinate actions to strengthen control mechanisms to curb money laundering and fraud schemes[29].

123. In 2025, a former senior AML expert from the Law Society of British Columbia conducted training for complaints and audit staff, as well as for the Complaints Investigation Committee and the Discipline Committee, at the Law Society of Manitoba.

124. Finally, the Federation conducts outreach to all law societies to raise awareness, identify and address risks, and provide a forum for collaboration. The 2024 Federation Annual Conference was a prime example, as described in section 4.2(a).

[29] https://www.cnq.org/la-chambre-et-votre-protection/actualites-et-salle-de-presse/lutte-contre-le-blanchiment-dargent-et-la-fraude-chez-les-avocats-et-les-notaires-le-barreau-du-quebec-et-la-chambre-des-notaires-du-quebec-misent-sur-la-collaboration/

4.4. How well do DNFBPs understand and apply AML/CTF obligations and mitigating measures appropriate to their business activities?

a) *Client Due Diligence Measures*

125. Legal professionals are required to comply with customer due diligence requirements imposed by the law societies. These are mandatory requirements and are found in the various law society rules, by-laws, and codes of conduct.

126. The Federation's Model Rule on Client Identification and Verification has been adopted and implemented by each law society. It applies:

> *4. … where a lawyer who has been retained by a client to provide legal services engages in or gives instructions in respect of the receiving, paying or transferring of funds*.

127. The CDD measures required by the Model CIV Rule include:
    - Paragraph 6(6): Identifying the client and verifying that client's identity using reliable, independent source documents, data or information.
    - Paragraph 6(7): when a lawyer acts for an organization they must:
        - Obtain and record, with the applicable date, the names of all directors of the organization;
        - Make reasonable efforts to obtain the names and addresses of all persons who own, director or indirectly, 25 per cent or more of the organization or of the shares of the organization;
        - Make reasonable efforts to obtain the names and addresses of all trustees and all known beneficiaries and settlors of the trust, and
        - Make reasonable efforts to obtain information establishing the ownership, control and structure of the organization.
    - Paragraph 6(1)(a): a lawyer must obtain from the client and record, with the applicable date, information about the source of funds.

128. In addition to the positive identification and verification requirements which meet the CDD requirements, under Section 11 of the Model CIV Rule a lawyer also has a duty to withdraw if they suspect they might be assisting a client in fraud or other illegal conduct.

> ***Duty to withdraw***
>
> *11. (1) If while retained by a client, including when taking the steps required in section 10, a lawyer knows or ought to know that he or she is or would be assisting the client in fraud or other illegal conduct, the lawyer must withdraw from representation of the client.*

129. Any breach of the CDD rules as described in the Model CIV Rule may support disciplinary action against the legal professional or law firm.

130. The Law Society of British Columbia noted the importance of the CDD Rules in combatting money laundering is *LSBC v. Wang, 2023 LSBC 38*:

[44] Money laundering is connected to crimes including drug and human trafficking, and fraud that targets the most vulnerable members of society and destroys communities. There can be few things more destructive to a community than a governing regime that fails to resist those whose opportunities are unfairly gained at the expense of others.

[45] For these reasons, the Law Society takes its responsibilities in the prevention of money laundering seriously, educating the profession on the harm involved and taking disciplinary action against those who fail to meet their responsibilities in respect of client identification and verification and as gatekeepers of their trust accounts.

Beneficial Ownership

131. The CIV rules currently in force require legal professionals to make reasonable efforts to identify the beneficial owners. The Federation has long been in favour of creating a pan-Canadian beneficial ownership registry. While it would assist in combatting financial crime generally, it would also facilitate the CDD requirements of the legal profession as it could serve as a database for which lawyers could conduct their verification of beneficial ownership data. While Canada has implemented a federal beneficial ownership registry, and the provinces of Quebec and British Columbia, and Newfoundland and Labrador[30] have implemented provincial registries, the absence of a pan-Canadian registry makes it impractical to force legal professionals to positively ascertain the beneficial owners. Once a pan-Canadian registry is in force, the law societies will consider amending their rules to make this a positive requirement beyond best efforts.

Ongoing Monitoring

132. The Model CIV Rule contains an ongoing monitoring requirement at section 10, where a lawyer must:

(1) monitor on a periodic basis the professional business relationship with the client for the purposes of:

(a) determining whether

(i) the client's information in respect of their activities,

(ii) the client's information in respect of the source of the funds described in section 4, and

(iii) the client's instructions in respect of transactions are consistent with the purpose of the retainer and the information obtained about the client as required by this Rule, and

(b) assessing whether there is a risk that the lawyer may be assisting in or encouraging fraud or other illegal conduct; and

(2) keep a record, with the applicable date, of the measures taken and the information obtained with respect to the requirements of paragraph (1)(a) above.

[30] In Newfoundland and Labrador, Pursuant to Bill 24, as of April 1, 2022 most corporations with share capital created under the Corporations Act are be required to keep an internal register of individuals with significant control.

In Focus: Administrative Penalties in British Columbia

Administrative penalties are an enforcement tool that allow the Law Society to address certain breaches of the Law Society Rules with an appropriate and proportionate sanction. The following AML related breaches are subject to administrative penalties:

1. The Client Identification and Verification Rules (Rules 3-98 to 3-110);
2. The Cash Transactions Rule (Rule 3-59); and

These rules are an important part of the Law Society's mandate to regulate the legal profession in the public interest. The Client Identification and Verification Rules, and the Cash Transactions Rule, play a key role in establishing standards of financial responsibility. These rules assist in anti-money laundering (AML) efforts by requiring lawyers to know their clients, identify red flags and manage potential risks involved with suspicious transactions. The importance of these rules to the Law Society's AML efforts, and the need for stronger fines and penalties for serious breaches of the trust accounting rules, were highlighted in the recent Commission of Inquiry into Money Laundering in British Columbia.

The amount of an administrative penalty is assessed as follows:

- Up to $3,000 for a first contravention of
  - the Client Identification and Verification Rules (where a lawyer met with the client in person on all referred matters)
- up to $5,000 for a first contravention of
  - the Client Identification and Verification Rules (where the lawyer did not meet with their client in person, on one or more matter), and
  - the Cash Transactions Rule;
- up to $10,000 for a second or subsequent contravention of any rules subject to administrative penalties.

As of May 2025, the Law Society of British Columbia has levied 57 administrative penalties.

133. In Guidance on Monitoring Obligations published by the Federation, lawyers are advised that the measures taken to monitor the professional relationship with the client should be commensurate with the risk associated with the legal matter and the advice the client is seeking. The Guidance states that more thorough or frequent monitoring may be required when the circumstances indicate an elevated risk.

134. Information about all aspects of the Law Society of British Columbia Administrative Penalties can be found on their website.[31]

b) Enhanced or Specific Measures for PEPs, New Technologies, High-Risk Countries

135. Law Societies expect legal professionals to understand and be on guard against the elevated AML/CTF risks posed by Politically Exposed Persons (PEPs), New Technologies and transactions involving high-risk countries.

Politically Exposed Persons

136. Legal professionals have obligations to make reasonable inquiries if a client is identified or is suspected to be a PEP before acting or continuing to act in order to mitigate against the risk of facilitating money laundering or terrorist financing. Commentary 3 under Section 3.2-7 of the Code of Professional Conduct states:

> *[3] If a lawyer has suspicions or doubts about whether he or she might be assisting a client or others in dishonesty, fraud, crime or illegal conduct, the lawyer should make reasonable inquiries to obtain information about the client or others and, in the case of the client, about the subject matter and objectives of the retainer. These should include verifying who are the legal or beneficial owners of property and business entities, verifying who has the control of business entities, and clarifying the nature and purpose of a complex or unusual transaction where the purpose is not clear. The lawyer should make a record of the results of these inquiries.*

137. The Federation has also developed guidance for the legal profession specifically to assist them in managing their risks vis-à-vis politically exposed persons. The guidance specifically defines PEPs, references the definitions found under the federal PCMLTFA, and provides guidance on how to identify a PEP.

New Technologies

138. Law societies, including through the Federation AML/CTF Standing Committee, review the sufficiency and effectiveness of the AML/CTF-related obligations, including any new or emerging technologies such as virtual assets on an ongoing basis. Review of the Model Rules and Model Code of Professional Conduct are done regularly with a view to whether revisions required to meet new risks.

139. Law societies, collectively and independently, assess the adoption of new technologies by the legal profession and the impact they have on the handling of funds in a legal practice. Rules can be implemented to restrict use of certain technologies where there is a risk. In Québec, for example, members of the Barreau must develop their knowledge and skills and keep them up to date,

[31] https://www.lawsociety.bc.ca/discipline-outcomes/administrative-penalties/

specifically including those related to new technologies used within the scope of their professional activities[32].

140. Important restrictions are currently in place that assist in mitigating the risks new technologies pose to illicit financial flows. Payments into trust accounts can only be accepted by specific methods. Cryptocurrency, for example, is not an accepted form of payment that can pass through a legal professional's trust account.

High-Risk Countries

141. Law Societies recognize the importance of conducting enhanced due diligence proportionate to the risks present, including where business relationships and transactions may involve a country classified as high risk by FATF.

142. All legal professionals have a duty to make inquiries set out in section 3.2-7 of the Model Code of Professional Conduct which requires that reasonable inquiries be made in the face of suspicious circumstances, which would include the involvement of higher risk countries, in a client matter. Those inquiries must be sufficient to objectively satisfy a legal professional that the transaction is legitimate and not in furtherance of ML/TF or any other illegal or dishonest conduct[33].

143. In addition, various law societies have provided cautions to the profession on geographic risks. This includes the Law Society of British Columbia's Discipline Advisory covering country/geographic risk which states:

> *[…] geographic risk, may arise in a number of ways on a matter, including any of the following:*
>
> - *The clients, including the instructing individuals, or other parties to the transaction reside in or have a material connection to a high risk country (e.g. the jurisdiction in which a corporate entity was created or in which it purports to operate).*
> - *The transaction associated with the legal services being sought is in a high-risk country.*
> - *The funds received by the lawyer for the retainer or the transaction arise from or are to be distributed to a high risk country.*

144. The Nova Scotia Barristers Society also provides additional guidance where geographic risk is present.[34] Under the client identification rules in the province, legal professionals may have

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[32] *Code of Professional Conduct of Lawyers*, CQLR, c. B-1, r. 3.1, s. 21.

[33] Commentary 3 to section 3.2-7 of the Code of Professional Conduct states:
[3] *If a lawyer has suspicions or doubts about whether he or she might be assisting a client or others in dishonesty, fraud, crime or illegal conduct, the lawyer should make reasonable inquiries to obtain information about the client or others and, in the case of the client, about the subject matter and objectives of the retainer. These should include verifying who are the legal or beneficial owners of property and business entities, verifying who has the control of business entities, and clarifying the nature and purpose of a complex or unusual transaction where the purpose is not clear. The lawyer should make a record of the results of these inquiries.*

[34] Nova Scotia Barristers Society, Geographic Risk Information.

additional due diligence requirements where there are geographic risks present.

145. The Federation's online learning program discusses the need for enhanced due diligence when there is a link with high-risk countries. Both module 2 and module 3 describe the duties to apply risk management measures, how to identify, assess, and respond to risks.

c) *Internal Control and Procedures and Audit Requirements*

146. Law Societies impose a host of AML/CTF regulatory requirements on legal professionals under their supervision. Given the nature of legal practice in Canada, a tailored approach to establishing internal controls, compliance, and risk management processes is required. A 'one size fits all' approach would be illogical and less effective.

147. For example, many legal professionals in Canada operate as sole practitioners. They are unaffiliated with a larger firm and do not have the business infrastructure that firms may have. Further, every legal professional is responsible for AML/CTF compliance on their client matters, which may have a very different risk profile than client matters of others at their firm. The regulatory scheme provides that legal professionals cannot abdicate their personal responsibility to others. Compliance with AML/CTF rules therefore applies to all licensed legal professionals. They are each responsible for ensuring compliance with the rules. All legal professionals can perform the task of compliance officer as outlined in criteria 18.1 of the FATF methodology for their own practice.[35]

148. In an effort to ensure that legal professionals understand their obligations vis-à-vis internal controls, law societies and the Federation have developed guidance to assist them in determining the appropriate level of compliance protocols, policies, and procedures that are suitable to their practice, commensurate with the risk environment in which they operate. The Risk Assessment and Compliance Guidance[36] provides an outline of an approach to establishing AML/CTF compliance and risk management processes:
    - **assessing and documenting risks** of money laundering or terrorist financing activity relevant to the firm or practice. To assist with this step, the Federation has also provided guidance on red flags[37] to ensure legal professionals can evaluate their risks;
    - **establishing processes and procedures for compliance and risk management** appropriate to the nature of and geared to the legal professional's practice;
    - **designating a person** within the practice who is responsible for establishing and implementing risk and compliance procedures;
    - **instituting measures for education or training** for legal professionals and those supporting the practice, as applicable, such as employees or agents;

[35] FATF Methodology, p.71.
[36] Federation of Law Societies of Canada, "Risk Assessment and Compliance Guidance", 2023. At p. 3.
[37] Federation of Law Societies of Canada, "Red Flags Quick Reference guide", December 2023.

- **establishing a periodic review** of the policies and procedures to ensure effectiveness and currency, with results reported to the managing partner or the firm's executive committee, as applicable.

d) Legal and Regulatory Requirements

149. Law Society Rules, as well as obligations stemming from the Code of Professional Conduct, are all enforceable in law. Any serious breach of the rules or the Code amounting to professional misconduct or conduct deserving of sanction, may result in disciplinary action against a legal professional. This includes all Rules and Code provisions related to AML/CTF.

150. For a detailed assessment of the implementation of these rules and where they led to a discipline outcome, please see Table 4.5.2 –Discipline Outcomes (cases).

151. All law societies regularly conduct compliance audits of legal professionals under their supervision. Conducted either by in-house or external auditors, these audits assist law societies in detecting abnormalities in transactions or suspicious transactions conducted in a legal professional's trust account. The audits may also detect for compliance with other AML/CTF obligations including the cash transaction rule, CDD requirements, and the duty to make inquiries in the face of suspicious circumstances or potentially facilitating criminality, including ML.

152. In addition, law societies require legal professionals to file annual reports. These reports include questions related to the use and operation of trust accounts as well as whether a legal professional has assisted clients in AML/CTF high-risk areas such as real estate.

153. With information from the annual reports, as well as from compliance audits, and investigations of complainants, law societies are able to triage which legal professionals potentially pose a higher risk or vulnerability to being used to facilitate money-laundering. This may result in law societies conducting spot audits, increasing the frequency of audits, or initiating an investigation.

154. Some law societies maintain statistics on the number of legal professionals practising in high-risk areas. For example, the Barreau du Québec oversees 655 legal professionals practicing in real estate and 597 who engage in company formation[38].

[38] Statistics for area of practice are available via the Barreau-Mètre. Most recent data is from 2022: barreau-metre-2022.pdf

4.5 With a view to mitigating the risks, how well do supervisors, monitor and/or supervise the extent to which DNFBPs (including at group level where applicable), are complying with their AML/CTF requirements?

155. All law societies engage in monitoring the legal professionals they supervise in order to ensure compliance with AML/CTF requirements. As mentioned in section 4.4(d), law societies do this via annual reports filed by legal professionals, compliance audits, and investigation of complaints.

a) Audit and Compliance Programs

156. All law societies in Canada have the authority to conduct audits of the legal professionals they regulate, whether periodically, at random, or based on risk. It is important to stress that audits are not confined to compliance with the trust accounting rules. During the course of a law society audit, client files will also be reviewed. These audits consist of in-depth reviews that look for compliance with rules and ethical obligations of the legal professional. It is the context of a retainer that is important when auditing a legal professional.

157. Consistent across law societies are requirements to maintain accounting records. Both the Model CIV Rule and the Model Trust Accounting Rule, which have been implemented in every law society, require that legal professionals make necessary source of funds inquiries and keep records. In guidance provided to the legal profession, these obligations are made clear:

Where the retainer with the client involves the receipt, payment or transfer of funds, you must also keep records that contain;

- *Information that identifies the source of funds;*
- *Copies in either paper or electronic format of every document used to verify the identity of the client and any third party;*
- *Information and any related documents on the directors, owners, beneficial owners and trustees, as the case may be, of an organizational client;*
- *Information and any related documents on the ownership, control and structure of an organizational client;*
- *Information and any related documents that confirm the accuracy of the information on directors, owners, beneficial owners and trustees and the ownership, control and structure of an organizational client; and,*
- *Measures taken and information obtained respecting the legal professional's monitoring of the professional business relationship with the client.*

Client identification and verification of identity records, as well as records of having taken reasonable measures to obtain beneficial ownership of an organizational client and of monitoring responsibilities, must be kept for the duration of the client relationship, or for a

period of at least six years following the completion of the work *for which the legal professional was retained, whichever is longer.*[39]

158. As an example, Section 23 of By-law 9 of the Law Society of Ontario, requires that a variety of financial records be kept for at least 6 or 10 years depending on the record. A summary of the records that must be kept, along with the minimum period for which they must be maintained under Law Society of Ontario by-laws is available on their website Summary Record Keeping Requirements .

159. On a national scale, the TAG working group engages all law societies to work on best practices, but there are variations in the law societies' compliance and practice audit programs and the number of trust accounts that are overseen by each regulator. These differences reflect the vastly different profiles of each law society, including the number of legal professionals licensed in each jurisdiction which ranges from fewer than 200 to more than 60,000. In particular, the total number of audits performed by each law society annually is reflective of the number of legal professionals that fall under a jurisdiction's regulatory authority. It is important to note that audits are conducted on a firm-wide basis. Therefore, a single audit of a firm may include several legal professionals, unless the audit conducted is for a sole practitioner.

160. The sheer number of legal professional audits conducted annually across the country is itself indicative of the seriousness with which the law societies treat their supervisory role over the legal profession, including ensuring the proper use of a trust account and compliance with ethical duties, including AML/CTF obligations.

161. It is important to note that when a law society audits a law firm that will often include multiple trust accounts. For a detailed description of law society audit programs, see Table 4.5.1

[39] Guidance to the Legal Profession, "Your Professional Responsibility to Avoid Facilitating or Participating in Money Laundering and Terrorist Financing", February 2024. P.22.

In Focus: Law Society of Ontario Spot Audits

The Law Society of Ontario Spot Audit Program is designed as a proactive compliance measurement and problem detection tool. It aims to:

- measure the integrity of law and legal services firm financial filing (By-law 8)
- assess ongoing compliance with financial record-keeping requirements (By-law 9), the Lawyers' Rules of Professional Conduct, and Paralegal Rules of Conduct and
- identify serious misconduct related to financial matters.

A primary goal, which reflects a remedial approach, is to provide on-site or online guidance to help legal professionals and firms correct minor deficiencies with record-keeping practices before they lead to serious non-compliance or misconduct issues.

Although a significant number of spot audits are selected at random, there are other circumstances which may trigger an audit, including:

- identification of inadequacies during a previous spot audit, which suggest a follow-up audit is prudent to ensure continued compliance;
- information on the Annual Report Filing, which suggests non-compliance with the Law Society's record-keeping provisions or Lawyers' Rules of Conduct and Paralegal Rules of Conduct ;
- referral of licensees from another Law Society department.

The LSO has developed a standardized audit program to ensure quality control. Following the completion an audit, the auditor will provide the legal professionals or law firm with an Audit Report on the findings and recommendations. The auditor will discuss areas of any deficiencies related to record-keeping and money-handling practices and provide recommendations for remediation.

In Focus: Law Society of British Columbia Compliance Audits

The Law Society of British Columbia proactively conducts compliance audits of law firms using a combination of a risk-based approach and broad coverage. A compliance audit is the examination of a law firm's books, records and accounts under Law Society Rule 3-85. The compliance audit assesses compliance with the Law Society Part 3, Division 7 Rules (Trust Accounts and Other Client Property), Part 3, Division 11 Rules (Client Identification and Verification), and other rules within the *Legal Profession Act* and the *Code of Professional Conduct for British Columbia*. In addition to the client identification and verification rules, the compliance audit specifically examines compliance with:

- Rule 3-59 *[Cash transactions]* to ensure lawyers do not accept cash over $7,500 unless permitted to do so for legal fees;
- Rule 3-58.1 *[Trust account only for legal services]* to ensure all funds deposited in trust are directly related to legal services provided by the lawyer; and
- Rule 3.2-7 *[Dishonesty, fraud by client]* to ensure that lawyers have withdrawn from acting for a client that they know or ought to known assists in or encourages any dishonesty, crime or fraud.

Compliance audits are conducted by the Law Society's Trust Assurance department auditors who are designated Chartered Professional Accountants[1] (CPA), and Certified Anti-Money Laundering Specialists[1] (CAMS). In addition to holding these designations, auditors also receive on-going training on AML/CTF procedures with a focus on the detection and investigation non-compliant transactions within a lawyer's trust account.

Generally, all law firms are required to undergo a compliance audit on a four- or six-year cycle. The 6-year audit cycle is related to broad coverage of law firms. Whereas, the 4-year cycle is based on the Law Society's risk assessment of the service and transactional risk and/or the size and volume of the practice. Additionally, law firms with demonstrated lower compliance are also audited on a more frequent basis.

The compliance audit covers an 18-month period on average. During a compliance audit, auditors review the law firm's accounting records along with a sample of client files. The client files are selected using a risk-based approach focusing on higher-risk practice areas and transaction types. The Trust Assurance department also uses data analytics to assist in identifying the higher-risk transactions for auditors to review. Auditors refer potential breaches in the AML/CTF Rules for investigation by the Law Society's Investigations, Monitoring and Enforcement (IME) department. The Law Society's compliance audit program has proven to be highly effective in the detection of concerns with lawyers' and firms' AML/CTF obligations and referring these concerns as demonstrated by the numerous disciplinary cases that originated as audit referrals to the IME department.

b) *Disciplinary Powers and Sanctions*

162. All law societies in Canada have the authority to impose a range of sanctions for misconduct. These generally fit into the following categories:
    - Restrictions or conditions on practice
    - Reprimand
    - Order the completion of a remedial program
    - Suspension from practice
    - Revocation of license
    - Fines
    - Administrative Monetary Penalties (only a few law societies)

163. Law societies also have the authority to impose interim restrictions or conditions, including an interim suspension, on legal professionals when the protection of the public interest necessitates immediate action.

164. With rare exceptions, disciplinary sanctions that are ordered following a hearing (or as a part of a consent agreement) are published by the law societies.

165. Table 4.5.2 provides a list of public discipline outcomes that have been issued by law societies that relate to AML/CTF. The cases provided involve breaches of the CIV rules, , breaches of the cash transaction rule, ; misuse of trust accounts; failure to make reasonable inquiries, and facilitating or engaging in money laundering.

166. Table 4.5.3 provides statistics on the total number of suspensions, licence revocations, and limitations on the use of trust accounts that have been issued by law societies. Some jurisdictions have noted in the table when these refer to AML related cases.

4.6 To what extent has monitoring and/or supervision, including, providing outreach, training and applying remedial actions and/or effective, proportionate and dissuasive sanctions where appropriate, had a demonstrable positive impact on compliance by DNFBPs?

167. The law societies and the Federation have invested significant energy and resources into monitoring, supervision, education, and enforcement to ensure compliance with AML obligations. These efforts have had a demonstrable positive impact on the profession's understanding of AML risks and its ability to mitigate them effectively.

a) National Discipline Standards

168. Recognizing the need for a consistent and effective approach to professional discipline, the Federation together with the law societies developed the National Discipline Standards (NDS), implemented by all law societies in 2015, and most recently amended in 2023. These standards were designed to enhance the transparency, timeliness, and fairness of disciplinary processes across all Canadian law societies, ensuring that legal professionals are held to the highest ethical and professional standards.

169. The NDS are particularly significant in the context of anti-money laundering (AML) efforts. By establishing clear benchmarks for disciplinary processes, the standards ensure that law societies can effectively address breaches of AML rules and regulations. The NDS provide a framework for law societies to investigate and discipline members who fail to comply with AML obligations, thereby reinforcing the profession's commitment to upholding the rule of law and protecting the public interest.

170. There are eight specific NDS that apply to AML/CTF, divided among four categories:

Category 1: Identifying Non-Compliance with AML/CTF Obligations

Standard 25: There are proactive audit processes in place to identify non-compliance with the anti-money laundering and terrorist financing (AML/CTF) obligations.

Standard 26: There is timely review of mandatory reports submitted by legal professionals for potential non-compliance with AML/CTF obligations.

Standard 27: Each law society has a designated person(s) to communicate with external stakeholders to encourage information sharing and reporting of potential instances of non-compliance with AML/CTF obligations.

Category 2: Training for Staff

Standard 28: There is ongoing training available for all law society staff and volunteers (where applicable) involved in the regulatory processes (compliance, audit, complaints, investigation and discipline) on AML/CTF issues, the AML/CTF obligations, identifying non-compliance with the AML/CTF obligations, and discipline.

Category 3: Referrals Concerning Non-compliance with the AML/CTF Obligations

Standard 29: There is an ability through policy, procedure or processes to refer incidents of non-compliance with the AML/CTF obligations to the law society's investigations process.

Category 4: Tracking Non-compliance and Referrals

Standard 30: There is a system in place to track the receipt of complaints and referrals for instances of:

a) non-compliance with the client identification and verification rule;
b) non-compliance with the cash transactions rule;
c) the misuse of the trust account; and
d) the failure to make reasonable inquiries in the face of suspicious circumstances.

Standard 31: There is a system in place to track the regulatory response to instances of:

(a) non-compliance of the client identification and verification rules;
(b) non-compliance of the cash transactions rules;
(c) the misuse of a trust account; and
(d) the failure to make reasonable inquiries in the face of suspicious circumstances.

Standard 32: There is a system in place to track instances of referrals to external stakeholders (e.g. law enforcement).

171. The NDS have had a positive impact in two ways: they have contributed to heightened awareness among the law societies of the need to dedicate significant resources to ensure they are able to detect, monitor, and enforce AML/CTF breaches; and they have contributed to a wider understanding of what is needed , including well trained staff, to ensure the objectives are achieved. Furthermore, they provide a yardstick for all law societies to measure themselves against, with data being collected starting in 2024.

b) Cases, Audits, Sanctions

172. As noted in Tables 4.5.2 and 4.5.3, discipline outcomes for AML/CTF related violations have resulted in numerous suspensions, fines, and licence revocations since 2015.

173. Law Society Compliance Audits have also resulted in enhanced scrutiny of high-risk areas, and have identified situations where a legal professional should be subject to enhanced monitoring. In some situations, legal professionals have been required to implement remedial actions after a law society has deemed that their AML/CTF measures did not meet expectations.

174. For example, the Law Society of British Columbia has imposed conditions on the use of trust accounts and practice area restrictions following hearing decisions and the approval of consent agreements. The following cases provide examples:

- LSBC v Hsu, 2019 LSBC 29
- LSBC v Gurney, 2017 LSBC 32

c) EDUCATION AND GUIDANCE

175. A robust regulatory framework must be complemented by ensuring legal professionals understand the risks of ML/TF and their obligation to mitigate against those risks, including those set out the Code of Professional Conduct and under the law society rules. The Federation and the law societies recognize the importance of this and have developed comprehensive guidance and educational products to assist legal professionals in complying with AML/CTF requirements.

176. In addition to educational initiatives previously mentioned, law societies and the Federation have provided extensive guidance to legal professionals on best practices for AML compliance. This guidance is encapsulated in a series of comprehensive directives and frameworks that address money laundering and terrorism financing risks and the responsibilities of legal practitioners in the context of the AML/CTF regulatory regime. The Federation's AML/CTF guidance covers critical areas such as client identification and verification procedures, record-keeping requirements, and the implementation of risk-based approaches to managing potential AML threats.

177. Information on Education and Guidance available to the legal profession is available in section 4.2(a) and Table 4.2.1.

CONCLUSION

178. Law society regulation to prevent money-laundering in the practice of law is effective and responsive to iO4 and its component criteria. Through a rigorous licensing and admission process which requires numerous steps and a good character test, it is difficult for criminals to become licensed legal professionals in Canada, aiding in the protection against misuse of the profession for money-laundering purposes. Where there have been instances of criminality, law societies have actively revoked licenses to practice and have made referrals to law enforcement when warranted.

179. The limitations on non-legal professionals owning voting shares or a controlling interest in a legal practice is another demonstrable way in which law societies prevent the legal profession from being misused for nefarious purposes unrelated to the practice of law.

180. Law societies have invested in educating and raising the awareness in the legal profession about the risks of money-laundering and how to be on guard against duplicitous clients. Several rules are in place requiring legal professionals to understand their AML/CTF risks and to act accordingly. When those rules are breached, law societies have actively investigated and imposed disciplinary measures, including revoking their license to practice.

TABLE 4.1.1 – LAW SOCIETY LICENSING REQUIREMENTS

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
Law Society of British Columbia	Law Society Admission Program (LSAP) includes: - 9-month articling term (training set out in Articling Skills and Practice Checklist) - 10-week Professional Training Course (PLTC) Canadian law degree (Undergraduate degree and attend Canadian law school). Practice Management Course.	Professional Legal Training Course (PLTC) includes: - 2 qualification exams: barrister and solicitor - 4 skills assessments: advocacy, writing, drafting and interviewing	Yes, good character assessment undertaken.	NCA Certificate and LSAP LSAP – potential for reductions in articles and exemptions from PLTC .	Law Society Rules 2-27, 2-54. LSBC Licensing
Law Society of Alberta	- Canadian Common Law Degree - CPLED - Articling term	- N/A (see CPLED) Students must successfully complete the Practice Readiness Education Program (PREP). This is Alberta's bar admission program, offered by the Canadian Centre for Professional Legal Education (CPLED).	Yes, applicants for admission as a Student-at-Law and enrollment as a member of the Law Society must demonstrate they are a person of good character and reputation. - Criminal Record Check at time of Student at Law Application -Investigation and or Good Character Hearing if required - Most applications (such as Admission, Enrolment, Reinstatement) have questions that allow applicants to self-report	NCA Certificate (Evaluation of Foreign Law Degree) -CPLED - Articling term	Rules 46, 47, 48 Become a Lawyer - Law Society of Alberta

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
			conduct or circumstances that may raise issues about their character.		
Law Society of Saskatchewan	- Canadian law degree or NCA Certificate - Completion of PREP bar admission course - Completion of 12-months articling	CPLED (PREP)	Yes, good character test - "suitability to practice" affidavit signed by Principal at conclusion of articles. Student-at-Law application includes good character questions. Student-at-Law application includes requirement for a police record check.	NCA Certificate, then eligible for admission as a Student-at-Law (PREP and 12 months articles)	Part 7 of the Rules Becoming a Lawyer in Saskatchewan
Law Society of Manitoba	Canadian Common Law Degree CPLED Term of Articles	Must pass CPLED Capstone	Yes. Must establish that of good character. Criminal records check is a requirement.	Certificate of Qualification from the National Committee on Accreditation (NCA)	Rule 5-4 LSM Admission Process
Law Society of Ontario	**Lawyer candidates:** Three options: 1. Articling Program: Complete a placement with an approved principal to gain practical legal skills. 2. Law Practice Program – complete a training course and a work placement. 3. Integrated Practice Curriculum: completed as part of an approved law school degree program.	Lawyer and paralegal candidates must pass the licensing examinations, which consist of self-study, multiple choice, open book examinations and assess entry-level competencies. Lawyer candidates must pass the barrister and solicitor licensing examinations. Paralegal candidates must pass the paralegal licensing examination. The competencies tested on the licensing examinations are those	Yes. To be licensed as a lawyer or a paralegal in Ontario, the *Law Society Act* requires that an applicant be of "good character." The good character requirement is ongoing and applies to applicants throughout their licensing term. Licensing candidates must answer a Good	**Lawyer candidates:** Internationally-trained lawyers and graduates of international or non-accredited Canadian law schools must apply to the National Committee on Accreditation (NCA) to have their legal education credentials evaluated before they can enter the	By-Law 4, Part VI LSO Lawyer licensing process LSO Paralegal licensing process

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	All three options support the fulfillment of the experiential training competencies. **Paralegal candidates:** As part of the accredited paralegal education program, paralegal students must complete a field placement of at least 240 hours.	required for entry-level practice that have the most direct impact on the protection of the public and that influence an effective and ethical practice.	Character Questionnaire as part of their licensing application and provide supporting documentation.	Law Society's lawyer licensing process. The NCA evaluates the legal training and professional experience of persons with foreign or non-common law legal credentials who seek to become licensed as a lawyer in Canada. Once a file is assessed by the NCA, an individual may be asked to complete one or more exams and/or attend and complete specific law school courses within a prescribed time frame. Upon successful completion of these requirements, the NCA issues the individual a Certificate of Qualification (CQ). **Paralegal candidates:** All paralegal licensing candidates must have graduated from a paralegal education program accredited	

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
				by the Law Society of Ontario.	
Barreau du Québec	The second and third parts of the training of the École du Barreau consists of: * Experiential Learning: Experiential learning is at the heart of the second stage of training. Students participate in the Barreau's Legal Clinic as well as technical clinics to further develop skills. * Internship (articling): The internship (articling) is the final step before entering the legal profession. It lasts six months and is carried out under the supervision of a practising lawyer or a member of the judiciary.	The first part of the training of the École du Barreau consists of three exams: 1- Applied Law; 2- Theory of the Case and Writing; and 3- Ethics, Professional Conduct and Professional Practice.	Yes. Each candidate record is systematically reviewed by the Committee for Access to the Profession, verifying if the candidate has the "required moral character, conduct, skills, knowledge and qualifications to practise the profession."	Yes. NCA Certificate or equivalency, École du Barreau	**By-law respecting the professional training of advocates** Barreau –Prospective Members
Chambre des notaires du Québec	The holder of an **undergraduate law degree** is admitted to the Master's in Notarial Law. The **Master's degree in Notarial Law** is comprised of 3 parts: **Part 1**: theory lessons administered by the academic institution. **Part 2**: applied courses an administered by the academic institution Between Part 2 and Part 3 of the Master's degree, the notarial candidate must complete **Section 1** (70 hours) of the **Professional Training Program** (administered by the Chambre) aimed at achieving the following objectives: a) Integration of knowledge and development of skills in professional law;	Evaluations based on the Professional Training Program (please see information presented in column titled "Training Requirements"	Yes – twice. The Committee on the control of the exercise of the notarial profession constituted under s. 12 of the Notaries Acts, made up of non Board of administrators members (two notaries and one member of the public), ascertain whether a candidate has the moral character and the conduct, competence and qualifications required	Request for diploma or training equivalency submitted to CNQ pursuant to *Règlement sur les normes d'équivalence de diplôme et de la formation aux fins de la délivrance d'un permis de la Chambre des notaires du Québec*,	*Règlement sur les diplômes délivrés par les établissements d'enseignement désignés qui donnent droit aux permis et aux certificats de spécialistes des ordres professionnels* *Règlement sur les conditions et modalités de délivrance des permis de la chambre des notaires du Québec* Règles de procédure du Comité sur le contrôle de l'exercice

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	b) Acquisition of skills and knowledge in nonlegal fields related to the exercise of the notarial profession. In order to be admitted to the Professional Training Program, a committee examines for the **first time** the candidate's moral character and the conduct, competence and qualifications required to practise the notarial profession (**Good character test**). Section 1 of the Professional Training Program deals with the following topics: • Notarial environment • Professional and administrative obligations • Skills maintenance and development • Various modes of practice • The notary's professional liability and insurance • Ethics and the role of the public officer • Inspection and standards of practice • Conciliation, review, compensation, discipline and provisional custody • Office management and marketing of professional services – Module 1 • Accounting and trust accounts • Notarial formalities • Formalities for technology-based notarial deeds After Section 1 of the Professional Training Program is completed, the candidate takes		to practise the notarial profession. **First time**– to be admitted to the Professional Training Program. **Second time**: to be entered on the roll** of the Chambre des notaires du Québec. Each time, the following original documents are required, namely: (i) a document from a Canadian police force with respect to his or her criminal record; and (ii) a certificate of insolvency records search certificate from the Office of the Superintendent of Bankruptcy of Canada In cases where the candidate lived outside Canada for more than one year during the ten his or her application, the Committee may require that he or she provide the original of a document dated no more than six (6) months, issued by a police force or		de la profession notariale (internal public rules adopted by the Committee and the Board of Administration since some of the Committee's powers are delegated by the Board) CNQ – Pathway to the Profession The French version has more comprehensive documents and illustrations : - https://www.cnq.org/wp-content/uploads/2025/04/763600-0425_Parcours-notaire-2025_F.pdf - https://www.cnq.org/wp-content/uploads/2024/10/247889-102906-diplomes_quebec_fr_2024.pdf - https://www.cnq.org/wp-content/uploads/2025/04

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	the **First Evaluation of the Professional Training Program**. Then, the candidate completes **Part 3 of the Master's degree in Notarial Law** that consists of an **Internship** of 16 weeks in a professional setting under the supervision of a notary. After the Internship, the candidate completes **Section 2 of the Professional Training Program** (35 hours) which deals with Office management and marketing of professional services – Module 2. At the end of Section 2 of the Professional Training Program, the candidate that holds Master's degree in Notarial Law (since all 3 parts have been completed) takes de **Second evaluation of the Professional Training Program** (administered by the Chambre). It comprises of two or three steps (according to the situation): **Step 1:** a written opinion on a case study in professional law - submitted within 30 days following the opening of the case study; **Step 2:** oral test regarding the written opinion submitted in Step 1; and **Step 3** where applicable, the drafting of an *addendum* providing additional information to complete the written opinion submitted in Step 1. The Professional Training Program, ruled by the *Règlement sur les conditions et modalités de délivrance des permis de la chambre des notaires du Québec*, permits a limited number of attempts should a candidate fail the First or the Second		authority of that country relating to the applicant's criminal record in that country. Searched by the Chambre are also made on court registries concerning candidate to document their file submitted to the committee examining the their good character. **Please note that In Quebec, to exercise a professional activity reserved for members of the Barreau du Québec or the Chambre des notaires du Québec, two "ingredients" are required: 1. hold a valid permit; and 2. be entered on the roll of the order empowered to issue the permit See article 32, al. 1 in fine of the Professional Code.		/252477-140516-995713-diplomes_hors_quebec_fr_2025.pdf

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	Examination. If the candidate reached his or her last attempt and fails, he or she is disqualified and expelled from the Professional Training Program and cannot become a notary.				
Law Society of New Brunswick	Students-at-law must complete the bar admission program, which requires that candidates complete a Sustainable Practice Course, Intensive Skills Training, and a period of articling. The articling period is 12 months, inclusive of time spent engaged in other elements of the bar admission program.	Students-at law must pass the Legal Knowledge Exam, the Professional skills Exam and the Legal Practice Evaluation	Yes. Candidates must not only meet good character requirements to gain student-at-law status but must continue to demonstrate good character throughout the bar admission program year.	Yes, NCA Certificate, bar admission program (course, exams, articling).	LSBNB Admissions Program Guide
Nova Scotia Barristers Society	Must meet the competencies for a newly called lawyer (as outlined in the Competency Framework) prior to admission. This is achieved through Articling and successful completion of the Bar Admission Program. Articling is a twelve-month period of experiential training under the direct supervision of one or more qualified practising lawyers / mentors. The Bar Admission Program is comprised of two parts: 1. The Practice Readiness Education Program (PREP) offered by CPLED; and 2. The NSBS' one day Cultural Competence Workshop.	None. All articling Clerks and (most) lawyers transferring from international jurisdictions must successfully complete the PREP Capstone Evaluation – a final simulated transaction held over four consecutive days, during which students complete tasks demonstrating competence in decision-making, provide clients with ethical and professional representation and use appropriate case management and technical tools.	Yes. An applicant for enrolment as an articled clerk must be of good character. An application for admission to the profession must also be of good character. This requirement continues throughout the licensing term. For applicants, the assessment is made initially through a series of questions asking about prior or current criminal charges or convictions, civil action for fraud, bankruptcy,	To be eligible to be a practising lawyer, a lawyer from a jurisdiction outside Canada must: have a law degree; be a lawyer in a jurisdiction in which the legal profession is regulated; be of good character; be a fit and proper person to be a lawyer; be competent to carry on the practice of law in the Province; and be lawfully entitled to be employed in Canada.	NSBS Bar Admission Program

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
			disciplinary action from a profession or organization, etc. Affirmative answers require full explanations and if determined to give rise to a question of good character, an investigation is ordered. A Statement of Good Character is required from the Principal / Supervising Lawyer of each articled clerk prior to their admission to the bar. The Statement certifies that in the Principal's opinion, the applicant for admission is a person of good character. Licensed lawyers are required to self-report criminal charges, bankruptcies, etc. If these events give rise to concerns of good character, an investigation is ordered.		
Law Society of Prince	To be admitted as a member, a candidate must:	**Bar Admission Course** All articled clerks in Prince Edward Island must attend and pass the	Yes, good character.	NCA Certificate, articling, Bar Admission Course	

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
Edward Island	• complete the educational qualifications, training and other requirements of the Law Society which includes the following: *1) 12 months articling* *2) the Bar Admission Course: a six-week course in this province.* • be of good moral character and fit to practise; • complete the Articling Checklist and submit the Certificate of Principal and Clerk; • submit the required documents to be filed with the Court and pay the required fees. In order to be enrolled as an Articled Clerk in Prince Edward Island, the Law Society requires the successful completion of the following courses at law school: • *Canadian Constitutional Law* • *Civil Procedure* • *Contracts* • *Criminal Law* • *Ethics/Professional Responsibility* • *Property Law* • *Torts* and the successful completion 4 of 7 courses in the following subject areas: • *Criminal Procedure* • *Commercial Law* • *Corporate Law* • *Evidence* • *Family Law* • *Wills/Trusts* • *Administrative Law*	prescribed Bar Admission Course before they are eligible for admission to the Bar and membership in the Law Society. The course has extensive assignments and practical components that all applicants must pass with at least a 60% grade. The course is designed to give new lawyers an overview of PEI law and procedure and the skills necessary to practise law, so that the new lawyer will have entry level competence when called to the Bar. The course is organized by the Articling & Admission Committee, coordinated by the Legal Education Coordinator, and taught by volunteer lawyers and judges. The Bar Admission Course contains a new session on trust accounts that includes AML introduced in 2024. LSPEI Bar Courses Applicants must also complete a confidential questionnaire for enrolment as an articled clerk.		Admission with a Foreign law degree or a Canadian Civil Law degree	Requirements are listed on the website Form 4 – Application for Admission to the Law Society of PEI. **Note that all LSPEI forms are being changed effective September 2025 to ensure all applicants are assessed based on qualifications, good character and fitness to practice.*

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	To be enrolled as an articled clerk, a candidate must: • Secure a position with a Principal, who is a member in good standing of the Law Society of Prince Edward Island and been in the actual practice of law for five years; • Submit an application and other required documents; • Be 18 years old; • Have a Canadian common law degree or its equivalent as certified by the National Committee on Accreditation of the Federation of Law Societies.				
Law Society of Newfoundland and Labrador	Students must complete a 52-week articling period, which includes participation in the Law Society's Bar Admission Course. During articles, students train under the direct supervision of a principal — a more senior lawyer who must meet specific eligibility criteria. Principals must: • Be residents of Newfoundland and Labrador; • Have been continuously engaged in the practice of law in Newfoundland and Labrador for the previous five years; and • Not be, nor have been, subject to any restrictions or proceedings that would impair their ability to act as a principal. The student and principal must certify that the student has met the training and	To successfully complete the Bar Admission Course, students must pass three licensing examinations in the following subject areas: • Criminal and Family Law • Civil Procedure, Real Estate, and Wills • Corporate/Commercial and Administrative Law Students must obtain a minimum score of 60% on each exam and maintain a cumulative average of at least 65%. Each examination is three and a half hours long and is based on lectures, in-class presentations, course materials, and approximately 80 provincial and federal statutes and	Applicants for enrolment as a student-at-law and for admission to the profession must be of good character - a requirement that continues throughout the licensing process. Initially, good character is assessed through a series of questions relating to past or current criminal charges or convictions, civil actions for fraud, bankruptcies, and disciplinary proceedings by professional bodies	To practise law in Newfoundland and Labrador, individuals with foreign legal credentials must first obtain a *Certificate of Qualification* from the National Committee on Accreditation (NCA), a standing committee of the Federation of Law Societies of Canada. The NCA assesses each applicant's academic and professional background and, using a uniform	Admission to the profession

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	experience requirements outlined in the *Articling Skills and Experience Checklist*. This checklist identifies the competencies the student must develop during articles. [It should be noted that a new competency framework is currently being developed and a draft has been widely circulated for consultation.] In addition, the principal must file a *Certificate of Completion of Articles* recommending the student for admission. This certificate affirms that the student has completed the articling term, complied with the *Articles of Clerkship*, *Law Society Act, 1999*, Law Society Rules, and Code of Conduct, and has demonstrated the requisite skills and character for admission. As part of the licensing requirements, all Students-at-Law must attend the Bar Admission Course and successfully complete the associated examinations. attend the Bar Admission Course and successfully complete the associated examinations The Course begins with certain sessions delivered over the summer months. These cover a variety of topics including professional conduct, practice management, equity, diversity and inclusion, trust accounting, client identification rules, and courtroom procedure. The in-person intensive portion commences on the first Monday of October and concludes in mid-November. This segment typically involves in-class instruction scheduled from 9:00 a.m. to 5:00 p.m. daily over a six-week period. Attendance at the Course is mandatory. The Course provides approximately 200 hours of	regulations covered during the Course. In addition to the examinations, students must complete several short written assignments throughout the Course.	or other organizations. Affirmative answers require full disclosure and may prompt an investigation, and/or a hearing if the response raises a concern about the applicant's character. Before admission, the student's principal must complete a *Certificate of Completion of Articles*, confirming that the applicant has demonstrated the character necessary for admission. This includes an explicit statement that, in the principal's opinion, the applicant is a person of good character. Licensed lawyers are required to self-report events such as criminal charges or bankruptcies. If these give rise to good character concerns, an investigation may be initiated.	national standard, assigns additional examinations or coursework to address any knowledge gaps compared to graduates of approved Canadian common law programs. Once the Certificate of Qualification is obtained, individuals may apply for admission to the Law Society's Bar Admission Program. The application process is the same as for graduates of Canadian law schools and includes good character questions and confirmation that the applicant is lawfully entitled to work in Canada. Once approved, foreign-trained applicants are required to complete articles and the Bar Admission Course - including all associated examinations - on the same terms as	

Law Society	Training Requirements	Exam Requirements	Good character test	Foreign trained legal professional requirements	Rule/Reference and Link to Information
	instruction through lectures, seminars, and workshops.			Canadian law school graduates.	
Law Society of Yukon	Canadian law degree or NCA Certificate. Completion of an approved Bar Admission Program. 12 months or Articles under a Principal in Yukon.	Bar Admission Course & exams. Yukon Statutes Exam.	Yes, good character	NCA Certificate and period of Articles, and Yukon Statutes Exam; Bar admission course optional depending on circumstances.	Becoming a member
Law Society of Northwest Territories	Canadian law degree or NCA Certificate; articling	Bar Admission Course & exams	Yes, good character	NCA Certificate, articling, Bar Admission Course	LSNWT Membership Requirements
Law Society of Nunavut	Canadian law degree or NCA Certificate; articling	Bar Admission Course & exams	Yes, good character	NCA Certificate, articling, Bar Admission Course	Application for Membership

TABLE 4.1.2 – LIMITATIONS ON CONTROLLING INTERESTS IN LEGAL PRACTICE

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
Law Society of British Columbia	No	Law Corporation, Limited liability Partnership, Sole Practitioner	*Legal Profession Act* , *Part 9* Law Society Rules – Part 9
Law Society of Alberta	Yes, but only by way of non-voting shares in a professional corporation. Non-voting shareholders in a professional corporation are limited to specific family members of the active lawyer, and a trust for minor children of the active lawyer. Non-legal professionals cannot have a controlling interest.	Professional Corporations, Limited Liability Partnerships, Sole Practitioner	Legal Profession Act, Section 106 and Rules of the Law Society of Alberta
Law Society of Saskatchewan	No	Sole Practitioner, Professional Corporation, Limited Liability Partnership	Law Society of Saskatchewan Rules – Part 18
Law Society of Manitoba	No	Sole Practitioner Professional Corporation Limited Liability Partnership	Legal Profession Act, ss. 24, 25 and 30 – 39. Law Society Rules, 3-45 to 3-60; and 4-1 to 4-19.
Law Society of Ontario	Yes. Multidisciplinary practices are allowed where lawyers can partner with non-lawyers to provide a mix of legal and non-legal services. However, lawyers must maintain a **controlling interest** in the firm.	Multidisciplinary practices, Professional Corporations, Limited Liability Partnerships, Sole Practitioners.	By-Law 7 Part III s. 15-30
Barreau du Quebec	Yes, only "professionals" regulated under the *Professional Code* can have a controlling interest (50% + 1 of the voting rights and of the membership of the board/committee). There is no limitation on the non-voting shares.	Corporation, limited liability partnership, regular partnership (without limited liability), non-profit legal person, fee sharing agreement, sole practitioners (who are not in an individual corporation).	Règlement sur l'exercice de la profession d'avocat en société et en multidisciplinarité (in French only) Regulation respecting the practice of the profession of advocate within a non-profit legal person

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
Chambre des notaires du Quebec	Yes, as long as the following conditions are respected at all times: (1) the majority of votes attached to the company or partnership shares must be held and cast by the following persons or trust patrimonies, or a combination thereof: (*a*) at least one member of a professional order governed by the Professional Code (chapter C-26 – see it's Schedule 1), or of a professional association that exercises the same control as a professional order and is listed in Schedule A (— Any order of accountants governed by the law of another Canadian province or a territory; — Organisme d'autoréglementation du courtage immobilier du Québec; — Autorité des marchés financiers; — Any law society governed by the law of another Canadian province or territory; — Canadian Institute of Actuaries.); (*b*) a joint-stock company where at least 90% of the voting shares are held and cast by at least one person contemplated in subparagraph *a*; (*c*) a trust where all the trustees are persons contemplated in subparagraph *a*; (2) the majority of the directors, partners, or managers must be persons contemplated in subparagraph *a* of subparagraph 1.	Corporation, limited liability partnership, regular partnership (without limited liability), non-profit legal person**, fee sharing agreement, sole practitioners (who are not in an individual corporation). **In the course of engaging in professional activities within a non-profit legal person, the only sums the notary may hold in trust are advances on fees. The notary must deposit them in a trust account reserved for that sole purpose, of which the notary is the holder or a user. The non-profit legal person may not be the holder of the trust account.	*Regulation respecting the practice of the notarial profession within a partnership or joint-stock company* *Règlement sur la comptabilité en fidéicommis des notaires* In French only, see section 2.) *Regulation respecting the practice of the notarial profession within a non-profit legal person*

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
	To constitute a quorum at a meeting of the managers or board of a partnership or company, the majority of members present must be the persons contemplated in subparagraph *a* of subparagraph 1 if they are to commit the partnership or company. A notary who is a partner, director, manager, officer, or shareholder of the partnership or company shall ensure that these conditions, as well as a stipulation to the effect that the partnership or company is constituted for the purpose of carrying on chiefly professional activities, are included in the articles of the company or the partnership agreement. HOWEVER, in order for a partnership or company to be the holder of a trust account into which notaries deposit funds received in the exercise of their profession, the partnership or company that presents itself **exclusively as a notarial partnership or company.** The following conditions must the met at all times: 1) the majority of votes attached to the company or partnership shares must be held and cast by the following persons or trust patrimonies, or a combination thereof: (*a*) at least one notary; (*b*) a joint-stock company where at least 90% of the voting shares are held and cast by at least one notary who carry on		

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
	professional activities within the company; (*c*) a trust where all the trustees are notaries who carry on professional activities within the partnership or company; (2) the majority of the directors, partners, or managers are notaries who carry on professional activities within the partnership or company. To constitute a quorum at a meeting of the managers or board of a partnership or company, the majority of members present must be notaries if they are to commit the partnership or company. A notary who is a partner, director, manager, officer, or shareholder of the partnership or company shall ensure that these conditions, as well as a stipulation to the effect that the partnership or company is constituted for the purpose of carrying on professional activities, are included in the articles of the company or the partnership agreement. There is no limitation on the non-voting shares.		
Law Society of New Brunswick	Yes, through a Professional Corporation. However, the majority of the issued voting shares of the Professional Corporation must be legally and beneficially owned by one or more members (lawyers) of the Law Society; all	Professional Corporations, Limited Liability Partnerships	Professional Corporation: Section 37 of the *Law Society Act, 1996* Limited Liability Partnerships: *Rules on Limited Liability Partnerships*

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
	the directors of the Professional Corporation must be members of the Law Society and the corporation's practice of law is managed only by directors who are practising members in good standing. Professional Corporations, Limited Liability Partnerships		
Nova Scotia Barristers' Society	No. All issued voting shares of a law corporation must be legally and beneficially owned by one or more practising lawyers or by a trust of which all the trustees and all the beneficiaries are practising lawyers. Issued voting shares of a law corporation may be legally and beneficially owned by a corporation of which (a) all the issued voting shares are legally and beneficially owned by one or more practising members of the Society or by a trust of which all the trustees and all the beneficiaries are practising members of the Society. All the officers and directors must be practising lawyers.	Law corporation; LLP; partnership; sole practitioner	Sections 20-26 of the *Legal Profession Act* and Part 7 of the Regulations.
Law Society of Prince Edward Island	No. Non-voting shares in a law corporation can be held by a person who is a relative of or resides with a member of the Society who is a shareholder or who is a shareholder in the law corporation that is a shareholder, or, in trust for such a person.	Professional law corporations, partnerships, sole-practitioners.	Section 36.2 of the *Legal Profession Act*.
Law Society of Newfoundland and Labrador	No. Non-lawyers can hold non-voting shares only, and cannot be directors.	Professional Law Corporations, Partnerships, Sole Practitioners. *MDPs and LLPs are not permitted.	Part III.1, Law Society Act Part VIII and XI – Law Society Rules
Law Society of Yukon	No. Voting shares in a professional corporation are restricted to lawyers only.	Limited Liability Partnerships, Professional Corporations, Sole Practitioners.	ss. 43-44 and 151(2) of the Yukon *Legal Profession Act, 2017* and Division 18 – Professional Corporations and Division

Law Society	Are non-legal professionals permitted to own or control part of a legal practice?	Ownership structures available	Rule/by-law reference
	Only lawyers can be directors of a professional corporation.		19 – LLPs of the Rules of the Law Society of Yukon
Law Society of the Northwest Territories	No.	LLP, Extra-territorial LLP, Law Professional Corporation, Sole Practitioner.	Rule 147: " *The Secretary shall not endorse an application under rule 144 or 145 if the applicant partnership has one or more partners, whether individuals or professional corporations, that are not entitled to carry on the practice of law."*
Law Society of Nunavut	No.	*MDPs and LLPs are not permitted to operate in Nunavut.	N/A

TABLE 4.1.3 - NUMBER OF LAWYERS, PARALEGALS, CIVIL LAW NOTARIES, AND LAW FIRMS IN CANADA

Law Society	Total number of licensees	Paralegals	Number of law firms	Number of Trust accounts
Law Society of British Columbia	17,000	N/A	~3,000	~3,000 (some firms have more than one trust account)
Law Society of Alberta	12,000	N/A	~2,700	3,500 (some firms have more than one trust account)
Law Society of Saskatchewan	2,200	N/A	~310	~ 560 (some firms have more than one trust account)
Law Society of Manitoba	2,400	N/A	367 firms operating trust accounts	459
Law Society of Ontario	72,078 Total 60,590 lawyers	11,488	14,090 law firms 2,394 paralegal practices	10,437 (9,463 held by law firms and 974 held by paralegal practices)
Barreau du Quebec	31,000	N/A	3908, including: 2427 professional corporations; 258 limited liability partnerships; 32 non-profit legal persons; 1191 regular partnerships (without limited liability) and fee sharing agreements between lawyers. The number of professional corporations includes solo lawyers that are incorporated.	4,300
Chambre des notaires du Quebec	3,900	N/A	739 professional corporations; 89 limited liability partnerships 3 non-profit legal persons	2,095
Law Society of New Brunswick	1,990	N/A	360	436
Nova Scotia Barristers' Society	2,300	N/A	400 (including Nova Scotia Legal Aid, Dalhousie Legal Aid and sole practitioners).	691
Law Society of Prince Edward Island	296	N/A	30	29

Law Society	Total number of licensees	Paralegals	Number of law firms	Number of Trust accounts
Law Society of Newfoundland and Labrador	1065 total. - 604 practising insured; - 225 practising exempt; - 237 non-practising 504 practising lawyers are in private practice and have the option of having a trust account.	N/A	127 firms and one practising insured member with trust accounts. High-risk areas: • 4 firms note that 51-60% of their practice is real estate. • 2 firms note that 61-70% of their practice is real estate. • 3 firms note that 71-80% of their practice is real estate. • 1 firm notes that 91-100% of their practice is real estate.	178
Law Society of Yukon	554 (185 resident lawyers)	N/A	69 lawyers in private practice with option of having a trust account	26
Law Society of the Northwest Territories	178 Active Resident 442 Active Non-Resident 101 Inactive 110 Restricted Appearance Certificate holders (as of May 2025 – licensed on a calendar year)	N/A	45 lawyers in private practice (resident) 18 sole practitioners 8 firms	17
Law Society of Nunavut	554 (includes active, inactive, suspended and restricted appearance certificate members)	N/A	9	N/A

TABLE 4.2.1 – EDUCATION INITIATIVES AND GUIDANCE TO THE PROFESSION

Law Society	Educational Initiatives	Guidance for the legal profession
Law Society of British Columbia	Client ID & Verification and Anti-money Laundering Risk Management resources webpage Anti-Money Laundering Measures Webinar (60,000 views as of July 2024) published 2020 Ant-Money Laundering Measures Program, published 2024 Anti-Money Laundering video, 2024 LSBC staff routinely present at continuing professional development courses on AMLTF obligations, put on by the CBABC and CLEBC for example.	**Discipline Advisories** (1) A bright line rule: Rule 3-58.1 - Trust account only for legal services (March 20, 2025) (2) Client ID and Verification, August 6, 2024 (3) Country / Geographic risk, February 10, 2021 (4) Securities fraud: Micro-cap Stocks, June 1, 2020 (5) Private lending, April 2, 2019 (6) Lawyers are gatekeepers, April 10, 2018 (7) Client ID and verification, February 8, 2018 (8) Know your obligations before accepting cash, November 8, 2013 **Practice Resources and Guidance** Pre-2019 LSBC publications available by clicking on pdf. LSBC - Education and Guidance - Pre- Client ID and Verification - FAQs Client ID and verification – Top 10 tips Guidance for virtual verification of your client's identity using government-issued photo ID and technology Anti-money laundering: settlement agreements Protecting your firm from employee theft Client ID & Verification and Anti-Money Laundering Risk Management resources webpage

		The Consolidated Canadian Autonomous Sanctions List (includes individuals and entities subject to specific sanctions regulations made under the *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Act*) United National Security Council Consolidated List of individuals and entities subject to measures imposed by the Security Council under the United Nations Act Client Identification, Verification and Source of Money Checklist, current to April 1, 2024; includes Sample Agreement with Agent for Verification (pages A-1-16 to A-1-18) Fraud 101 for lawyers, Fall 2021 *Benchers' Bulletin* (p. 10) Real estate transactions – know your client primer, Summer 2021 *Benchers' Bulletin* (p. 12) Forming companies and other structures – managing the risk, Spring 2021 *Benchers' Bulletin* (p.8) Random calls and emails inquiring about shelf companies, Fraud alert, March 4, 2021 Client identification and verification – addressing your questions, Fall-Winter 2020 *Benchers' Bulletin* (p.12) Knowing your client - Guidance and rules during COVID-19, Summer 2020 *Benchers' Bulletin* (pp. 18 -21) – includes the March 17, 2020 Notice to the Profession (client verification in the context of COVID-19) Know your client – addressing questions and risks, Spring 2020 *Benchers' Bulletin* (p.8) New client verification and source of money requirements, Winter 2019 *Benchers' Bulletin* (p.13) CLE-TV: Anti-Money Laundering – Client Identification and Verification Rules – one-hour webinar initially provided on November 27, 2019 by Practice Advisor Barbara Buchanan, QC (eligible for one hour of CPD credit)

		Rule amendments enhance Law Society's anti-money laundering measures, Fall 2019 *Benchers' Bulletin* (p.14) Anti-money laundering cash transaction rule essentials, Summer 2019 *Benchers' Bulletin* (p.10) Anti-Money Laundering initiative Advice Decision-Making Assistant (ADMA) -Includes CIV resources Cash Receipt Template Trust Accounting Handbook Trust Reconciliation Template How to review a trust bank reconciliation Trust Accounting Checklist Electronic Transfer of Trust Funds Requisition – Withdrawal from Trust By Bank Draft Trust Accounting webinar E-Brief Items: E-Brief, March 2025 - - A bright-line rule: Trust account only for legal services (Rule 3-68.1) E-Brief, February 2025 - Protecting your firm from employee theft; Anti-money laundering: Settlement Agreements E-Brief, December 2024– Complete your 2024 CPD credits: Free anti-money laundering measures webinar; Stay alert for frauds this holiday season E-Brief, September 2024 - Free anti-money laundering measures webinar available; Updated discipline advisory: Client ID and verification; Discipline Advisory: Private lending

		E-Brief, July 2024 – Ten top tips for client identification and verification E-Brief, June 2024 and May 2024 – Guidance for virtual verification of your client's identity Practice Resource – Using video conferencing technology, April 2024 March 2024 – Client verification rule changes; LOTA search fees removed to aid fight against money laundering February 2024 – How to avoid funds transfer fraud December 2023 - Stay alert: Holiday season is prime time for fraud November 2023 – BC government warns of new scam targeting law firms October 2023 – Education program: Anti-money laundering and terrorist financing September 2023 - Funds transfer fraud: it can really happen to you July 2023 - Vacation alerts and precautions; Don't let your guard down! Funds transfer frauds continue May 2023 – New webinar: Land Owner Transparency Registry filing requirements and ongoing obligations; Three more BC law firms fall victim to funds transfer frauds March 2023 – Protect yourself against real estate identity frauds December 2022 – Attention real estate lawyers: Value and identity frauds continue; Be Alert! Holiday coverage and fraudsters November 2022 – Reminder #2: File your Land Owner Transparency Reports by November 30 December 2022 – Attention real estate lawyers: Value and identity frauds continue; Be Alert! Holiday coverage and fraudsters

		September 2022, Supplementary Edition – Reminder: File your Land Owner Transparency Reports Now July 2022 – Cullen Commission final report; Trust Review Task Force; Vacation Alert and precautions June 2022 – Reminder: Don't wait to file land owner transparency reports April 2022 – Guidance on Canadian sanctions related to Russia and Belarus March 2022 – Alert: bait and switch scam involving certified cheques; Additional sanctions in response to attack on Ukraine; Real estate lawyers – mortgage fraud update; Don't wait until November to file land owner transparency reports February 2022 – Reminder land owner transparency reports due no later than November 30, 2022; June Lawyers Risk Management Conference on April 27, 2022; In Case You Missed It: Avoid becoming a victim of cybercrime December 2021 - Young Lawyers Risk Management Conference on April 27, 2022; Be alert! Holiday coverage and fraudsters; Top 5 traps for real estate lawyers and how to avoid them October 2021 – In case you missed it: Disclosure by existing landowners required by November 30, 2021 September 2021 – In case you missed it: Disclosure by existing landowners required by November 30, 2021 August 2021 – Discipline Advisory: Rule 10-4 reports; In case you missed it: Change in payment instructions scam – BC firm targeted July 2021 – Changes to the Law Society Rules June 2021 – *Land Owner Transparency Act* compliance requirements for local governments April 2021 – Clarifications on the use of bank drafts; Land owner transparency requirements in BC

		March 2021 – Lawyers Indemnity Fund coverage expands to include cyber insurance; Fraud alert: Random calls and emails inquiring about shelf companies November 2020, Supplementary Edition – Lawyers Indemnity Fund video on Fraudsters continuing to target BC lawyers October 2020, Supplementary Edition – Free, remote CPD (anti-money laundering webinar and trust accounting webinar) September 2020 – Free trust accounting courses available online; Updated Client Identification and Verification Checklist July 2020 – Free, remote CPD: anti-money laundering measures webinar June 2020 – Discipline Advisory: Securities fraud April 2020 – Client identification and verification: free webinar December 2019 – Client verification and sources of money rules take effect January 1, 2020; Holiday coverage and scammers November 2019 – Real estate identity frauds are back; Trust Accounting course available for CPD; Amendments to Law Society Rules October 2019 – Fiduciary property rule amendment August 2019 – Fraudsters continue to target BC lawyers July 2019 – New trust account and cash rule changes; Client identification and verification rule changes to take effect January 1, 2020; Potential changes coming to fiduciary property rules; Trust Accounting course available for CPD May 2019 – Reports on money laundering in BC real estate; CBCA corporations must create and maintain an ISC register April 2019 – Changes coming to no cash and trust account rules; Province to increase transparency of land ownership, share ownership; Amendments to Law Society Rules; Discipline advisory: private lending

		March 2019 – SCC finds lawyer liable for over $7 million for making a referral January 2019 – Fake law firms and lawyers
Law Society of Alberta	• LESA – Client Identification and Verification Rules • Law Practice Essentials: Client Identification and Verification Rules	Courses • LESA – Client Identification and Verification Rules • Law Practice Essentials: Client Identification and Verification Rules Sample forms • Attestation for Verification of Identity • Verification of Identity Agreement • Verification of Identity (Individual) • Verification of Identity (Organizations) • Client ID Method Confirmation Form for Dual Method and Credit File Resources • Law Society of AB website: Anti-Money Laundering • Client Identification and Verification Flowchart • Reminder: No Cash Model Rule (E-bulletin, Nov 2021) • Anti-Money Laundering and Anti-Terrorist Financing Webinar • Frequently Asked Questions: Anti-Money Laundering and Anti-Terrorist Financing Webinar • Client Verification, In-Person vs. Virtual • Virtually Verifying your Client's Identity • Client Identification and Verification: What Lawyers Need to Know (Webinar January 2025) • Trust Bank Reconciliations (October 2022) • Real estate transaction scams target multiple Alberta lawyers (ALIAAlert Jan 2025)
Law Society of Saskatchewan	Practice Management Assessment Tool (member login required) Mandatory completion for all law firms to assist firms in identifying gaps in policies and procedures to manage risk and improve	Law Society Website: Client Identification and Verification Rules a) Additional Guidance – Monitoring Requirement

	practice management. Includes specific areas of focus on complying with AML and "know your client" requirements. Practice Management Course(member login required), launching fall 2024: Module 6- – Client Identification and Verification, Module 12 – Client Screening, Module 16 - Avoiding Fraud, Module 17 – Avoiding Cyber fraud -Client Identification and Verification Rules Free Webinar: An Introduction to the Rule Amendments, Anti-Money Laundering & Terrorist Financing, Client ID & Verification (CPD 271) Practice Resources: Client Identification and Verification	a) Client Identification and Verification Flowchart b) Client Identification and Verification Rules c) Frequently asked Questions and Answers d) Summary of new Rules for Client Identification and Verification e) Video Conferencing Technology: Guidance and Professional Obligations f) Virtual Verification of Client Identity Using Authentication Technology g) New Client Identification and Verification Flowchart h) Client Identification and Verification Rules i) Frequently asked Questions and Answers j) Guidance for the Legal Profession – prepared by Federation Working Group k) Risk Assessment Case Studies for the Legal Profession – prepared by Federation Working Group l) Risk Advisories for the Legal Profession – prepared by Federation Working Group m) Additional Guidance – Monitoring Requirement Sample forms (1) Agreement with Agent (2) Verification of Individual's Identity by an Agent (3) Identification of Organization (4) Identification of Individual
Law Society of Manitoba	Client ID Verification – Online Education Practice Resources: Dedicated AML website	Practice Resources: Dedicated AML website Using an Agent to Verify Identity (May 2024) Verifying the Identity of Clients Who Don't have Photo ID (March 2024) Source of Funds: How are You Paying for That? (January 2024) Don't be a Dupe (January 2024) Do You Witness Financial Transaction Documents Remotely? Read This (December 2023) **Worksheets and Checklists:** 1) Checklist For Every File 2) Exempt From Identification Checklist

		3) Exempt From Verification Checklist **Identification Files** 4) Client Is An Individual 5) Client Is A Financial Institution, Public Authority, Etc 6) Client Is An Organization **Verification Files** 7) Client Is An Individual 8) Client Is An Organization Registered In Government 9) Client Is An Organization Not Registered In Government 10) Client Is A Trust 11) Verification Where The Client Is Not Physically Present & Sample Agent Agreement 12) Client Verification Record Keeping and Retention Checklist **Receipt of Cash** 13) Receipt of Cash Checklist
Law Society of Ontario	**Program Name** / **Topic** / **Date** *Wills and Estates Refresher 2024* / Client Identification and Verification Requirements / March 27, 2024 *Eight-Minute Commercial Leasing Lawyer 2024* / Sanctions, Anti-Bribery & Corruption, AML/ATF: The Legal Framework / February 28, 2024 *10 Practice Management Highlights: 2022-2023* / Client Identification and Verification; Rules & Retainers / November 23, 2023 *Six-Minute Real Estate Lawyer 2023* / FINTRAC, Fraud and Client Authentication: A Discussion of the New Law Society \ Ontario Requirements for Verifying Client Identity / November 15, 2023 *Safeguarding Real Estate Transactions 2023* / Managing Initial Contact and Dealing with Prospective Clients; Two Reminders about Client	- Professional Regulation Committee Report to Convocation (May 27, 2021) - At a glance: Anti-money laundering and terrorist financing amendments - Glossary of defined terms (AMLTF) - Client identification and verification requirements - Methods for verifying identity Frequently asked questions - Client identification and verification - Source of funds requirement - Monitoring requirement - Cash and money laundering - Trust accounts - Worksheet: Red flags of fraud, money laundering, terrorist financing, and other illegal Aativity - Risk assessment case studies: Anti-money laundering and terrorist financing - Fraud watch – Corporate ID fraud (LAWPRO®) - Fraud watch – Real estate scams (LAWPRO®)

	Identification and Verification	
Anti-Money Laundering: Protecting Your Litigation Practice	Law Society AML Resources; 8 Tips to Help Verify the Identity of an Individual Money Laundering: Criminal Prosecutions	October 17, 2023
Anti-Money Laundering Best Practices--Your Questions Answered	Anti-Money Laundering (AML) Best Practices and Q&A	June 6, 2023
20th Real Estate Law Summit. Day 1	Client Identification and Verification Requirements: What is Next?	April 19, 2023
Wills and Estates Refresher 2023	Client Identification and Verification Requirements	March 30, 2023
The Six-Minute Real Estate Lawyer 2022	Virtual Verification of Client Identity: A discussion of the new Law Society requirements for verifying client identity	November 17, 2022
Wills and Estates Refresher 2022	Client Identification and Verification Requirements	April 29,2022
19th Real Estate Law Summit	Navigating Closings in a Virtual Environment: Remote Signing and Witnessing, Verifying Identities, and Fraud Prevention	April 6, 2022
Professionalism and Practice Management Issues for Real Estate Lawyers 2022	Review of New Rules for Private Mortgages and Anti-Money Laundering	March 2, 2022

	Six-Minute Real Estate Lawyer 2021	Review of the Anti-Money Laundering (AML) Documents for a Mortgage Loan (What is a Beneficial Owner?)	November 17, 2021	
	The New Anti-Money Laundering Requirements: What You Need to Know Before January 1, 2022	*Amendments to the Law Society's By-Laws 7.1 and 9--Anti-Money Laundering and Terrorist Financing:*	November 12, 2021	
	Professionalism and Practice Management Issues for Real Estate Lawyers, Toronto	*Understanding Who Your Client Is and Fulfilling Your Client Identification and Verification Obligations*	March 9, 2021	
Barreau du Quebec	• Monthly accounting training offered by the professional inspection of the Barreau du Québec: verification of identity, source of funds, rules surrounding the receipt of sums in cash, awareness of the risk of money laundering, etc. • **Comptabilité et normes d'exercice – Se conformer à ses obligations professionnelles** : This webinar training is mandatory for all signatories of a trust account. Among the concepts covered: identity verification, cash sums, general trust account rules, accounting. • Obligations professionnelles et meilleures pratiques en matière de protection des avocats contre la fraude, le blanchiment d'argent et le financement du terrorisme : Protecting lawyers from fraud, money laundering and terrorist financing. This webinar is being updated and will be available again spring 2025.			Client ID and Verifification – FAQs (FR) • Also see the page Lutte au blanchiment d'argent - Obligation des membres | Le Barreau du Québec (FR), which includes the FAQs, Federation guidance and advisory, and links to other resources including education initiatives.
Chambre des notaires du Quebec	Site réservé aux membres : espace dédié intitulé « Prévention – Blanchiment d'argent »			Site réservé aux membres : espace dédié intitulé « Prévention – Blanchiment d'argent » Professional Responsibility Guidelines (FR)

Law Society of New Brunswick	Web page on Anti-Money Laundering Measures, click here. Webinar: Understanding the AML Rules and Requirements	Webinar: Understanding the AML Rules and Requirements Web page on Anti-Money Laundering Measures, also containing reference to the Federation Guidance.
Nova Scotia Barristers' Society	• Website dedicated to AML • Anti-Money Laundering/Client ID and Verification Webinar • AML staff regularly present to members during Continuing Legal Education programing offered by the NSBS, the Lawyers' Insurance Association of NS, the CBA-NS and the Real Estate Lawyers Association of NS.	Sample Agent Agreement • See Federation Guidance
Law Society of Prince Edward Island	• AML guidance • AML and Trust Account Module – part of Practice Management and Ethics Sessions. • Continuing Legal Education Committee is working on a trust account presentation by external CPAs to include AML considerations. • Also rely on Federation Education and Guidance	AML guidance • Bar Admission Course – new session on trust accounts that includes AML introduced in 2024. Also Rely on Federation Guidance.
Law Society of Newfoundland and Labrador	Webinar: Amendments to the AMLTF Rules AML Practice Resources Bar Course: Presentation on the AMLTF Rules	AML Practice Resources Form – Client Identification and Verification for Individuals Form – Client Identification and Verification for Organizations See Federation Guidance
Law Society of Yukon	Information is available on the website including links to materials provided by the Federation of Law Societies and precedent forms. The LSY also refers members to the on-line course provided by the Federation whenever a member goes into private practise or opens a trust account. The LSY provides CPD's on AMLTF both via Zoom and through in-person workshops with its auditors.	See Law Society of Yukon website where information is provided by the LSY with links to Federation resources.
Law Society of the Northwest Territories	Website updated specific to AML • Members applying to open a trust account and/or members starting a new firm are encouraged to complete the FLSC's online course.	LSNT Guidance See Federation Guidance

	• LSNT working to establish new guidelines for members opening a new firm / new trust account that will require completion of AMLTF training. Workshops are being considered as a part of the requirements. • 2x CPD courses will be delivered in 2025 by a CPA. One specific to AMLTF and another for new firms/ trust accounts that will include AML guidelines. Also rely on Federation Education and Guidance	
Law Society of Nunavut	Rely on Federation Education and Guidance	See Federation Guidance.

TABLE 4.5.1 – AUDIT PROGRAMS

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
British Columbia	~3,000	Approx. 3,000 law firms with trust accounts (some firms have multiple trust accounts)	585 per year on average. 50 AML referrals on average, per year, are made to investigations department as a result of annual audits.	Yes. • All Trust Regulation Auditors and Management are required to have the CAMS designation. In addition, there are investigation staff who also have CAMS designation, combined with internal training on AML matters. • 5 CFE (Certified Fraud Examiners)	General Coverage as well as risk-based assessments. All firms must be audited at least once every six years. Firms practising in higher-risk practice areas are audited at least once every four years. If concerns or the firm is rated higher risk, a targeted audit will be conducted in the near future of the firm. All law firms must file an annual trust report. A review of this report might trigger an audit.	Potential breach of the AML rules referred for investigation, including: • Cash transaction rule breaches • Client Identification and verification breaches for any non-face to face transaction or if two or more verification breaches identified in any circumstance • Every misuse of the trust accounting rule under Rule 3-58.1 Every potential failure to make inquiries in	The Law Society of BC proactively conducts compliance audits of law firms using a combination of a risk-based approach and broad coverage. A compliance audit is the examination of a law firm's books, records and accounts under Law Society Rule 3-85. The compliance audit assesses compliance with the Law Society Part 3, Division 7 Rules (Trust Accounts and Other Client Property), Part 3, Division 11 Rules (Client Identification and Verification), and other rules within the *Legal Profession Act* and the *Code of Professional Conduct for British Columbia*. In addition to the client identification and verification rules, the compliance audit specifically examines compliance with: • Rule 3-59 *[Cash transactions]* to ensure lawyers do not accept cash over $7,500 unless permitted to do so for legal fees; • Rule 3-58.1 *[Trust account only for legal services]* to ensure all funds deposited in trust are directly related to legal services provided by the lawyer; and • rule 3.2-7 *[Dishonesty, fraud by client]* to ensure that lawyers have withdrawn from acting for a client that they know or ought to known assists in or encourages any dishonesty, crime or fraud. Compliance audits are conducted by the Law Society's Trust Assurance department auditors

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
						suspicious circumstances/engaging in or facilitating dishonesty, crime, or fraud (rule 3.2-7 of the BC Code and its commentaries).	who are designated Chartered Professional Accountants (CPA), and Certified Anti-Money Laundering Specialists (CAMS). In addition to holding these designations, auditors also receive on-going training on AML/CTF procedures with a focus on the detection and investigation non-compliant transactions within a lawyer's trust account. Generally, all law firms are required to undergo a compliance audit on a four- or six-year cycle. The 6-year audit cycle is related to broad coverage of law firms. Whereas, the 4-year cycle is based on the Law Society's risk assessment of the practice service and transactional risk and/or the size and volume of the practice. Additionally, law firms with demonstrated lower compliance are also audited on a more frequent basis. The compliance audit covers an 18-month period on average. During a compliance audit, auditors review the law firm's accounting records along with a sample of client files. The client files are selected using a risk-based approach focusing on higher-risk practice areas and transaction types. The Trust Assurance department also uses data analytics to assist in identifying the higher-risk transactions for auditors to review. Auditors refer potential breaches in the AML/CTF Rules for investigation by the Law Society's Investigations, Monitoring and Enforcement (IME) department. The Law Society's compliance audit program has proven to be highly effective in the detection of concerns with lawyers' and firms' AML/CTF obligations and referring these concerns as demonstrated by the numerous disciplinary cases that originated from audit referrals to the IME department.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
Alberta	~2,700	Approximately 3600	150-200 Audits conducted annually.	Yes. Various members of the audit / investigation teams maintain designations, including CPA, Certified Internal Auditors (CIA), Certified Fraud Examiners (CFE) and Certified Anti-Money Laundering Specialists(CAMS) .	Primarily initiates audits using a risk-based assessment. In addition, LSA may also initiate a random audit of any lawyer or law firm's financial or other records, including the general or trust account. Both risk-based and random audits are completed to ensure the proper regulation and oversight of trust funds.	Trust Safety makes an automatic referral to Conduct if any of the following breaches are identified: • Cash Rule Breach, • Client Verification Breach, • Prohibition of Use Breach, and/or • Failure to make reasonable inquiries in the face of suspicious circumstances.	When it is determined that an audit is required, the auditors will develop an individual plan for the audit including: (i) identifying the audit team appropriate for the task; (ii) developing a work plan; (iii) identifying appropriate timelines to complete the audit; (iv) assessing the lawyer or law firm's risk profile and setting the scope of the potential audit; and (v) drafting and providing a notice to the lawyer or law firm within a reasonable time before the audit is being conducted. The audit assesses compliance with the Code of Professional Conduct for Alberta. Legal Profession Act and Part 5, Divisions 1-9 of the Rules of the Law Society of Alberta ("Rules") covering trust accounts, other client trust property, and general accounts. The audits include a review of compliance with AML Rules. Every law firm must file a trust accounting upload and a self-report annually. Analytics are performed on cash transactions. If a concern about compliance with the cash transaction rule is noted, further information will be requested if an audit identifies any of the following breaches: • Cash Rule Breach, • Client Verification Breach, • Prohibition of Use Breach, and/or • Failure to make reasonable inquiries in the face of suspicious circumstances. Trust Safety makes an automatic referral to Conduct.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
							If the overall audit rating is high risk, the lawyer is also referred to Practice Management for further support in developing processes in compliance with the rules.
Saskatchewan	~310	Approximately 270 firms with trust accounts. Some firms have more than 1 trust account.	Yearly target = 40.	Yes. In-house CPAs.	Majority are on a risk-based approach. Some are selected randomly.	Any breaches to the Client Identification and Verification Rules, cash rule, misuse of trust account rule as well as the other AML requirements as found through annual reporting or if initiated through a complaint or as a result of a practice review are referred to Professional Responsibility Counsel for further review and we make a recommendation in the meantime to take the Federation AML course and implement processes and procedures within the firm to deal with the rule breaches.	Majority of audits are on a risk-based assessment, while few are selected randomly and some are complaints driven. Compliance audits are completed at the firm wherever possible and follow a list of procedures. We also receive monthly reporting from firms we have had a rule breach history with and new practitioners submit for at least the first 6 months as well as a preventative measure. Currently we are receiving monthly reporting from 30 new firms and 11 firms with a history of non-compliance. Audit procedures completed that relate to CIV/AML include: during the in-person interview information is gathered regarding firm practices and policies to assess compliance with CIV and cash rule. We complete procedures such as review cash receipts and deposit books for last 2 years, review a number of client files for identification, verification, source of funds, monitoring, etc. Along with reviewing the client ledgers.
Manitoba	367 firms operating	459 trust accounts	57 audits, 124 checkups.	Yes. In-house CPAs.	All new firms are audited in some fashion	Breaches of the client identification and verification	Firms are selected through a combination of approaches. All new firms are audited in some fashion within the first six months; some firms are

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
	trust accounts	operated by 367 firms.			within the first six months; some firms are audited on a rotational basis; some firms are audited on priority basis based upon certain risk factors; in some cases, a firm is audited because a concern has been identified which prompts an audit/investigation	rules, breaches of the cash prohibition, improper use of the trust account, and breaches of other trust accounting rules may be referred for investigation and/or the lawyers' ability to act as a trust account supervisor may be removed. Referrals depend on the nature and frequency of the breach as well as the lawyers' history.	audited on a rotational basis; some firms are audited on priority basis based upon certain risk factors; in some cases, a firm is audited because a concern has been identified which prompts an audit/investigation
Ontario	14,090 law firms 2,394 paralegal practices	Approximately 10,400 # of lawyers trust accounts = 9,400 # of Paralegal trust accounts = 1,000	1200 audits conducted annually.	Yes. Various audit staff maintain designations including Certified Public Accountant (CPA), Certified Internal Auditors (CIA) and Certified Fraud Examiners (CFE).	Risk-based selection based on the following criteria: firm size, area of practice, financial indicators from the reporting lawyer's annual report, previous audit history, referrals.	Breaches of the cash prohibition or the use of the trust account for non-legal purposes, which may also indicate facilitation of money laundering, the file is referred to Professional Regulation for risk assessment and investigation.	Risk-based selection based on the following criteria: firm size, area of practice, new sole practice, financial indicators from the reporting lawyer's annual report, previous audit history, referrals. <u>Overview of audit tests for AML Compliance</u> <u>Cash Transactions</u> • Sample of cash transactions above $2000 over the past 12 months above • Review books and records and supporting documentation on selected cash transactions and their compliance to By-law

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							• Assess whether any cash transactions more than $7,500 were exempted <u>Client Identification/Verification Requirements</u> • Select a sample of client files, including a corporate client if applicable • Enquire on the law firm's procedures in obtaining and recording the client's information on file (i.e. intake form) • Evaluate whether the required information is obtained as per By-law 7.1 ss 23(1) • For organizations, assess whether the licensee complied with the additional client identification requirements set out in By-law 7.1. • Check for funds, receipts/payments from/to persons not excepted by By-law 7.1 sec 22(2) to 22(4) • Examine compliance with the verification requirements set out in By-law 7.1 ss 23(4) • Check if firm obtained and recorded information from the client about the source of the funds for the client's transaction set out in subsection 23 (2) of By-Law 7.1, including the economic activity that generated the funds and determined the information was reasonable <u>Prohibition to use a trust account for non-legal services activities</u>

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
							• Check if all clients trust ledger accounts and balances on the client trust listings appear reasonable based information available about firm • Review one month of source documents – evaluate whether all receipts to and transfers/disbursements from trust appear to be reasonable <u>When a breach is identified</u> Depending on the severity of an identified breach, and the previous regulatory history of the licensee, actions could range from remedial or educational, to escalation to Professional Regulation (i.e. further investigation and possibly discipline action). When a By-Law or Rule breach is identified, it is noted on the Audit Report, which is reviewed with the licensee. The licensee must sign off on the deficiencies and is required to correct them. If the licensee fails to rectify the issue, and the same issue is identified on a following audit or reaudit, the licensee may be required to sign an undertaking to take steps to rectify the breach. In determining the appropriate response, Practice Audits considers the seriousness of the breach, the number of instances and/or whether it is a repeat deficiency identified on a prior audit. • In the case of more serious issues such as breaches of the cash prohibition or the use of the trust account for transactions not related to the provision of legal services, the file would be referred to Professional Regulation.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
							• For more minor compliance issues, such as non-compliance with the client identification requirement, an educational approach may be taken and the file may be closed or a letter sent following review. • For repeat compliance issues that are not serious enough to refer to Professional Regulation, the following remedial efforts may be undertaken depending on the severity of risk identified: post-audit monitoring to ensure all issues are corrected, conduct a re-audit to follow up on their progress or require the lawyer to sign an Undertaking which if breached would result in referral to Professional Regulation for breach of the Undertaking. • Depending on the severity of the breach of the AML rules, Practice Audits will either conduct a follow up or reaudit within a year to assess whether the subject licensee has remediated the issues and that their AML/trust account processes and controls comply with the Law Society AML and trust account requirements or refer the matter to Professional Regulation.
Barreau du Québec	3908, including: 2427 professional corporations; 258 limited	Approximately 4,300.	325 per year. All trust accounts are audited once every 5 years.	No (in-house staff), but 3 employees are currently undergoing certification. Yes (as an expert inspector).	At random or after receiving a complaint. Also, regular professional inspections can reveal trust accounting irregularities that will trigger	Breaches on: • Client verification; • Cash transactions; • Record keeping;	Audits are performed randomly or following the reception of a complaint. *L'avocat doit rendre compte au Barreau du Québec de sa comptabilité en fidéicommis au moins une fois par an et dans les 30 jours suivant la réception d'une demande par le directeur de l'inspection professionnelle*

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
	liability partnerships; 32 non-profit legal persons; 1191 regular partnerships (without limited liability) and fee sharing agreements between lawyers. The number of professional corporations includes solo lawyers that are incorporated.				an accounting inspection. Furthermore, answers to random questionnaires can also be used as a starting point to an accounting inspection.	• Deposits and withdrawals (violations of rules).	***Les visites d'inspection comptables (régulières)*** *impliquent notamment une analyse détaillée des transactions réalisées dans les comptes d'administration et en fidéicommis de l'avocat. Elles visent également à comprendre la nature des transactions et l'origine des fonds impliqués. De plus, elles permettent de s'assurer que toutes les exigences réglementaires concernant la réception de sommes en espèces soient scrupuleusement respectées. L'examen porte sur l'analyse des registres comptables tels que les journaux, les cartes-clients et les rapports comptables mensuels.* ***Une demande de production du rapport comptable annuel*** *est une photographie du compte général en fidéicommis sur une période donnée de 12 mois. Cela permet d'analyser les mouvements de fonds aux comptes en fidéicommis sur une période donnée.* ***La visite d'inspection approfondie*** *intervient à la suite d'une visite d'inspection régulière lorsque des irrégularités sont constatées ou en cas de manquements importants, justifiant ainsi un examen plus détaillé. Elle permet de clarifier les questions soulevées lors de la visite initiale, notamment celles liées au blanchiment d'argent ou autres activités illicites, afin d'assurer le respect des normes et règlements en vigueur.* ***Le plan d'action pour que le membre se conforme*** *est un ensemble de mesures établies dans le cadre d'une entente conclue avec le membre ou qui lui sont imposées afin d'assurer que sa pratique soit conforme aux exigences du règlement. Par exemple, un plan de perfectionnement peut être élaboré pour aider un membre à améliorer ses pratiques comptables. Ce plan pourrait inclure l'obligation*

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							pour l'avocat d'engager un comptable professionnel agréé pour tenir sa comptabilité. *De plus, ce plan pourrait prévoir un engagement signé qui obligerait l'avocat à mettre son compte en fidéicommis sous « supervision ». Cela consisterait à désigner un superviseur (membre en règle du Barreau du Québec) qui devra valider et co-signer chacune des transactions intervenues au compte en fidéicommis*
Chambre des notaires du Québec	739 professional corporations; 89 limited liability partnerships 3 non-profit legal persons	Total number of general trust accounts: on March 31, 2025 = 2095 Number of members with at least 1 general trust account = 2043 Number of notarial firms with at least one general trust account = 150	In year 2025-2026 : projected number of audits = 500 In year 2024-2025: 400	All audits are conducted by staff members who are notaries.	At random or after receiving a complaint. *Other basis: au hasard, en fonction d'une évaluation axée sur les risques, selon une rotation, tous les comptes en fidéicommis font l'objet d'un audit*	Breaches on: • Client verification; • Cash transactions (very rare); • Record keeping; improper use of the trust account	See Description of the "programme de surveillance". *Nous procédons à la vérification de la comptabilité en fidéicommis lors de l'inspection ponctuelle de la pratique des notaires. Ces inspections portant sur plusieurs aspects de la pratique du notaire incluent un volet spécifique à la comptabilité en fidéicommis. La profondeur des vérifications comptables variera selon le type d'inspection appliqué.* *Lors de l'année financière 2023-2024, la direction de l'inspection professionnelle a effectué environ 400 inspections ayant un volet « vérification de la comptabilité en fidéicommis ».* *Aussi, tout notaire étant titulaire ou signataire d'un compte en fidéicommis doit transmettre à l'ordre un rapport annuel de comptabilité audité par un membre de l'ordre des comptables professionnels agréés du Québec.* *À titre informatif, 1951 rapports annuels de comptabilité ont été reçus et analysés par la*

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
							direction de l'inspection professionnelle pour l'année se terminant le 31 décembre 2023. *La méthode de sélection des cabinets juridiques ou des personnes qui feront l'objet d'un audit (ex. au hasard, en fonction d'une évaluation axée sur les risques, selon une rotation, tous les comptes en fidéicommis font l'objet d'un audit, etc.);*
New Brunswick	360	436	20-25 annually. To be increased to 50-60 audits in 2025.	No. Audits conducted by an external CPA.	Uniform Trust Account Rules under the *Law Society Act, 1996* **Rule 9(4)** The Executive Director may conduct a program referred to in subsection (3) by randomly selecting members whose accounts are to be investigated or audited or by dividing the members into categories and, within each category, randomly	All breaches to cash rules are referred to discipline department and investigated.	Until December 2024, members/firms were selected to be audited based partly on a random selection and partly on a risk-based assessment. As of 2025 all law firms will be audited on a six-year basis. Firms are selected through a combination of approaches. Half of the audits are on a risk-based assessment, while the other half are selected randomly. In some cases, a firm is audited because of a concern that has been identified in the annual trust account report or it is complaint driven. The audits involve an external accountant retained by the Law Society physically attending at a law firm and reviewing files, accounting records, and other information to assess compliance with the Society's trust account rules, cash transactions and client identification rules.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
					selecting members for investigation or audit		
Nova Scotia	N/A	691 open trust accounts in Nova Scotia; 301 annual trust account reports filed.	40-50 audits per year. 20 Educational Check-Ins. 20 Risk based audits (13 firms selected because of AML issues identified on Accountant's Report).	No. All audits are conducted by an in-house CPA	New accounts, and risk based.	Cash Rule breaches, Client ID rule breaches.	The Society's Trust Assurance Auditors will conduct 40-50 audits of lawyers and law firms each year pursuant to Regulation 10.7. These audits include educational audits that are conducted approximately 6 months after a lawyer has opened a new trust account for the first time and risk based audits that are prompted by problems identified in the annual reports and/or issues identified through the professional responsibility (PR) process. Those who are audited receive copies of the audit reports and the Society follows up with lawyers respecting all audit recommendations. Information respecting trends and concerns gleaned annually from the audits informs the Society's education and other resources provided to lawyers and firms.
Prince Edward Island	30	29	29 (all trust accounts are reviewed annually by external CPAs retained by the Law Society).	No. External CPAs perform audits.	Every trust account is reviewed annually. Some will be chosen for a deeper audit.	Any irregularity reported by the CPAs in their review is followed up and if a satisfactory response is not received would be a basis for referral for deeper audit.	Form 17 – Annual Lawyers report on Trust Monies.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
Newfoundland and Labrador	127 firms and one practising insured member with trust accounts. High-risk areas: • 4 firms note that 51-60% of their practice is real estate. • 2 firms note that 61-70% of their practice is real estate. • 3 firms note that 71-80% of their practice is real estate. • 1 firm notes that 91-	179	65 audits annually. Trust accounts are typically audited every 2 years.	Auditors are CPAs.	Risk based, and rotating cycle.	Breaches to Client Identification and Verification Rules as well as Cash Transaction may be investigated or subject to administrative penalties.	In 2024, all firms were asked to submit a sample of their accounting records. A risk assessment was conducted. The assessment considered the samples submitted, and other factors like past audit results and discipline history. Firms were placed on a priority ranking based on the risk assessment. At present, audits are being scheduled in accordance with the priority ranking. It is intended that each firm will be audited at least every two years. Identified risk factors could possibly increase the scope and number of audits. The Law Society can also conduct audits on a random basis, where it is deemed necessary. The audits involve the Law Society's Trust Compliance Auditor physically attending at a firm and reviewing files, accounting records, and other information to assess compliance with the rules related to trust accounts, cash transactions, and client identification and verification. We are considering a hybrid process of some of the audit work being conducted remotely, where it is deemed suitable.

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
	100% of their practice is real estate.						
Yukon	69 lawyers in private practice with option of having a trust account	26	3-4 full audits and 2-3 'check-in's' each year.	No	Once every 5-6 years. Accounts selected each year are based on risk-assessment of an Accountant's Report.	Any breach of AML rules referred to Audit Committee which decides to address matter remedially or refer it to professional conduct.	All lawyers with a trust account in Yukon undergo an in-person audit by the LSY's auditors at least once every 5-6 years, which includes an audit of their client ID and verification system, as well as ensuring they are complying with the trust account and AMLTF rules generally. At this time, if the auditor identifies a breach of the rules - or the LSY becomes aware of a breach by other means - it will be reported to the Audit Committee. The Audit Committee will determine whether the breach should be addressed remedially or if it should be referred to professional conduct. If the breach is minor, the Audit Committee will have the member obtain more education and work with the member and auditors to correct the issue and get on track. If it is serious or has been identified previously and not corrected, it is more likely to be referred to professional conduct. Our LPA and Rules allow the LSY to randomly request an audit or review a members books and accounts at any time. In practice, only members that have trust accounts are audited at this time. Each year, lawyers with trust accounts in Yukon provide a self-report, which includes an Accountant's Report, which is a report completed by their own accountant who reviews their books to ensure they have met the LSY's reporting requirements. This is not as in-depth as an audit required by the Law Society, nor an audit of their compliance with all the AMLTF rules. These reports

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
							are reviewed by the Audit Committee each year and, with the use of a risk matrix, the Committee selects 3 – 4 members for an in-person audit. The goal is for all trust accounts to be audited once every 5 – 6 years. Factors such as areas or practice, years of practice, size of firm are taken into account in the risk matrix. All lawyers with new trust accounts will be audited by the LSY within the first year of their practice to ensure they are meeting the rules. If a member is audited and issues are identified, the Audit Committee will attempt to solve the issues remedially and will continue to follow-up or monitor the member until it is satisfied that they are in compliance and understand the requirements. We will often ask our auditors to check in from time to time with those members to also ensure they are in compliance without doing a full audit.
Northwest Territories	45 lawyers in private practice (resident). 18 sole practitioners. 8 firms.	17	7-10 annually *recently revised policy that will base the # of audits on the # of trust accounts.	No. Audits conducted by an external CPA.	Annual Accountant's Reports per Section 48 of the Legal Profession Act and Rule 101 sets out Annual Requirements. Rule 103 and the Spot Audit Policy allow for randomized and targeted spot audit reviews. Spot Audit Reviews are	Breach of AML rules or triggered by annual accountant's report or spot audit	Annual Reporting is required for all lawyers in private practice. Accountant's Report – completed by the lawyer's accountant and submitted to the Law Society for all lawyers operating trust accounts. Self-Reports for lawyers without trust accounts. A Start-Up Report is required for every new trust account holder within the first 4 months of opening a trust account. This must be completed by an accountant. Spot Audits are conducted annually with a CPA engaged by the Law Society Executive. Prior to 2025, the policy required 10 random spot audits to be conducted per year. The policy was amended, and the number of random spot audits are now based on the percentage of trust accounts in the

Law Society	Number of law firms	Number of Trust Accounts	# of Annual Audits	Specialty AML Staff?	Basis for Audits	Trigger for audits/referral to Conduct or Investigation	Audit Procedures
					triggered by any of the following situations: Randomly selected annually to comply with the spot audit review policy New firm or sole practitioner / new to private practice / new to the Territory will be audited within the first 2 years of practice. Triggered in the discipline process		Territory that year. Audits are conducted in-person. Trust Account holders will be audited approximately every 3-5 years. Lawyers who do not operate trust accounts will be audited approximately every 5 years. New private practice lawyers and lawyers in private practice who are new to the Territory are audited within the first 2 years of practice. Recently, the LSNT implemented spot audits for lawyers in private practice who do not operate a trust account. This is essentially a practice management review. The new Rules will include mechanisms for practice reviews.
Nunavut	9	N/A	N/A	N/A	N/A	N/A	N/A

TABLE 4.5.2 – DISCIPLINE OUTCOMES (CASES)

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2025	Law Society of British Columbia	*Law Society of BC v. Dureault,* Consent Agreement February 28, 2025	Suspended for three months	Rule 3-7.1 Consent Agreement. The Lawyer used his trust account without making reasonable inquiries and/or without sufficient connection to legal services and was a possible dupe in facilitating crime, dishonesty, or fraud. The Lawyer also acted without authorization, and without complying with CIV ("Client Identification and Verification") Rules.
2025	Law Society of British Columbia	*Law Society of BC v. Barker*, 2025 LSBC 04	Decision pending	In 11 real estate matters where a notorious alleged fraudster was the main point of contact, Respondent failed to be on guard against being a dupe when he failed to make reasonable inquiries in suspicious circumstances.
2025	Law Society of Ontario	Law Society of Ontario v. Florentis 2025 ONLSTH 6	Licence surrendered.	The lawyer was granted permission to surrender his licence for misconduct including (among other things) having received cash in excess of the allowed amount ($50,000).
2025	Law Society of Ontario	2025 ONLSTH 62 (CanLII) | Law Society of Ontario v Elliott | CanLII	Nine-month suspension and prohibition from practising real estate law.	The Lawyer admitted allegations of misconduct involving her participation in 13 development projects financed by syndicated mortgage funds where the lenders to the syndicated mortgage funds lost their investments. The loans amounted to over $105,700,000. The panel found that she failed to be on guard against participating in fraudulent or improper loan transactions, used Law Society forms in which the prescribed wording was altered, and acted in syndicated mortgage transactions using legal documents containing contradictory statements as to whether she was retained by the syndicated lenders.
2025	Law Society of Ontario	2025 ONLSTH 30 (CanLII) | Law Society of Ontario v Hutchinson | CanLII	Licence revoked	The Lawyer was found to have knowingly falsified clear writ search certificates and a title insurance policy; knowingly provided these forged documents to another lawyer in support of the private mortgage transaction for his client, as if they were authentic; and received $60,000 in funds for his client based on the forged documents. The Lawyer knew that the mortgage funds were advanced to him based on the falsified documents he provided and that the release of the mortgage funds to his client were authorized based on the falsified documents he provided. In conducting himself in this way, he engaged in professional misconduct by violating Rule 3.2-7.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2024	Law Society of Ontario	2024 ONLSTH 92 (CanLII) | Law Society of Ontario v. Mendl | CanLII	Interim interlocutory suspension	This is an interim order pending the outcome of the hearing on the merits concerning allegations that include (1) misuse of trust account for non-retainer payments made to the Lawyer's trust account totalling $3.7 million (2) breached a court order (3) failed to return documents and/or report to his former client (4) misled his former client's new counsel and (5) failed to cooperate with an investigation.
2024	Law Society of Ontario	2024 ONLSTH 119 (CanLII) | Law Society of Ontario v. Wall | CanLII	Three month suspension and mandatory future spot audit	The Lawyer was found to have been used a dupe in a fraudulent transaction in which he made a deposit of a fraudulent draft into his trust account (without disbursing funds and with no loss to the bank). He was found to have used his trust account for purposes unrelated to the provision of legal services ($61,000), failed to properly supervise withdrawals from his trust account, and failed to properly administer an estate where he was the sole executor/trustee. The fraudulent transaction came to the attention of the Law Society through a complaint made by the Lawyer's banker, and the other allegations of misconduct arose from findings of irregularities from a spot audit.
2024	Law Society of Ontario	2024 ONLSTH 46 (CanLII) | Law Society of Ontario v. Hao | CanLII	Interlocutory (interim) suspension of licence pending outcome of ongoing matter	This is an interim order pending the outcome of a hearing on the merits of allegations that the Lawyer: (1) may have knowingly participated in, facilitated, or otherwise failed to prevent dishonesty, fraud, crime, or illegal conduct; (2) may have failed to provide legal services to his clients in accordance with the standards of competence and quality; (3) may have had improper business or financial relations with his clients; (4) may have acted in a conflict of interest in the same or related matter; (5) may have acted in a conflict of interest in a joint retainer; (6) may have failed to communicate; (7) may have failed to assume complete professional responsibility for the practice; and (8) may have abandoned his law or legal practice. The allegations relate to loans advanced by clients and others a corporation controlled by the Lawyer.
2024	Law Society of Ontario	2024 ONLSTH 132 (CanLII) | Law Society of Ontario v. Mazaheri and Yack | CanLII	Interlocutory (interim) suspension of licence pending outcome of ongoing matter	This is an interim order pending the outcome of a hearing on the merits of allegations made against the two lawyers. The two Lawyers acted in transactions in which a client was alleged to have been defrauded. The panel concluded that there are reasonable grounds for believing that there is a significant risk of harm to members of the public that the Lawyers will not honour their professional obligations to avoid assisting in fraud and to ensure proper use of trust monies.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2024	Law Society of Ontario	Law Society of Ontario v. Kinnaird, 2024 ONLSTH 90 (CanLII) Subsequent Penalty and Costs Hearing Law Society of Ontario v Kinnaird, 2025 ONLSTH 25 (CanLII)	Licence Revoked	The Lawyer was found to have acted in two mortgage loan transactions that he knew were fraudulent or was willfully blind to. Was also found to have misled the Law Society by secretly operating a real estate practice including a trust account as a sole practitioner; failing to co-operate with the Law Society; and practising while suspended. Was found to have acted without integrity, failed to co-operate with the LSO on four investigations and practised while suspended.
2024	Law Society of Ontario	2024 ONLSTH 81 (CanLII) | Law Society of Ontario v. Boychyn | CanLII	Interlocutory (interim) suspension of licence pending outcome of ongoing matter	This is an interim order pending the outcome of a hearing on the merits of allegations made against the Lawyer. The primary allegations are that the Lawyer misappropriated client funds for the benefit of himself, his son and other persons, attempting to replenish his trust account using a fraudulent bank draft.
2024	Law Society of Ontario	2024 ONLSTH 57 (CanLII) | Law Society of Ontario v. Tan | CanLII	Interlocutory (interim) suspension of licence pending outcome of ongoing matter	This is an interim order pending the outcome of a hearing on the merits of allegations made against the Lawyer. The primary allegation was that the Lawyer had not released over half a million dollars secured from the sale of a business. Police charged the Lawyer with fraud over $5,000 and possession of property obtained by a crime and with another count of fraud over $5,000, possession of property obtained by crime and money laundering, in a separate investigation that doesn't involve client funds.
2024	Law Society of Ontario	2024 ONLSTH 140 (CanLII) | Law Society of Ontario v. Mazo | CanLII	Interlocutory (interim) suspension of licence pending outcome of ongoing matter	This is an interim order pending the outcome of the hearing on the merits of Mazo, 23H-038 NOA - Law Society Tribunal The allegations include several instances of misappropriation and knowingly encouraging or assisting dishonesty or fraud involving substantial amounts of money: (1) using her mixed trust account to receive $10 million, more or less, from a corporation and others, and disbursing the money to various third parties, all purportedly in repayment of a promissory note, (2) using a (non-trust) business account to process cheques, resulting in a shortfall to the bank of approximately $4 million and (3) using her mixed trust account to receive $826,145, more or less, on behalf of a corporation in relation to a share issuance and then disbursing the share sale proceeds to various third parties (4) misappropriation of approximately $300,000
2024	Law Society of Ontario	2024 ONLSTH 33 (CanLII) | Law Society of Ontario v. Canizares | CanLII	Interlocutory (interim) suspension of licence pending outcome of investigation and any subsequent hearing on the matter.	This is an interim suspension order based on preliminary evidence gathered in relation to an investigation. Toronto Police Service advised the Law Society that the Lawyer was involved in allegedly fraudulent real estate transactions, and an investigation was commenced which remains ongoing. It is alleged that the Lawyer has purported to act for clients on

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				four real estate or mortgage transactions. The purported clients died many years before the real estate transactions took place. The alleged real estate scheme seems such that these properties would appear on paper to have been legitimately transferred by the owners so that the masterminds could then sell them to third parties who would not have legitimate ownership. It is alleged that the Lawyer was either an active participant in the fraudulent transactions or was wilfully blind to the red flags that would have alerted him to the fraudulent scheme. The Lawyer has failed to participate in the ongoing investigation.
2024	Law Society of Ontario	2024 ONLSTH 100 (CanLII) | Law Society of Ontario v. Mikhailitchenko | CanLII	Interlocutory (interim) Suspension of licence pending final order in any application related to alleged misconduct	This is an interim suspension order based on preliminary evidence gathered in relation to several investigations in which it is alleged that the licensee (1) had used her trust accounts for purposes unrelated to the provision of legal services, and whether the licensee may have knowingly participated in, facilitated or otherwise failed to prevent dishonesty, fraud, crime, or illegal conduct (2) may have misappropriated mishandled, or misapplied client trust funds
2024	Law Society of British Columbia	Gregory v. The Law Society of British Columbia, 2024 BCCA 350 On appeal from 2021 LSBC 34 (F&D) & 2022 LSBC 17 (DA)	Suspended for two months	Respondent failed to record and make reasonable inquiries about the subject matter and objectives of his retainer and of his clients more generally. Also failed to make reasonable efforts to obtain or record client's identification information.
2024	Law Society of Ontario	2024 ONLSTH 79 (CanLII) | Law Society of Ontario v. Mohammed-Ali | CanLII	Licence revoked	The Lawyer was found to have (a) participated in dishonest or fraudulent conduct; (b) misappropriated or otherwise dealt dishonestly with a third party's money and property; (c) made improper use of a trust account, contrary to Rule 3.2-7.3; (d) failed to maintain books and records contrary to By-Law 9, Part V; and (e) created, proffered or otherwise relied upon a fraudulent retainer agreement in her dealings with a client and the Law Society, and in doing so, failed to conduct herself with honour and integrity and misled the Law Society.
2024	Law Society of Ontario	Law Society of Ontario v. Starr 2024 ONLSTH 133	Licence revoked.	The lawyer's licence was revoked including for: (a) receiving sums of cash in excess of the allowed amount ($42,500) for one client matter; (b) using his trust account for purposes unrelated to legal services (c) drawing on

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				trust funds held for other clients (d) proposing a scheme to launder money for his client.
2024	Law Society of Ontario	Law Society of Ontario v. Hertzberger, 2024 ONLSTH 121	Licence restrictions currently in place pending completion of other matter (Hertzberger, 25H-035 NOA - Law Society Tribunal/). The licensee may not operate a trust account. b) The respondent may not deposit funds into a trust account or disburse funds from a trust account. c) The respondent must immediately return to the client any funds received from a client and not yet deposited into a trust account.	This is a hearing on a motion for an interlocutory order matter. The Lawyer had deposited large value cheques into his trust account and disbursed the funds, but the cheques were fraudulent. He had not verified the client's identity or other information as required. The panel found that there was no reason to believe that the Lawyer had actual or constructive knowledge of the fraud. It determined that an interlocutory suspension was not appropriate, but that the Lawyer's licence should be subject to restrictions on operating a trust account pending disposition of the investigation and any resulting conduct application.
2024	Law Society of Ontario	Law Society of Ontario v. Pascuzzi, 2024 ONLSTH 64	Licence revoked.	The Lawyer was found to have : 1. used his trust bank account to receive and disburse $450,000 and to receive and issue $476,000 worth of non-sufficient funds (NSF) cheques for purposes not related to the provision of legal services, contrary to Rule 3.2-7.3 of the Rules of Professional Conduct (Rules); 2. allowed $476,000 worth of NSF cheques to flow through his trust account and by doing so, knowingly assisted in dishonest or illegal conduct contrary to Rule 3.2-7(a) of the Rules; 3. used his trust bank account to secure the dispensing of $38,801.01 in cash for purposes not related to the provision of legal services, contrary to Rule 3.2-7.3 of the Rules; 4. attended at a Cash Money Cheque Cashing Inc. (Cash Money) facility where he permitted the writing of a $40,000 cheque on his trust bank account, payable to Mr. C, when he knew there were insufficient funds to cover the trust cheque, resulting in the immediate dispensing of

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				$38,801.01, more or less, in cash to Mr. C. Prior to Cash Money depositing the cheque, Mr. Pascuzzi placed a stop payment on the trust cheque. By doing so, he knowingly assisted in dishonest or illegal conduct – cheque fraud, contrary to Rule 3.2-7 (a) of the Rules.
2024	Law Society of Ontario	2024 ONLSTA 15 (CanLII) | Law Society of Ontario v. Barnwell | CanLII	Licence revoked	This is an appeal of an earlier decision(2023 ONLSTH 31 (CanLII) | Law Society of Ontario v. Barnwell | CanLII) The Lawyer was found to have knowingly assisted in dishonest conduct or alternatively accepted and disbursed funds in circumstances where he ought to have known that he was being used to facilitate dishonest conduct when he acted as an escrow agent in two transactions in 2012-2013.
2024	Law Society of Alberta	Law Society of Alberta v Anderson, 2024 ABLS 26	Suspended for 1-month and paid costs of $52,302.83	Lawyer was suspended for one month and costs of $52,302.83. He failed to take proper or sufficient steps to identify if his client JC through his control of BF Inc., LCM Inc., LGM S.A., and UIS LLC, was engaging or participating in an act, practice, or course of conduct relating to BF Inc. securities that resulted in, or contributed to, an artificial price for those securities, and that such conduct is deserving of sanction. He issued accounts to his client from his professional corporation that improperly identified the legal services and failed to distinguish between legal fees and disbursements and that such conduct is deserving of sanction.
2024	Law Society of Ontario	2024 ONLSTH 117 (CanLII) | Law Society of Ontario v. Patterson | CanLII	1 month suspension (under appeal)	The lawyer was found to have deposited monies into a trust account that were not for the provision of legal services in relation to a matter where was acting as a trustee, rather than providing legal advice.
2024	Nova Scotia Barristers Society	Consent to Reprimand – Allen Fownes	Reprimand	The lawyer failed to maintain accounting and trust records, contrary to Regulation 10.4 (Maintenance of Records) under the Legal Profession Act or to provide client identification records, contrary to Regulation 4.13.13 (Documents and Information for Verification) under the Legal Profession Act which member agreed constitutes professional misconduct.
2024	The Law Society of Manitoba	The Law Society of Manitoba v MANU BATISH, 2024 MBLS 4	Suspension – 60 days. Revocation of trust account supervisor status.	Falsifying records to conceal cash payments received from client.
2024	Barreau du Québec	Barreau du Québec (syndic adjoint) c. Péloquin, 2024 QCCDBQ 80	Four months of suspension $2,500 fine (and fees)	Prepared an invoice in the amount of $173,181.09 to attention of [X] while such a document was false, in particular with respect to the that the latter was not his client and did not give him any professional services

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				of such value, thereby contravening the provisions of the section 4 of the Code of Professional Conduct of Lawyers. Used or permitted to be used trust account for purposes not justified by the exercise of the legal profession or out of complacency by agreeing to deposit and distribute $173,181.09 when such an amount was not related to the performance of a service contract or a lawful, clearly defined and related to the practice of the profession, thereby contravening the provisions of section 47 of the Accounting and Practice Standards Regulations lawyers.
2024	Barreau du Québec	Barreau du Québec (syndic adjoint) c. Sangaré, 2024 QCCDBQ	Provisional striking off the Roll ordered	In Montreal, since or about August 16, 2022 and until the date of the filing of this disciplinary complaint, although having received a cash sum of $7500 or more from his client A.F., did not send to the Director of Professional Inspection a copy of the receipts and a statement signed by him and indicating the required information, thereby contravening section 71 of the Regulation respecting accounting and standards of professional practice for lawyers and section 59.2 of the Professional Code.
2024	Law Society of British Columbia	*Law Society of BC v. Ahmed*, Consent Agreement December 23, 2024	Suspended for one month (sanction significantly reduced on account of investigative delay)	Rule 3-7.1 Consent Agreement. The Lawyer received and disbursed funds from trust without making reasonable inquiries in the face of suspicious circumstances.
2024	Law Society of British Columbia	*Law Society of BC v. Tupper*, Consent Agreement May 10, 2024	Suspended for two weeks	Rule 3-7.1 Consent Agreement. The Lawyer disbursed funds from trust where he had not provided related legal services.
2024	Law Society of British Columbia	*Law Society of BC v. Dugas*, Consent Agreement May 10, 2024	Suspended for five months, referral to Practice Standards and condition imposed to not operate trust account without approved 2nd signatory	Rule 3-7.1 Consent Agreement. The Lawyer improperly used his trust account for purposes unrelated to the provision of legal services. The Lawyer also misappropriated or improperly handled trust funds (deposited to personal bank account), withdrew funds from trust creating shortages, which he failed to eliminate and report, failed to maintain proper accounting records, made misrepresentations to LSBC in trust reports, deposited government payments to trust, failed to remit GST, PST, and payroll deductions, and breached a trust condition.
2024	Law Society of British Columbia	*Law Society of BC v. Howarth* Consent Agreement	Suspended for ten months	Rule 3-7.1 Consent Agreement The Lawyer improperly used his trust account without providing substantial legal services and failed to make reasonable inquiries. The Lawyer also put more than $300 of his own funds into trust. Also engaged

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
		February 15, 2024		in a conflict of interest and gave misleading responses to LSBC.
2024	Law Society of Manitoba	Rishi Barath	Disbarred	Concerns identified and referred by Legal Aid Manitoba. Lawyer submitted false billings to Legal Aid, failed to deposit retaining monies into the trust bank account, created false documents and failed to record the cash received from clients.
2024	Law Society of Manitoba	Caroline Cramer	Disbarred	Original concerns arose from Law Society audit of trust bank account. Multiple issues of governability – continuing to engage in unauthorized practise of law. Lawyer transferred client funds out of trust account into personal bank account.
2024	Chambre des notaires du Québec	Notaires (Ordre professionnel des) c. LaRue, 2025 QCCDNOT 3	Amende minimale de 2500$	À Montréal, le ou vers le 16 novembre 2020, l'intimé a remis le reçu no. 662 à Y.- H. H. pour la somme de 74 400 $, alors qu'il avait reçu cette somme de R.G.
2024	Chambre des notaires du Québec	Notaire (Ordre professionnel des) c. Hébert, 2024 QCCDNOT 7	Radiation temporaire de 3 mois	À Brossard, le ou vers le 28 février 2022, l'intimé a omis de vérifier par tout moyen raisonnable, l'identité de Z.E.M. relativement à un acte de cession reçu sous le numéro 30 854 de ses minutes.
2024	Chambre des notaires du Québec	Notaire (Ordre professionnel des) c. Chartrand, 2024 QCCDNOT 10	Révocation de permis	Dans la région de Montréal, entre les ou vers les 15 novembre et 22 novembre 2019, a commis, participé ou accepter de prêter ses services à la commission à un acte illégal ou frauduleux en tentant de détourner ou d'utiliser à des fins autres que celles indiquées par ses clients la somme approximative de 3,412,500.00 $ qui lui avait été confiée dans l'exercice de ses fonctions.
2024	Law Society of Alberta	Law Society of Alberta v McKen, 2024 ABLS 7	Suspended 45 days and costs of $7,500	The Lawyer admitted guilt on four citations including one that they failed to identify two clients as required by the Rules.
2024	Law Society of Alberta	Law Society of Alberta v Gill, 2024 ABLS 25	Sanction TBD in future hearing	The Hearing Committee found the Lawyer guilty on six citations, including: • failing to comply with client identification and verifications Rules.
2023	Law Society of British Columbia	*Law Society of BC v. Biancardi* Consent Agreement December 19, 2023	Suspended for six months and provided an undertaking not to receive or handle trust funds, not to open trust account and not to practice in real estate law.	Rule 3-7.1 Consent Agreement The Lawyer used his trust account in circumstances that triggered a positive duty to make reasonable inquiries. Lawyer also committed CIV Rules breaches and acted in a conflict of interest.
2023	Law Society of British Columbia	Law Society *of BC v.* Pelletier,	Disbarred.	The Respondent was nominally retained in relation to an investigation by American authorities into an elaborate securities fraud. However, he did

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
		2023 LSBC 03R (F&D), 2023 LSBC 47 (DA)		not provide his clients with any legitimate legal services. Instead, he abused his trust account and the principle of solicitor client privilege to hide proceeds from the American authorities and allow his clients to benefit from their illicit funds. The Respondent also failed to comply with the Law Society client identification rules and made improper payments or withdrawals from his trust account.
2023	Law Society of British Columbia	*Law Society of BC v. Wang,* 2023 LSBC 38 (F&D) 2024 LSBC 42(Review)	Decision pending.	Professional misconduct contrary to s.38(4) of *Legal Profession Act*: • Use of trust account while failing to provide legal services; • Failure to make reasonable inquiries as to nature and circumstances of a matter; • Failure to record results of inquiries into nature of circumstances; • Failed to maintain accounting records as per Law Society Rule 3-64(1), (3) and (4); 3-65; 3-68(a)(ii) and (v); 3-69(1)(a); 3-72(1); 3-73.
2023	Law Society of British Columbia	Law Society of BC v. Yanke, Consent Agreement June 9, 2023	Suspended for nine months and undertaking provided not to handle any trust funds or operate a trust account until relieved of this condition	Rule 3-7.1 Consent Agreement In relation to six clients, the Lawyer used his trust account to receive and disburse trust funds without making reasonable inquiries, in the face of suspicious circumstances, without recording adequate inquiries, and/or without providing substantial legal services in relation to the trust funds, contrary to Rule 3-58.1 of the Rules and rules 3.2-7 and 3.2-8 of the Code of Professional Conduct for British Columbia. The Lawyer also failed to obtain, record, and verify client identification information, contrary to Rules 3-100 and 3-102 to 3-107 of the Rules.
2023	Law Society of British Columbia	*Law Society of BC v. MacDonald* Admission of misconduct and undertakings	Respondent undertook that, for a period of 15 years, he would not: • Engage in the practice of law in BC or elsewhere. • Apply for re-admission to the bar	• Respondent admitted that he allowed funds to flow through the Firm's trust account in objectively suspicious circumstances. In those circumstances, the Respondent failed to make reasonable inquiries and continued to allow the use of the Firm's trust account where he ought to have known it was being used to facilitate unlawful or dishonest conduct; as such, the Respondent assisted his clients in a fraudulent scheme to manipulate the securities market.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
			• Permit his name to appear on letterhead	• Respondent also failed to properly obtain, record, and verify client identification information for several clients.
2023	Law Society of Ontario	Law Society of Ontario v. Jain, 2023 ONLSTH 132 (CanLII)	Interlocutory (interim) Suspension of licence pending final order in any application related to alleged misconduct	This is an interim suspension order based on preliminary evidence gathered in relation to an investigation. The Lawyer is currently the subject of investigations into, amongst other things, two different mortgage fraud schemes. The Lawyer allegedly represented senior citizens in about 20 transactions but did not caution them about the onerous terms of the mortgages. The Lawyer was also allegedly involved in transactions where mortgages were placed on the borrowers' properties without their knowledge or consent. The panel found that the evidence provided reasonable grounds to believe there is a serious risk of harm to the public interest. While the Lawyer consented to the interlocutory suspension, the panel found that the nature of the alleged misconduct required a suspension.
2023	Law Society of Ontario	2023 ONLSTA 5 (CanLII) | Law Society of Ontario v. Di Giacomo | CanLII	12 month suspension + permanent prohibition on practice with respect to syndicated mortgages	This was an appeal of an earlier decision. The Lawyer had admitted to the allegations of misconduct involving 84 investor clients, 16 separate syndicates and 16 real estate projects, the result being that all of the clients lost some or all of their investments. The parties jointly proposed a one-year suspension and other terms, **but the hearing panel found dishonesty and/or wilful or reckless misconduct on the part of the Lawyer**, concluded that the jointly proposed penalty could undermine public confidence in the administration of justice, and revoked the Lawyer's licence. On appeal, the appeal panel found that the hearing panel had imposed a penalty on the basis of allegations of dishonesty that were not alleged, which resulted in procedural unfairness, as the Lawyer did not know the case to be met or have an opportunity to respond. It also accepted the joint submission of a one-year suspension with practice restrictions and professional development requirements.
2023	Law Society of Ontario	Law Society of Ontario v. De Bartolo, 2023 ONLSTH 134	Interlocutory (interim) suspension of licence pending final order in any application related to alleged misconduct	The Law Society brought a motion for an interlocutory suspension of the Lawyer's licence to practice. The panel found that there was evidence that the Lawyer participated in fraudulent transactions that resulted in substantial losses to multiple parties and that he misled his client and the Law Society
2023	Law Society of Ontario	Law Society of Ontario v. Davis, 2023 ONLSTH 13 (CanLII)	Licence revoked.	The majority of the panel found that the Lawyer had engaged in professional misconduct for receiving money in cash ($157,400) where it was likely that the cash was the proceeds of crime. The panel found the Lawyer to be a knowing participant in money laundering.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
		Law Society of Ontario v. Davis, 2022 ONLSTH 109 (CanLII)		
2023	Law Society of Ontario	Law Society of Ontario v. Albaum, 2023 ONLSTH 156	Licence suspended for 9 months and subject to participate in a spot audit.	The Lawyer was found to have engaged in professional misconduct by using his trust account for two clients for purposes not related to the provision of legal services and for failing to verify the identity of a client. There was no evidence that the use of the trust account was dishonest. The lawyer acted as a conduit for the receipt and disbursement of funds.
2023	Law Society of Ontario	*Law Society of Ontario v. Falletta*, 2023 ONLSTH 36	Interlocutory (interim) suspension	This is an interim suspension pending the outcome of a hearing in Falletta, 24H-028 NOA - Law Society Tribunal. In the hearing on the motion for an interlocutory suspension, the panel concluded that the Lawyer's use of his trust account exposed the people who deposited money with him to significant risk (approximately $1.5 million). None of the funds have been returned to the trust account which amounted to a breach of the terms of agreement. The Lawyer took no steps to ascertain the status of the funds and had not done any due diligence either on his clients or on any of the parties to the deposit transactions. The Lawyer did not provide any legal services or advice in any of the four transactions. The panel found that the evidence indicated that the Lawyer may have been using his trust account for purposes unrelated to his legal practice in contravention of the By-Laws. The panel concluded that an order suspending his practice was required to maintain public confidence in the administration of justice.
2023	Law Society of Ontario	2023 ONLSTH 41 (CanLII) | Law Society of Ontario v. Boyko | CanLII	Licence revoked	The Lawyer engaged in professional misconduct by: (a) failing to comply with an interlocutory suspension order; (b) failing to comply with obligations while suspended; (c) failing to maintain proper books and records; (d) failing to properly handle trust funds; (e) failing to co-operate with Law Society investigation counsel promptly and completely; and (f) **acting on a real estate transaction in circumstances where he ought to have known that he was being used to facilitate a fraud**. *"The Lawyer should have recognized there were unusual terms and red flags in a real estate transaction – He made no inquiries and his testimony indicated a lack of knowledge or appreciate of his professional obligations – The Lawyer failed to identify and investigate obvious signs of possible fraud before and after closing."*

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2023	Law Society of Ontario	2023 ONLSTH 40 (CanLII) | Law Society of Ontario v. Kuchar | CanLII	Permission to surrender licence	The Lawyer engaged in professional misconduct when he: (a) knowingly assisted in and/or failed to prevent dishonesty, fraud or illegal conduct when he facilitated the signing of the will and powers of attorney of his client Mr. Smith by an unknown person, contrary to Rule 3.2-7(a) and/or (b) of the Rules; (b) failed to co-operate with a Law Society investigation; and (c) made 48 trust cheques totalling $124,557.17 payable to "cash" contrary to By-Law requirements.
2023	Law Society of Ontario	2023 ONLSTH 87 (CanLII) | Law Society of Ontario v. Linton | CanLII	Three month suspension	The Lawyer (a) failed to serve his estate clients and the Beneficiary to the standard of a competent lawyer, contrary to Rules 3.1-2 and 3.2-1 of the Rules of Professional Conduct (the Rules). As his actions had the effect of withholding information regarding the value of the Beneficiary's assets from ODSP; (b) **breached Rule 3.2-7.3, which mandates that lawyers not use their trust accounts for purposes unrelated to the practice of law.**
2023	Law Society of Ontario	Law Society of Ontario v. Meisels, 2023 ONLSTH 5 (CanLII)	Licence revoked	He Lawyer was found to have knowingly participated in or assisted dishonest or fraudulent conduct while acting in regards to mortgage loan agreements on behalf of a client who engaged in what may be described as advance fee frauds. The client entered into mortgage commitment agreements in exchange for non-refundable fee payments made by the prospective borrowers. However, the client never intended to advance the mortgage loans contemplated by the mortgage commitment agreements, nor did he have the capacity to do so. The Lawyer made false representations as a result of which advance fees were paid for mortgage commitments that were not genuine. In doing so, the Lawyer knowingly both participated in and assisted these advance fee frauds.
2023	Barreau du Québec	Barreau du Québec (syndic) c. Mavridis, 2023 QCCDBQ 15	Three months of suspension	Around April 28, 2017 and on or about May 1, 2017, breached his duties of care and diligence as trustee (Escrow agent) of the sum of US$500,000.00 that had been given to him in trust by Mr. [A.], by disbursing the said sum to third parties on the basis of a document, without carrying out minimum basic checks on the said document, as well as on the identity of the beneficiaries of the sums disbursed, thus contravening sections 20 of the *Code of ethics of lawyers* and 59.2 of the *Professional Code*
2023	Barreau du Québec	Barreau du Québec (syndique adjointe) c. Lamanna, 2023 QCCDBQ 55	Multiple 30 days and 7 days of suspension, to be served concurrently (30 days maximum).	On or about August 5, 2019, used his trust account for purposes not justified by the practice of the legal profession, by depositing a cheque for ten thousand dollars ($10,000.00) from [X], [Y] and [Z], when such use of that trust account was not justified by the existence of a lawyer's mandate, thereby contravening the provisions of section 47 of *the*

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				Regulation respecting accounting and standards of professional practice for lawyers and 59.2 of the *Professional Code*;
2023	Law Society of British Columbia	***Law Society of BC v. Yen*,** 2020 LSBC 45 (F&D), 2021 LSBC 30 (DA) 2023 LSBC 02 (review) 2023 LSBC 34 (review on costs) 2024 BCCA 416	Suspended for three months and parties to bear own costs.	Over a period of approximately two years, the Respondent used or permitted the use of her firm's trust accounts to receive approximately $10 million US and $1.27 million CAD and disburse approximately the same amount in 15 separate deposits and 25 separate withdrawals or transfers without providing substantial legal services/ make reasonable inquiries and record results.
2023	Law Society of British Columbia	*Law Society of BC v. Cole*, 2021 LSBC 40 (F&D), 2022 BCCA 55 (LSBC Appeal) 2023 BCCA 199 (Respondent's Appeal) 2024 LSBC 03 (DA) 2025 LSBC 02 (DA)	Decision pending.	Respondent counselled his client to use his girlfriend as a nominee to take part in a private placement financing contrary to the directive of the securities regulator. The purpose of the Respondent's advice was to circumvent the directive of the regulator that prohibited insiders, such as the client, from taking part. The sanction order of four-month suspension + $20,000 fine (2024 LSBC 03) overturned on review (2025 LSBC 02) is now being appealed.
2023	Law Society of British Columbia	*Law Society of BC v. May,* 2021 LSBC 35 (F&D), =2023 BCCA 218 (Appeal), 2023 LSBC 43 (re-hearing of 2 allegations) 2024 LSBC 25 (DA)	Suspended for two months and costs imposed of $20,767.81	Respondent did not make reasonable inquiries about his clients, two individuals and two companies, and the purposes and objects of his retainer with them. Also misled the court, relied on misleading affidavits and failed to comply with direction from the court and CIV obligations.
2023	Law Society of Manitoba	Chaman Badohal	Disbarred	Failure to maintain proper books and records. Operated a secret trust account. Fraudulent conveyance of real property.
2023	Law Society of Manitoba	Thomas Turner	Suspension – 2 months Conditions on practice	Misuse of trust account – Placing own monies into trust account.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2023	Law Society of Alberta	Law Society of Alberta v Neufeld, 2023 ABLS 6	Suspension five months and costs of $25,000	The Lawyer submitted a Statement of Admitted Facts, Exhibits and Admissions of Guilt. The Hearing Committee found the Lawyer guilty of four citations, including: • Using their trust account to receive and disburse trust funds when no legal services were provided in relation to the trust funds.
2023	Law Society of Alberta	Law Society of Alberta v Amanoh, 2023 ABLS 8	Suspended for 2 weeks and costs of $7,500.	The Lawyer submitted an Agreed Statement of Facts and Admission of Guilt. The Lawyer admitted to unknowingly facilitating conduct that resulted in mortgage fraud. The Lawyer failed to recognize that the parties were engaged in fraudulent activities despite the numerous red flags. The Hearing Committee found the Lawyer guilty of conduct deserving of sanction.
2022	Law Society of British Columbia	*Law Society of BC v. Liu* Consent Agreement December 14, 2022	Suspended for three months	Rule 3-7.1 Consent Agreement The Lawyer used his trust account without making reasonable inquiries and/or without sufficient connection to legal services. Also engaged in conflicts of interest and CIV Rules breaches.
2022	Law Society of British Columbia	*Law Society of BC v. Cheng*, Consent Agreement November 28, 2022	Suspended for two months	Rule 3-7.1 Consent Agreement The Lawyer used his trust account in the absence of legal services and without making reasonable inquiries regarding the source and nature of funds for clients subject to a BC Securities Commission freezing order.
2022	Law Society of British Columbia	*Law Society of BC v. De Lange* Admission of misconduct and undertakings	Undertaking provided not to practice for 15 years, etc.	Respondent used or permitted the use of his firm's trust account to receive and disburse funds when he failed to be on guard against becoming a dupe and failed to make reasonable inquiries and record those inquiries. Respondent failed to decline to act or continued to act in suspicious transactions until there was a reasonable basis for believing that the transactions were legitimate Also, accounting Rule breaches, conflict of interest, breaches of trust conditions, failed to deposit funds, failed to document who he was authorized to take instructions from, failed to eliminate and report trust shortages and made improper trust withdrawals.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2022	Law Society of British Columbia	Law Society of BC v. Osei, 2022 LSBC 43	Suspended for four months and costs imposed of $3,500.	The Respondent received and disbursed $2.1 million dollars through his trust account when there was little or no legal work performed, and he failed to make reasonable inquiries in connection with the transactions. The Respondent also failed to ensure in 3 instances that the unrepresented parties obtained independent legal advice.
2022	Law Society of Ontario	Law Society of Ontario v. Bezaire, 2022 ONLSTH 130 (CanLII)	One month suspension	The Lawyer acted on the sale of a property on behalf of an estate in June 2011 in circumstances where he ought to have known that he was being used to facilitate fraud. He was used as a dupe of an unscrupulous client and consequently deprived a beneficiary of his share of the estate. The Lawyer also improperly delegated tasks to his non-lawyer employee, failed to adequately supervise his non-lawyer employee, and failed to assume complete professional responsibility for his legal practice. The parties provided an agreed statement of facts and the Lawyer admitted the particulars of misconduct. The Lawyer was remorseful and accepted full responsibility for his actions and paid restitution.
2022	Law Society of Ontario	2022 ONLSTH 61 (CanLII) | Law Society of Ontario v. Hope | CanLII	Four month suspension and requirement to complete 10 hours of additional continuing professional development dealing with real estate.	A 2017 transfer of property was orchestrated without the complainant's knowledge or permission despite the fact that she was the sole owner of the corporation that transferred the property. The Lawyer took no steps to verify the authenticity of documents, the names of signatories, the general nature of the corporation's business etc. The Lawyer delegated all work to non-lawyer staff. The panel found that by reason of his total lack of attention to his professional responsibilities the Lawyer failed to be on guard against facilitating real estate fraud.
2022	Law Society of Ontario	2022 ONLSTH 114 (CanLII) | Law Society of Ontario v. Cengarle | CanLII	18 months suspension + restriction on operation of a trust account for three years.	The Lawyer was found to have failed to maintain the security of his Personalized Security Package (which is used to access the electronic registry service for title documents) ; failed to fulfill an undertaking; mishandled trust funds; operated his practice in such a way that he ought to have known could facilitate dishonesty or fraud by a third party; failed to supervise his employee as required; and failed to respond promptly and completely to Law Society communications. The panel noted that although the misconduct involved a serious breach and had a significant financial impact, the lawyer did not knowingly participate in fraud and did not personally benefit from it
2022	Law Society of Ontario	2022 ONLSTH 39 (CanLII) | Law Society of Ontario v. Cadogan | CanLII	Interlocutory practice restrictions – (1) must be supervised by another lawyer approved by the hearing panel pursuant to the terms of a Plan of	The Lawyer is the subject of a notice of application with allegations of misconduct in several matters (Cadogan, 24H-044 NOA - Law Society Tribunal). Among these are allegations that he (1) knowingly assisted fraudulent or dishonest conduct, or, alternatively, acted in circumstances where he ought to have known he was being used to facilitate fraud and

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
			Supervision (2) shall only provide legal services under the supervision of the Supervisor on the terms set out in the Plan of Supervision	(2) used his trust account to receive approximately $1.7 million for purposes unrelated to the provision of legal services
2022	Law Society of Ontario	Law Society of Ontario v. Khan, 2022 ONLSTH 54 (CanLII)	Licence Revoked	The Lawyer engaged in 30 separate particulars of professional misconduct. The Lawyer was involved with the transfer of title of two properties. Rather than being genuine arm's length sales, the transactions were an attempt by the owner of the properties to re-finance the existing mortgages on properties which were in serious default. The Lawyer used funds from his mixed trust account when there was a shortfall during the closing of the transaction, leaving a shortfall in the trust account. The Lawyer then fabricated documents purporting to authorize him to use his other clients' trust funds in the transactions and registered fabricated mortgages. Subsequently, the Lawyer commenced court actions to recover the funds from former clients, which led to the Lawyer misrepresenting the nature of the transactions to his former clients, to lawyers acting for other parties and to the courts.
2022	Law Society of Ontario	Law Society of Ontario v. Henry, 2022 ONLSTH 106 (CanLII) Penalty and Cost hearing - Law Society of Ontario v. Henry, 2022 ONLSTH 142 (CanLII)	Licence revoked	The Lawyer was found to have acted in a conflict of interest borrowing money from a client (who was not a related person or regulated lender); acted in a conflict of interest regarding a fraudulent investment; participated knowingly in the fraudulent investment scheme resulting in financial losses to the client; and failed to act with integrity.
2022	Barreau du Québec	Barreau du Québec (syndic adjoint) c. Carvajal, 2022 QCCDBQ 33	18 months of suspension	(1) In Terrebonne, between or about 12 February and or about 28 February 2014, used, or permitted to be used, his trust account for purposes not justified by and/or related to the practice of the profession of lawyer or out of complaisance for (a) the deposit, on or about February 12, 2014, of a bank draft in the amount of $120,000, dated February 12, 2014, payable to Wilmar Carvajal in trust;

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				(b) the deposit, on or about February 27, 2014, of a bank draft in the amount of $40,000, dated February 27, 2014, payable to Wilmar Carvajal in trust; (c) the withdrawal, on or about February 21, 2014, by means of a bank draft in the amount of $80,000 (plus a $6.50 fee), payable to Mr. Michel Gauthier in trust; (d) the withdrawal, on or about February 28, 2014, by cheque in the amount of $40,000, payable to Me Michel Gauthier in trust; Whereas such use of this trust account was not justified by the existence of a lawyer's mandate, thus contravening the provisions of section 47 of *the Regulation respecting accounting and standards of professional practice of lawyers* and 59.2 of the *Professional Code*.
2022	Barreau du Québec	Barreau du Québec (syndic adjoint) c. Gauthier, 2022 QCCDBQ 46	18 months of suspension	(1) In Terrebonne, between or about 21 February and or about 3 March 2014, used, or permitted to be used, his trust account for purposes not justified by and/or related to the practice of the profession of lawyer or out of complacency, for (a) the deposit, on or about February 24, 2014, of a bank draft in the amount of $80,000, dated February 21, 2014, payable to Mr. Michel Gauthier in trust; (b) the deposit, on or about February 28, 2014, of a cheque in the amount of $40,000, dated February 28, 2014, payable to Mr. Michel Gauthier in trust; (c) the withdrawal, on or about March 3, 2014, by means of a bank draft in the amount of $60,000, payable to [...]; d) the withdrawal, on or about March 3, 2014, by cheque in the amount of $60,000 (as part of a withdrawal of $65,000), payable to Michel Gauthier. Whereas such use of this trust account was not justified by the existence of a lawyer's mandate, thus contravening the provisions of section 47 of

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				the Regulation respecting accounting and standards of professional practice of lawyers and 59.2 of the *Professional Code;*
2022	Law Society of Alberta	2023 ABLS 15 (CanLII) | Law Society of Alberta v Tahn | CanLII Law Society of Alberta v. Tahn, 2022 ABLS 22	Disbarred. Ordered to pay $350,841.87 in costs.	Disbarred by Law Society and ordered to pay hearing costs of $350,841.87 with 69 citations. Committee found lawyer "guilty of conduct deserving sanction" on 49 citations including: • not adequately verifying the identification of his client. No records at all of client verification.
2022	Law Society of Manitoba	The Law Society of Manitoba v Murray, 2022 MBLS 7	• Fine - $10,000 • Conditions on practice	Audit of lawyer's trust account. Misuse of trust account – rental payments and expenses as well as personal funds.
2022	Law Society of Ontario	Law Society of Ontario v. Nesker, 2022 ONLSTH 152	Permission to surrender licence	The Lawyer used his trust account to permit transfers of over $150 million from abroad for purposes unrelated to the practice of law. To provide a legal structure to the transactions, he drafted documents indicating that some of them were loans or lines of credit and joint retainers between the parties to the transactions, although there were no instructions that the transactions were in fact loans. He entered into retainer agreements with foreign entities without fulfilling client identification obligations or making efforts to ascertain the purpose of the retainers. He failed to serve his client by acting on inappropriate instructions to disburse trust funds. In doing so, he assisted his client to bypass the decision by Canadian banks to disallow the client to receive money from overseas through a Canadian bank account, and took actions that could encourage, assist or facilitate dishonesty by his client.
2022	Law Society of British Columbia	*Law Society of BC v. Alfonso*, 2022 LSBC 32	Fine imposed of $20,000 and costs of $3.500	The Respondent used his trust account to disburse funds to cover his personal expenses when he had not provided substantial or any legal services and by failing to withdraw funds belonging partly to him as soon as practicable from his trust account. The Lawyer also maintained over $300 of his own funds in trust, acted in a conflict of interest, accepted gifts when the clients had not received independent legal advice and failed to comply with CIV Rules.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
2022	Law Society of British Columbia	*Law Society of BC v. Nikolaeva* Consent Agreement August 31, 2022	Suspended for two weeks	Rule 3-7.1 Consent Agreement The Lawyer used her trust account in the absence of legal services and was found to have breached CIV Rules.
2022	Law Society of Manitoba	Jeffrey Rabb	Permitted to Resign	Misappropriation while acting as a real estate broker and property manager. Permanent revocation of real estate brokers licence (Mb. Securities Commission). Criminal conviction under s. 362(1)(a) of Criminal Code with 12 month conditional sentence.
2022	Law Society of Manitoba	Tyler Warren	Fine - $5000	Failure to identify client. Mislead the court. Deposited retainer monies into personal bank account.
2022	Law Society of Manitoba	Margaret Carroll	Indefinite suspension	Failure to deposit retainer into trust account and misappropriation.
2022	Chambre des notaires du Québec	Notaires (Ordre professionnel des) c. Thuy Truong, 2024 QCCDNOT 15	Radiation permanente. (Licence revoked).	À Montréal, entre le ou vers le 26 mars 2020 et le ou vers le 30 décembre 2020, l'intimée a utilisé à des fins autres que celles indiquées par ses clients la somme de 176 470,59 $ qui lui a été confiée dans l'exercice de ses fonctions. Ainsi, l'intimée a contrevenu aux dispositions des articles 1, 13 et 56 (7) *du Code de déontologie des notaires*, RLRQ, c. N-3, r. 2. et à défaut d'application de ces dispositions, elle a posé un acte dérogatoire à l'honneur et à la dignité de sa profession ou à la discipline des membres de l'Ordre aux termes de l'article 59.2 du *Code des professions*, RLRQ, c. C -26. À Montréal, entre le ou vers le 26 mars 2020 et le ou vers le 30 décembre 2020, l'intimée a utilisé à des fins autres que celles indiquées par ses clients la somme de 483 137,25 $ qui lui a été confiée dans l'exercice de ses fonctions. Ainsi, l'intimée a contrevenu aux dispositions des articles 1, 13 et 56 (7) *du Code de déontologie des notaires*, RLRQ, c. N-3, r. 2. et à défaut d'application de ces dispositions, elle a posé un acte dérogatoire à l'honneur et à la dignité de sa profession ou à la discipline des membres de l'Ordre aux termes de l'article 59.2 du *Code des professions*, RLRQ, c. C -26.

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2022	Law Society of New Brunswick	*Law Society of NB v Arsenault* Decision on Sanction Addendum December 2, 2022	Reprimand, $5,000 fine, $5,000 costs of the inquiry, $29,493 for expenses incurred in this matter.	The Lawyer represented both sides in a real estate transaction. He used funds received in trust from the purchaser to purchase the land being sold by the vendor without the purchaser's consent. The Lawyer also acted without authorization from the appropriate person at the purchaser company and was found to have failed to make the verifications required by the Rules.
2021	Law Society of Ontario	Law Society of Ontario v. Wise, 2021 ONLSTH 95	Licence revoked	This was an application by the Law Society for a determination that the lawyer engaged in conduct unbecoming for running a Ponzi scheme in which he defrauded 1,200 victims of approximately $130 million, for which he pleaded guilty to fraud, money laundering and tax evasion in the United States and was serving a sentence of over 21 years' imprisonment.
2021	Law Society of Ontario	Law Society of Ontario v. Sherk, 2021 ONLSTH 142 (CanLII)	Licence suspended for 75 days and an extra 10 hours of CPD in areas of professionalism and substantive real estate	The Lawyer was found to have: (1) failed to be on guard against being duped by unscrupulous clients or associated persons in property transactions; (2) failed to serve his lender clients in connection with the mortgage transactions involving the properties; and (3) acted against former clients in a related matter without obtaining the clients' prior informed written consent by representing his lender client against his former borrower clients in the course of enforcement proceedings commenced by that lender client.
2021	Law Society of Ontario	2021 ONLSTH 35 (CanLII) | Law Society of Ontario v. McLeod | CanLII	Licence revoked	The Lawyer's clients trusted a predatory mortgage broker who seized on their vulnerable financial circumstances and took away their homes. The Lawyer (a) failed to inquire into the circumstances surrounding the execution and registration of the mortgages to ensure they were valid; (b) failed to require a full report and all related documentation to justify the instructions to issue a notice of sale under the mortgages; (c) failed to account for, verify or justify the sums claimed in the notices of sale; (d) took instructions from the mortgage broker and not from his clients on the various transactions; (e) knowingly assisted in dishonest or fraudulent conduct; (f) acted in a conflict of interest and also acted against a former client.
2021	Law Society of Ontario	2021 ONLSTH 49 (CanLII) | Law Society of Ontario v. Raman | CanLII	Three-month suspension, following which the Lawyer could only practise real estate law for the first two	Lawyer was found to have failed to be on guard against dishonest or fraudulent conduct by a former licensee in respect of mortgage transactions involving two properties.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
			years under the supervision of an approved licensee, and would be required to take specified continuing professional development (CPD) courses in real estate.	
2021	Law Society of Ontario	Law Society of Ontario v. Gordon, 2021 ONLSTH 109	Suspended for two months, required to enter into a mentorship agreement and subject to a follow up spot audit within 18 months of resuming practice.	The lawyer was found (among other things) to have: (1) used her trust account to receive and disburse funds (approximately $500,000) not in relation to any legal services; (2) misapplied $10,000 of other clients' trust funds in making a disbursement on a client matter above what wash held in trust for that client.
2021	Law Society of British Columbia	*Law Society of BC v. Hayer* Consent Agreement March 5, 2021	Suspended for six months and provided undertaking to cease working with her paralegal.	Rule 3-7.1 Consent Agreement The Lawyer used her trust account in a way that may have promoted dishonesty, crime, or fraud. The Lawyer also failed to obtain CIV for client and failed to report trust shortage, permitted non-lawyer to sign trust cheques on her behalf, and permitted staff to use her Juricert password and signatures. The Lawyer also made misleading representations to LSBC.
2021	Law Society of Manitoba	Bonnie Gembey	Disbarred	Misappropriation; Failure to maintain proper books and records.
2021	Law Society of Manitoba	Darcy Purvis	Fine - $7500	Failure to deposit fee payment or maintain record of cash receipt.
2020	Law Society of Manitoba	Gisele Champagne	Fine - $4000	Inappropriate fees and inappropriate handling of client's monies
2020	Law Society of Ontario	Law Society of Ontario v. Savone, 2020 ONLSTA 16 (CanLII)	Three-month suspension	The Lawyer was found to have failed to be on guard against becoming a tool or dupe of his client in respect of 8 real estate transactions. The panel found the Lawyer did not participate knowingly in the fraudulent transactions. The transactions involved the business of buying undervalued properties and re-selling them quickly at a profit. The Lawyer was hired to carry out the conveyances. The client admitted to actively and intentionally duping the Lawyer into believing the transactions were genuine.
2020	Law Society of Manitoba	Junling Wang	Permitted to Resign	Failing to maintain books and records; failing to record receipt of cash. False entries to avoid tax.
2020	Law Society of British Columbia	*Law Society of BC v. Daignault,* 2020 LSBC 18	Suspended for two weeks and no costs sought or ordered	The Respondent received and disbursed funds through his trust account on the instructions of a client without providing any substantial legal services or advising the depositor that he wasn't protecting their interests. In one instance, the share transaction was not completed, and

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				the Respondent did not return the funds to the depositor.
2019	Law Society of British Columbia	*Law Society of BC v. Hsu,* 2019 LSBC 29	Suspended for three months, practice restriction that she not practise in the area of securities law until she is relieved of the restriction and costs imposed of $1,000	The Respondent, while acting for 2 clients in finance and securities matters over approximately a five-year period, allowed $14.3 million to flow through the trust account of the firm she worked at. She engaged in activities that she ought to have known assisted in or encouraged dishonesty or fraud by making changes to disclosure documents used to solicit funds from investors, prepared investment documentation which provided for investors to receive shares which had no value, used trust accounts to receive and disburse investor funds, and failed to make reasonable inquiries. Also, failed to perform legal services to standard of competent lawyer.
2019	Law Society of British Columbia	*Law Society of BC v. Nejat* Admission of misconduct and undertakings	Undertaking to not practice for 12 years	The Respondent assisted in dishonesty, crime, or fraud by disbursing funds from his trust account without verifying client identity amongst other misconduct.
2019	Law Society of Ontario	2019 ONLSTH 89 (CanLII) | Law Society of Ontario v. Deonarain | CanLII	Licence revoked	The Lawyer was found to have engaged in various forms of misconduct: misappropriating nearly $200,000 in client trust funds; discharging a mortgage that he knew was still outstanding; receiving and disbursing $1.9 million for a client, being reckless or wilfully blind that it involved cheque fraud; paying himself fees with funds held in trust without issuing accounts to the client; failing to take any significant steps in a family law matter for which he was retained; and failing to respond to the Law Society's requests for information.
2019	Law society of Ontario	Law Society of Ontario v. Mehta, 2019 ONLSTH 154 (CanLII)	Lawyer surrendered his licence	The Lawyer admitted to, among other things, participating in six fraudulent real estate transactions. He was wilfully blind to the fraudulent transactions involving two of the properties, but he had actual knowledge and assisted in fraud and dishonesty in respect of the four other transactions. The parties jointly submitted that the penalty should be surrender of licence, rather than the presumptive penalty of revocation. The Lawyer's client, who orchestrated the fraudulent transactions, subjected the Lawyer to verbal and physical intimidation. The Lawyer's attempts to refuse or resist were met with threats to his financial well-being and personal safety. These threats rose to the level of duress, satisfying the requirement for exceptional circumstances, which justified permitting the Lawyer to surrender his licence
2019	Chambre des notaires du Québec	Notaires (Ordre professionnel des) c. Pagé, 2020 QCCDNOT 13	30 jours de radiation	N'a pas agi comme un conseiller désintéressé, franc et honnête envers sa cliente Caisse Desjardins de Chomedey en faisant défaut de lui dévoiler que le véritable prix de vente de l'immeuble sur

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				lequel elle acceptait de consentir une hypothèque n'était pas de 740 000,00 $, tel qu'exigé dans les documents d'instructions au notaire. Ainsi, l'intimé a contrevenu **(…) à** l'article 7 du Code de déontologie des notaires, RLRQ, c. N-3, r. 2 **(…).**
2018	Law Society of Ontario	2019 ONLSTH 8 (CanLII) | Law Society of Ontario v. Keith | CanLII	Permission to surrender licence	The Lawyer, as solicitor and one of two estate trustees, failed to serve the estate client over a period of seven years by failing to monitor the accounts, keep proper books and records, follow the instructions in the will and by taking compensation without proper approval. Further, the Lawyer **failed to remain on guard in failing to monitor the other trustee, who took unauthorized "loans" and payments from the estate.** Lawyer was inexperienced in estate matters and unaware that money was being taken. Following the Law Society's investigation, the Lawyer took steps to put the assets in order and pay the beneficiary. Lawyer was in his 80s and preferring not to return to practice following a multi-month suspension – In the circumstances, parties' joint submission for permission to surrender licence accepted as reasonable.
2018	Law Society of Ontario	2019 ONLSTH 21 (CanLII) | Law Society of Ontario v. Walsh | CanLII	Four-month suspension	The Lawyer admitted to engaging in professional misconduct. He disbursed trust funds when he ought to have known that he was being used by a client to facilitate dishonesty. Those events, involving four bad cheques of significant amounts (approximately $500,000), occurred over a three-month period and left a deepening deficit in his trust account. The Lawyer later accepted a suspicious cheque from his client, then wrote a trust cheque in the same amount, resulting in an $85,000 loss to a bank. He failed to promptly report his error or omission to his professional indemnity insurer.
2018	Law Society of Ontario	2018 ONLSTH 33 (CanLII) | Law Society of Upper Canada v. Atkinson | CanLII	Two months suspension + requirement to take CPD and undergo a practice review	Lawyer disbursed $47,000 in trust funds, causing an overdraft in his trust account, in circumstances where he ought to have known he was being used by a client to facilitate fraud. Accepted and disbursed funds in circumstances where he ought to have known he was being used by a client to facilitate fraud against an American attorney, wherein the American attorney lost over $66,000.
2018	Law Society of Ontario	Law Society of Ontario v. Boyko, 2018 ONLSTH 168 (CanLII)	Suspension of two and one half months followed by one year of monitoring by an approved lawyer	The Lawyer was found to have acted on five transactions in circumstances where he ought to have known that he was being used to facilitate fraud or dishonesty. He also failed to ensure that the funds advanced for a loan was invested and secured as intended by the lender.

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				This resulted in the funds being diverted from the benefit of the lender's family members and herself. The Lawyer had also participated in a spot audit also highlighted several deficiencies with the Lawyer's book and record keeping practices and the panel found him failed to maintain proper books and records. The Lawyer was also found to have failed to maintain the security of his personalized, specially encrypted E-Reg diskette and passphrase and permitted a non-lawyer to make statements on registered documents. The Panel also found the Lawyer to have acted for more than one party with conflicting interests on a joint retainer without obtaining consent. The Lawyer was also found by the Panel to have
2018	Law Society of Ontario	2019 ONLSTH 12 (CanLII) | Law Society of Ontario v. Saludares | CanLII	Suspension of three months	The Paralegal was the innocent dupe of fraudulent clients in receiving and depositing altered cheques resulting in a loss to the bank of $434,764.40. The Paralegal failed to comply with client verification requirements and acted outside the scope of his paralegal licence.
2018	Law Society of Ontario	Law Society of Ontario v. Strashin, 2018 ONLSTH 134 (CanLII)	One month suspension	The Lawyer admitted that he failed to supervise the conveyancing clerk who worked with him and provided the clerk with his Teranet key and password; that he failed to defend the action and ultimately satisfied the resultant judgement against him for personal funds; failed to report a claim to LawPRO (professional indemnity insurer); admitted his Trust account was overdrawn (by $5,304.57) and corrected it from personal funds; and admitted to misconduct by way of sharp practice. The Lawyer suffered from major depression which affected his mood, impaired his judgement and compromised his decision-making.
2018	Law Society of Ontario	Law Society of Ontario v. Cusack, 2018 ONLSTH 100 (CanLII)	One month suspension	The Lawyer was found to have acted without integrity by signing documents including: a certificate of independent legal representation and identification for two clients in which he falsely represented that he had met both clients and reviewed the documents with them, even though he had met with only one client; signed three statutory declarations as commissioner for two clients without administering the oath to one client and without satisfying himself as to the genuineness of that client's signature; signed an attestation for verification of identity form for one of the clients in which he falsely represented that he had met the client, had examined the original identity document for the client, and believed that the photograph in the identity document was a true likeness of the client, even though he had neither met the client nor examined the original identity document; signed an acknowledgement and direction as a witness for the signatures of two clients when he did not actually witness the signature of one client; and signed an

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				acknowledgement and direction for the electronic registration of a charge, next to of one of the clients, in the absence of a signature from the other client.
2018	Law Society of Ontario	Law Society of Ontario v. James, 2018 ONLSTA 9 (CanLII)	Licence revoked	The lawyer was found to have: (1) engaged in professional misconduct in relation to 12 real fraudulent estate transactions; (2) knowingly assisted or was willfully blind in respect of the fraudulent transactions; (3) failed to be honest and candid in advising lender clients of facts that were material to their economic interests; (4) acted in a conflict of interest by acting for vendor, purchaser and lender in 11 of the 12 transactions; (5) failed to serve his clients by failing to follow instructions, failing to disclose material facts and failing to make inquiries into unusual features of the transactions; (6) permitted others to use his Teranet (electronic property registry) diskette and password.
2018	Law Society of Ontario	Law Society of Ontario v. Nasseri, 2018 ONLSTH 85	Two-month suspension	The Lawyer acted on five real estate transactions, two of which exhibited red flags or badges of fraud that she should have been aware and was duped into participating or facilitating those fraudulent transactions. On the remaining transactions, she failed to disclose either mortgage broker or mortgage consultant fees that she paid out, despite her lender client's specific instructions that she was required to do so in "any unusual circumstances". The Lawyer also failed to disclose other material facts to her lender clients in two of the transactions.
2018	Law Society of Ontario	Law Society of Upper Canada v. Nguyen, 2018 ONLSTH 45 (CanLII)	Licence revoked	The Lawyer was found to have (1) knowingly participated in fraud or assisted in dishonest or fraudulent conduct in relation to nine real estate transactions; (2) failed to be honest and candid by failing to disclose material facts to his lender clients in eight transactions; (3) acted in four transactions for multiple parties without adequate disclosure to, or consent from, his lender clients; (4) failed to serve his lender clients to the standard of a competent solicitor by failing to disclose material facts and failing to make reasonable inquiries about unusual features of the transactions.
2018	Law Society of Ontario	Law Society of Upper Canada v. Seif, 2018 ONLSTH 8 (CanLII)	Licence suspended for six months and had to participate in a practice review	The Lawyer admitted professional misconduct and the panel accepted a joint submission on penalty – The Lawyer hired an individual who, unknown to him, turned out to have been previously convicted of 18 offences for dishonesty and who was later criminally convicted regarding certain of his dealings with the Lawyer's practice – The Lawyer engaged in misconduct, including: failing to serve clients; engaging in an improper fee-splitting arrangement with non-licensees; failing to assume complete professional responsibility for his practice; failing to prevent the

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				unauthorized practice of law by a non-licensee; and failing to properly maintain his books and records.
2017	Law Society of Ontario	Law Society of Upper Canada v. Baxi, 2017 ONLSTH 219 (CanLII)	Four-and-a-half-month suspension	The Lawyer admitted professional misconduct and the panel received a joint submission regarding the penalty. The Lawyer deposited fraudulent cheques he obtained from a lender into his from trust account and then disbursed funds from the trust account to the benefit of other clients and third parties. He ought to have known that he was being used by the clients to facilitate dishonesty, thereby resulting in an overdraft of his trust account of $998,000 more or less.
2017	Law Society of Ontario	Law Society of Upper Canada v. Chandra, 2017 ONLSTH 214 (CanLII)	Two-month suspension	The panel accepted the Lawyer's admission of professional misconduct on four particulars, as well as the parties' joint submission on penalty The Lawyer admitted that she had engaged in professional misconduct in that she: (1) failed to be on guard against becoming the tool or dupe of unscrupulous clients or other persons in connection with various transactions involving three properties; (2) failed to advise her lender client of all material information relevant to the transactions; (3) acted for both the borrower and the lender in a transaction; and (4) abdicated her professional responsibility and failed to supervise her staff in connection with the transactions
2017	Law Society of Ontario	Law Society of Upper Canada v. Okpala, 2017 ONLSTH 204 (CanLII)	Suspended for two months, licence restricted for one year with respect to practising real estate law by temporary supervision and mentorship requirements, following which he would undergo practice review, and he was to undertake professional training beyond the mandatory minimum	The Lawyer participated in three fraudulent mortgage transactions that were facilitated by the Lawyer's failure to be on guard. The lenders did not suffer any loss. The Lawyer also recommended structuring a transaction for tax purposes without a proper basis for doing so. The Panel found the Lawyer did not have a sufficient understanding of real estate law and practice and had a lack of experience. The panel concluded that cultural and racial discrimination played a role in difficulties in attaining the expertise that he should have had.
2017	Law Society of Ontario	Law Society of Upper Canada v. Anderson-Clarke, 2017 ONLSTH 10 (CanLII)	Licence revoked	The Law Society alleged that the Lawyer knowingly assisted in dishonest conduct by acting as an escrow agent for an investment company and receiving over $8 million from five separate investors which she then disbursed to representatives of the company without authorization from the investors. The facts alleged were deemed to have been admitted by the Lawyer, who failed to respond to the Request to Admit, and held to establish her knowing participation in a fraudulent investment scheme. There were obvious problems with the investment agreements that

Year	Law Society	Case	Sanction/Remedial Action	Brief Summary
				required inquiries which the Lawyer never made, and she continued to accept funds from other investors after the first investor complained about the unauthorized disbursal of his money
2017	Law Society of Ontario	Law Society of Upper Canada v. Sriskanda, 2017 ONLSTA 2 (CanLII)	Licence revoked	The hearing panel found that the Lawyer knowingly assisted or participated in 12 fraudulent mortgage transactions, failed to be honest and candid and to serve his clients to the standard of a competent lawyer, acted while in a conflict of interest, and misapplied client funds. The hearing panel further found that the Lawyer engaged in professional misconduct by attempting to mislead the Law Society during its investigation by fabricating notes on files. The Lawyer appealed and the appeal was dismissed.
2017	Law Society of Ontario	2017 ONLSTH 160 (CanLII) | Law Society of Upper Canada v. Sikder | CanLII	Suspension of two months, six months of financial reporting to the law society and a mandatory follow-up spot audit	The lawyer was found to have (i) breached the trust requirements for deposits set out in the *Condominium Act*; (ii) accepted cash payments in excess of $7,500 (approximately $134,000) in relation to 3 client matters; (iii) made unauthorized withdrawals from trust; and (iv) allowed a lawyer who was neither a partner nor an employee to use his trust account.
2017	Law Society of British Columbia	Gurney (Re), 2017 LSBC 15 2017 LSBC 15 (F&D), 2017 LSBC 32 (DA), 2017 LSBC 42 (costs), 2019 LSBC 23 (review), 2020 LSBC 35 (extension of time for review)	Suspended for six months following which return to practice with conditions imposed regarding the regulation of his trust account. Costs imposed of $25,845.	The Respondent allowed his trust account to be used to receive and immediately disburse a total of $25,845,489.87 on behalf of his client, without making reasonable inquiries about the circumstances and without providing any substantial legal services in connection with the trust matters.

TABLE 4.5.3 - STATISTICS ON SUSPENSIONS, REVOCATIONS, LIMITATIONS ON TRUST ACCOUNTS

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
Law Society of British Columbia	98.	Total = 64 Revocations = 31 Resignations = 33 *in the face of discipline with prohibitions against reapplying for a certain number of years.	In 2024, 21 lawyers lost the right to operate a trust account or had restrictions placed on their ability to do same. Previous years: • 2017 – 11 • 2018 – 16 • 2019 – 18 • 2020 – 20 • 2021 – 20 • 2022 – 24 • 2023 - 26
Law Society of Alberta	57 lawyers have been suspended.	22 lawyers have been disbarred.	Between 2020 – 2025, 14 members had their ability to operate a trust account revoked.
Law Society of Saskatchewan	15 members have been suspended	1 member has been disbarred.	Limitations on use of trust account include co-signor - 32 Denying ability to operate a trust account - 1
Law Society of Manitoba	3 members were suspended.	10 members were either disbarred or were permitted to resign.	The new Trust Safety Program became operational in 2019. Since that time 7 members were denied the privilege of operating a trust account and 7 have had their ability to operate a trust account revoked.
Law Society of Ontario	486 licensees suspended which includes: 54 licensees suspended, either for a finite term, or that remain suspended on an indefinite (interim) basis, in	231 licensees have had their licence revoked or were granted permission to surrender, which includes: 49 licensees in matters involving breaches of AML rules/by-laws.	2 licensees were ordered to comply with trust account restrictions in matters involving breaches of AML rules/by-laws.

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
	matters involving breaches of AML rules/by-laws.		
Barreau du Québec	**272** members were suspended, for a period ranging from a few days to permanently. Numbers are from fiscal years 2016-2025, based on our annual report.	**25** (2016-2025). Includes permanent suspensions ("radiation permanente"). Number of pure permit revocation ("révocation de permis") is **0**. This number is the **total number of permanent suspensions** and not the number of members that have received this sanction. A member may receive more than one permanent suspension.	**5** members were prohibited to hold money in trust and operate a trust account. **7** members were imposed conditions on the operation of their trust account, for the most part to have another member as a tutor and cosignatory.
Chambre des notaires du Québec	**Total restriction** on law professionals' rights to engage in professional activities imposed by: • the Disciplinary Council: **0** • the Committee on the control of the exercise of the notarial profession: **17** **Total suspension** on law professionals' rights to engage in professional activities imposed by: • the Disciplinary Council: **1** • the Committee on the control of the exercise of the notarial profession: **2** **Immediate provisional striking off the roll** of law professionals by: • the Disciplinary Council: **0**	Revocations of **permit revocations**: • the Disciplinary Council: **4**	Imposed by : • the Disciplinary Council: **0** • the Committee on the control of the exercise of the notarial profession: **9**

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
	• the Committee on the control of the exercise of the notarial profession: **0** **Immediate provisional restriction** on law professionals' rights to engage in professional activities imposed by: • the Disciplinary Council: **0** • the Committee on the control of the exercise of the notarial profession: **7** **Immediate provisional suspension** on law professionals' rights to engage in professional activities imposed by: • the Committee on the control of the exercise of the notarial profession: **1** **Temporary striking off the roll** of law professionals by : • the Disciplinary Council: **78** **Permanent striking off the roll** of law professionals by: • the Disciplinary Council: **13**		
Law Society of New Brunswick	14	5	3
Nova Scotia Barristers Society	12	Disbarment = 4 Permission to resign (despite involvement in discipline) = 2	If the Regulations have not been complied with, the Executive Director may order the practising lawyer or law firm to take all necessary steps to comply with these Regulations as specified in the order and within the time fixed for doing so and may initiate whatever action is appropriate under Part III of the Act, in which case the audit report

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
			may be used as the basis for the complaint as well as being used as evidence. Approximately 3-4 lawyers/firms per year are required to file monthly trust account reconciliations with the Society in circumstances where the annual trust reporting has been deficient.
Law Society of Prince Edward Island	1 *1 anticipated for July 2025.	2	2
Law Society of Newfoundland and Labrador	1	6	0 <u>Executive Director (after an audit or investigation)</u> Where an investigator or auditor reports that the Uniform Trust Account Rules have not been complied with, the executive director may: • order the member in writing to take all necessary steps to comply with these Rules as specified in the order and within the time fixed for doing so, and • initiate whatever disciplinary action is appropriate. Where a member fails to comply with the order noted above, the executive director shall suspend the member until the member complies with the order. In a limited manner, this can be used to revoke or limit trust account usage <u>Disciplinary Action</u> <u>Complaints Authorization Committee (Screening Committee)</u>

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
			Where the complaints authorization committee is of the opinion that there are reasonable grounds to believe that a respondent has engaged in conduct deserving of sanction, and the committee is referring the matter to the disciplinary panel for a full hearing, the committee may suspend or restrict the respondent's licence. These restrictions provide the ability to revoke or limit trust account usage. <u>Adjudication Tribunal</u> Where a member pleads guilty, or is found guilty, of conduct deserving of sanction, an adjudication tribunal has the ability to revoke or limit trust account usage. <u>Executive Director (Bankruptcy and Insolvency)</u> Every member admitted as such by the Society shall immediately notify the executive director upon a) receipt of a petition under the *Bankruptcy and Insolvency Act* (R.S. 1985, C. B-3) in which the court is asked to make a receiving order with respect to the property of the member, b) the making by the member of an assignment under the *Bankruptcy and Insolvency Act*, *c)* the making by the member of a proposal under the *Bankruptcy and Insolvency Act.* Until the petition, assignment, proposal or receiving order has been satisfied, withdrawn, discharged or is otherwise of no further force or

Law Society	# of suspensions (2017-2025)	# of revocations (2017-2025)	Limitations on the use and operation of trust accounts (2017-2025)
			effect, the member and the trustee of the estate of the member in bankruptcy shall not, without written permission of the executive director, accept from or on behalf of clients any money or other property, except in payment of costs and fees of the member, and then only on such conditions imposed by the executive director.
Law Society of Yukon	0	0	0
Law Society of the Northwest Territories	n/a	n/a	n/a
Law Society of Nunavut	n/a	n/a	n/a