

27th April, 2006

MINUTES OF CONVOCATION

Thursday, 27th April, 2006
9:00 a.m.

PRESENT:

The Treasurer (Gavin MacKenzie), Aaron, Alexander, Backhouse (by telephone), Banack, Bobesich, Campion, Carpenter-Gunn, Caskey, Chahbar, Coffey, Copeland, Crowe, Dray, Eber, Feinstein, Filion, Finkelstein, Finlayson, Furlong, Gotlib, Gottlieb, Harris, Heintzman, Henderson, Lawrence, Legge, Minor, Murray, Pattillo, Pawlitza, Porter, Potter, Robins, Ross, Ruby, St. Lewis, Sandler, Silverstein, Simpson, Swaye, Symes, Topp, Wardlaw, Warkentin and Wright (by telephone).

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Secretary: Katherine Corrick

The Reporter was sworn.

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IN PUBLIC

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TREASURER'S REMARKS

The Treasurer announced the recipients of the Law Society Medal and Lincoln Alexander Awards:

Sheila Block
Neil Gold
Stephen Grant
Eva Marszewski
Elizabeth McIntyre
Leon Paroian
Linda Silver Dranoff
Benjamin Zarnett
Patricia DeGuire – Lincoln Alexander Award

The Treasurer sent Convocation's best wishes to Brendan O'Brien who celebrated his 97th birthday on April 16, 2006.

Congratulations were extended to Harvey Strosberg who will be honoured by the Jewish National Fund of Windsor at their 2006 Negev Dinner on June 8th for his excellence in community leadership and dedicated public service.

Congratulations were also extended to the Law Society's Executive Chef, Yasser Qahawish, who was featured in the National Post in March.

The Treasurer reported on the meetings and events he has attended since March Convocation.

The Treasurer reported that he addressed the Standing Committee on Justice Policy yesterday on Bill 14. He advised that the hearings will continue today and adjourn until after Labour Day.

DRAFT MINUTES OF CONVOCATION – MARCH 23, 2006

The Draft Minutes of Convocation of March 23, 2006 were confirmed.

MOTION – COMMITTEE APPOINTMENTS

It was moved by Ms. Warkentin, seconded by Mr. Wright, that Gordon Bobesich be appointed to the Heritage Committee and that Andrew Coffey be appointed to the Government Relations & Public Affairs Committee.

Carried

MOTION – APPOINTMENTS TO WORKING GROUP TO MONITOR HUMAN RIGHTS VIOLATIONS

It was moved by Ms. Warkentin, seconded by Mr. Wright, that the following benchers be responsible for monitoring human rights violations that target members of the legal profession and judiciary, here and abroad, as a result of the discharge of their legitimate professional duties:

Paul Copeland (Chair)
Anne Marie Doyle
Heather Ross
Joanne St. Lewis
Mark Sandler

And that this group of benchers report to Convocation through the Equity and Aboriginal Issues Committee.

Carried

MOTION – APPOINTMENTS TO WORKING GROUP OF THE PROFESSIONAL DEVELOPMENT, COMPETENCE & ADMISSIONS COMMITTEE

It was moved by Ms. Warkentin, seconded by Ms. Symes, that Carole Curtis and Judith Potter be appointed to a working group of the Professional Development, Competence and Admissions Committee the mandate of which is to bring forward strategies and priorities for

Convocation's consideration based on the Sole Practitioner and Small Firm Task Force's recommendations and taking into account the legal organizations' submissions.

Carried

REPORT OF THE DIRECTOR OF PROFESSIONAL DEVELOPMENT & COMPETENCE
TO THE BENCHERS OF THE LAW SOCIETY OF UPPER CANADA
IN CONVOCATION ASSEMBLED

The Director of Professional Development and Competence reports:

B.

ADMINISTRATION

B.1. CALL TO THE BAR AND CERTIFICATE OF FITNESS

B.1.1. (a) Bar Admission Course

B.1.2. The following candidates have completed successfully the Bar Admission Course, filed the necessary documents, paid the required fee, and now apply to be Called to the Bar and to be granted a Certificate of Fitness at Convocation on Thursday, April 27th, 2006:

Tiiu Mari-Ann Aloe	Bar Admission Course
Jean-Nicholas Edouard Philippe Paul Crépin	Bar Admission Course
Adela Crossley	Bar Admission Course
Lidija Flanjak	Bar Admission Course
Christian David Fortin	Bar Admission Course
Darcy Janene Louise Jones	Bar Admission Course
Cynthia Lorrain Law	Bar Admission Course
Peter Matheson-Young	Bar Admission Course
Natalie Medovoy	Bar Admission Course
Ochiemuan Edehumhan Okojie	Bar Admission Course
Yona Malka Philips	Bar Admission Course
Sumitha Pudupakkam	Bar Admission Course
Calvin Reis-Roy	Bar Admission Course
Khalid Aziz Sheikh	Bar Admission Course
Olive Esther Sonnenschein	Bar Admission Course
Sophia Erum Zaidi	Bar Admission Course

B.1.3. (b) Transfer from another Province - Section 4

B.1.4. The following candidates have filed the necessary documents, paid the required fee and now apply to be Called to the Bar and to be granted a Certificate of Fitness at Convocation on Thursday, April 27th, 2006:

Paul Joseph Barnes	Province of Nova Scotia
Donald Rosslyn Murray Bell	Province of British Columbia
Julia Elizabeth Clark	Province of Nova Scotia
Brian Perry Kahane	Province of Alberta
Stephen Lee	Province of Alberta
Candice Sue Metallic	Province of British Columbia
Christian Lacroix Monnin	Province of Manitoba
Kevin Christopher Nenka	Province of Manitoba
Julie Veronique Roy	Province of Alberta

B.1.5. (c) Transfer from another Province - Section 4.1

B.1.6. The following candidates have completed successfully the transfer examinations or the academic phase of the Bar Admission Course, filed the necessary documents, paid the required fee and now apply to be Called to the Bar and to be granted a Certificate of Fitness at Convocation on Thursday, April 27th, 2006:

Kelly Lynn Buffett	Province of New Brunswick
Paul Prosterman	Province of Quebec
Peter Shams	Province of Quebec

ALL OF WHICH is respectfully submitted

DATED this the 27th day of April, 2006

It was moved by Ms. Pawlitzka, seconded by Ms. Warkentin, that the Report of the Director of Professional Development and Competence listing the names of the candidates for Call to the Bar be adopted.

Carried

CALL TO THE BAR (Convocation Hall)

The candidates listed in the Report of the Director of Professional Development & Competence were presented to the Treasurer and called to the Bar.

The Treasurer adjourned Convocation. [Mr. Copeland then presented the candidates to Justice Romain W. M. Pitt to sign the rolls and take the necessary oaths.]

Convocation reconvened.

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REPORT OF THE FINANCE & AUDIT COMMITTEE

Ms. Symes presented the Report.

Report to Convocation
April 27, 2006

Finance and Audit Committee

Committee Members:
Derry Millar, Chair
Beth Symes, Vice-Chair
Bradley Wright, Vice-Chair
Abdul Chahbar
Andrew Coffey
Marshall Crowe
Holly Harris
Ross Murray
Alan Silverstein
Gerald Swaye

Purpose of Report: Decision
Information

Prepared by the Finance Department

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December 31, 2005Tab A

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For Information.....Tab E

Process for the Compilation of the 2007 Budget

LibraryCo Inc. - Audited Financial Statements for the Year Ended December 31, 2005

Statements of Investment Compliance

COMMITTEE PROCESS

1. The Finance and Audit Committee (“the Committee”) met on April 6, 2006. Committee members in attendance were: Beth Symes (v.c.), Abdul Chahbar, Marshall Crowe, Holly Harris, Ross Murray, Alan Silverstein and Brad Wright (v.c.).
2. Representatives from Deloitte & Touche LLP were David Ross, Paula Jesty and Sam Persaud. Staff present were Malcolm Heins, Wendy Tysall, Fred Grady and Andrew Cawse.

FOR DECISION

A. GENERAL FUND - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2005

3. Mr. David Ross, Ms. Paula Jesty and Mr. Sam Persaud of Deloitte & Touche LLP, will be in attendance.

The Finance & Audit Committee recommends the annual financial statements for the General Fund be approved by Convocation.

General Fund
Financial Statement Highlights
For the year ended December 31, 2005

Background

4. The Society's General Fund is composed of a number of funds included in these financial statements.
 - o The Unrestricted Fund is the Society's operating fund representing the bulk of its revenues and expenses.
 - o There are a number of special purpose funds restricted by Convocation. These are the Capital Allocation, Invested in Capital Assets, County Libraries, Special Projects, Repayable Allowance, Endowments and the Working Capital Reserve funds.
5. Separate statements are prepared for the Lawyers Fund for Client Compensation, LibraryCo Inc. and the Combined Errors and Omissions Insurance Fund (the latter was approved by Convocation in March).

Results of Operations

6. The Society's Unrestricted Fund has generated a surplus of \$367,000 as a result of operations for 2005 (2004: \$1.8 million).
7. Total revenues for the Unrestricted and Restricted Funds increased by \$920,000 from \$56.3 million in 2004 to \$57.2 million in 2005. Net expenses increased by \$2.7 million from \$55.1 million to \$57.8 million. The increased revenues and expenses in 2005 reflect the increase in the overall level of activity in the Society's operations.

Balance Sheet

Cash and short-term investments

8. Cash and short-term investments have decreased by approximately \$6.3 million from \$22.2 million at the 2004 year end to \$15.9 million as funding was applied to the north wing renovation. The short-term investments include government backed securities and money market instruments issued by major Canadian Banks. The annual return on the short-term portfolio was 2.9% for 2005, up from 2.31% in 2004.

Portfolio investments

9. Portfolio, or long-term investments increased to \$10.5 million and comprise North American equities and Canadian bonds. The portfolio is comprised of 80% fixed income and 20% North American equity investments. The fund is managed in compliance with the General Fund's investment policy. Fixed income investments comprise a diversified mix of government, provincial and corporate bonds with an investment rating of "BBB" or better. The return on bonds was 2.1% (2.5% since March 31, 2004). Equity investments comprise a diversified mix of equities listed on the major U.S. and Canadian stock exchanges.

10. At December 31 2005, the market value was \$115,000 less than the book value of the portfolio. As this is deemed a short-term market fluctuation, no adjustment has been made in the carrying value of the investments.

Capital assets

11. Capital assets are recorded at cost and amortized over their useful lives according to the Society's fixed asset policy. Capital asset additions are typically financed from the Society's capital allocation fund and paid for from the Society's short-term investment funds.
12. The increase in capital assets from \$18.1 million to \$23 million reflects the ongoing north wing renovation project scheduled for completion in February 2006. By year end, expenditures relating to this renovation, categorized as building improvements under construction, total \$8.6 million. Total expenditures on the north wing renovation, when it is completed in 2006, are budgeted at \$9.7 million.
13. The Ottawa building, with a carrying value of \$2.1 million, has been reclassified as "capital assets held for resale" as it has been placed on the market.

Current liabilities

14. Accounts payable and accrued liabilities have increased by \$1.6 million to \$9.3 million as a result of:
 - o holdbacks on the north wing renovation project
 - o accruals as applications are received for the first year of benchers remuneration
 - o a provision of additional amounts for parental leave in compliance with new CICA requirements
 - o provisions on a long outstanding litigation matter.
15. Deferred revenue of \$7.2 million has increased slightly from \$6.9 million in 2004, representing membership fees and less significantly, education fees paid in advance. The balance is largely dependant on whether members pay their fee invoices prior to December 31, of a given year.

Unclaimed trust funds

16. Unclaimed trust funds continue to increase reaching \$1.3 million in 2005 (2004: \$1 million). These are trust monies turned over to the Society by members who are unable to locate or identify the clients to whom the monies are owed. By statute, the Society administers these funds, in perpetuity, with the net income from the funds transferred to the Law Foundation of Ontario annually. The Society is reimbursed for expenses associated with the administration of unclaimed trusts to a limit of the annual income earned on funds held.

Other trust funds

17. Included in the notes to the financial statements, but not the balance sheet, is a reference to other trust funds held by the Society. The Society administers client funds for members under voluntary or court-ordered trusteeships. These funds and matching

liabilities are not reflected on the Balance Sheet as they are held temporarily and with a restricted administrative mandate. Money paid to the Society is held in trust until it is repaid to the clients or transferred to the Unclaimed Trust Funds. At the end of 2005, total funds held in trust amounted to \$2.3 million (2004 - \$2.3 million). The volume and value of balances depend on trusteeships at the time.

Statement of Revenues and Expenses

Revenues

18. Total revenues for 2005 increased to \$57.2 million from \$56.3 million in 2004. Membership fees increased by \$1.9 million in 2005 attributable to increased membership numbers and the 3% increase in the combined general membership fee and county law library levy.
19. The major components of professional development and competence revenues ("PD&C") are the bar admission course ("BAC") (the licensing process in 2006) and post call education programs. PD&C revenues declined by \$600,000 primarily because of changes in the content and delivery of post call products. This decrease was offset by the \$200,000 increase in the annual support to the BAC provided by the Law Foundation of Ontario. BAC tuition fees of \$4,400 have remained unchanged since 2001, and total fees in 2005 were consistent with 2004.
20. Investment income comprises interest earned on fixed income investments, dividends earned on equities and net capital gains realized on the disposition of bonds or equities. Also included in investment income is a \$2.5 million (2004: \$3 million) transfer of investment income from the Errors and Omissions Insurance Fund leading to the decline in total investment income to \$3.5 million in 2005 from \$3.8 million in 2004. The total rate of return on the long term portfolio was 3%, unchanged since inception in March 2004.
21. Other revenues include a variety of items such as lawyer referral service fees, Ontario Reports royalties, catering revenues, litigation and enforcement cost recoveries, charges for fee payment plans and other miscellaneous revenues including the reversal of provisions for liabilities deemed no longer necessary. Other revenues decreased \$200,000 from 2004.

Expenses

22. Total net expenses of \$57.8 million represent an increase of approximately \$2.7 million from \$55.1 million in 2004. Unrestricted fund expenses of \$48.3 million were less than 2004 in most areas with the exception of regulation as discussed below. Total PD&C expenses were \$1.2 million under budget, primarily within the BAC operating lines.

Professional development and competence expenses

23. Professional development and competence expenses decreased by \$1 million from \$17 million in 2004. Major decreases included:

- o Expenditures for the educational administration redesign of \$753,000 were only incurred in 2004 not 2005.
- o Changes in the content and delivery of CLE courses saw course costs decrease by over \$300,000. Physical attendance declined as courses were delivered by BAR-eX via web casts with the Law Society receiving a share of net revenues. This development allowed the number of ILN locations to decrease from 18 in 2004 to 9 in the current year.

Professional regulation expenses

24. Professional regulation expenses increased from \$10 million in 2004 to \$12 million in 2005.
25. The regulatory division is in the midst of a number of large and complex mortgage fraud investigations. Year over year salaries and benefits are up approximately \$1 million. This is a result of the increase in salaries of approximately 3.5% over 2004 and 5 additional employees. The mortgage fraud investigations continue to consume resources - the 2006 operating budget allocated another \$300,000 to directly address these types of investigations.
26. The other significant incremental expense in 2005 was the increase in litigation costs.

Administrative expenses

27. Administrative expenses of \$6.3 million, down nominally from \$6.4 million in 2004, comprise Finance, Information Systems and Human Resources departmental expenses.

Other expenses

28. Other expenses include bencher related disbursements, payments to the federation of law societies and CANLII, insurance and audit fees, catering costs, payments to CDLPA, OBAP, Pro Bono Law Ontario, severance payments and other miscellaneous expenses of the Society. Total other expenses of \$6 million have increased from \$5.1 million in 2004 primarily because:
 - o A provision for the possible non-collection of amounts receivable on monitoring and enforcement orders has been set up for the first time amounting to \$285,000.
 - o This is the first year of bencher remuneration and bencher expenses have increased by \$300,000.
 - o Catering expenses increasing by \$161,000.
 - o The provision for parental leave expenses increased by \$106,000 in implementing relevant CICA treatment.

Client service centre ("CSC") expenses

29. Total CSC expenses were \$3.9 million in 2005, effectively the same as 2004.

Equity expenses

30. A fuller staff complement saw Equity expenses increase from \$657,000 to \$750,000 in 2005 as vacant positions were filled.

Restricted Funds

Statement of Changes in Fund Balances

31. The large decline in the Capital Allocation Fund of \$6.6 million from \$8.2 million to \$1.6 million in 2005 primarily represents the capitalization of the north wing renovation net of current year capital funding. Capital spending has conformed with the approved capital budget. In particular, expenditures to renovate the north wing are in line with the project's budget. The transfer of \$800,000 from the Unrestricted Fund during the year was used to finance the increased north wing renovation budget, leasehold improvements for offsite space and PD&C system improvements.
32. As the recipient of the process in the above paragraph, the Invested in Capital Assets Fund has increased by \$7 million, as assets worth \$8.9 million have been capitalized, offset by the ongoing amortization of the Society's fixed assets of \$1.9 million.
33. In 2005, the \$6.2 million in County Library expenses show a small increase from previous years. The Society levies, collects and remits funds for county library purposes to LibraryCo Inc. on a basis determined when the annual budgets are approved.
34. In 2005, the Law Society's Repayable Allowance program provided \$213,000 to 66 students (2004: \$285,000 to 85 students). There is no identifiable reason for the decrease. Marketing of the program did not decrease and the ratio of grants versus applications was marginally higher in 2005.
35. Expenses in the Endowment Funds were higher than previous years as \$117,000 was transferred to the Law Society Foundation.
36. Significant 2005 expenditures in the Special Projects Fund comprised the costs of the referendum on bench remuneration.
37. The Working Capital Reserve of \$7.9 million is unchanged from 2004 and is funded in compliance with Convocation's policy.

General Fund

Notes to Financial Statements

Stated in whole dollars except where indicated

For the year ended December 31, 2005

1. Description of Fund

The Law Society of Upper Canada (the "Society") was founded in 1797 and was incorporated in 1822 with the enactment of the *Law Society Act*. The Society exists to govern the legal profession in the public interest. This is achieved by ensuring that the people of Ontario are served by lawyers who meet high standards of learning, competence and professional conduct and by upholding the independence, integrity and honour of the legal profession, for the

purpose of advancing the cause of justice and the rule of law. The governing body of the Society, which is known as Convocation, carries out this mandate.

The Society is not subject to income or capital taxes because it is a not-for-profit corporation. These financial statements represent the financial position and operations of the Law Society of Upper Canada - General Fund, which includes certain internally restricted funds, and do not purport to represent all assets and liabilities under the control of the Society.

Separate financial statements have been prepared for the following related entities, which have not been consolidated into the General Fund statements:

Lawyers Fund for Client Compensation

The Society maintains the Lawyers Fund for Client Compensation ("Compensation Fund") pursuant to section 51 of the *Law Society Act* to relieve or mitigate loss sustained by any person in consequence of dishonesty on the part of any member in connection with such member's law practice or in connection with any trust of which the member was or is a trustee. Members' annual fees and investment income finance the Compensation Fund. The Compensation Fund reports fees collected by the General Fund as revenues. The Compensation Fund reimburses the General Fund for certain administrative expenses, spot audit expense and a portion of the costs of operating the investigation and discipline functions of the Society. In 2005 these amounted to \$3,931,000 (2004- \$3,866,000).

Errors & Omissions Insurance Fund and Lawyers' Professional Indemnity Company

The Society provides professional liability insurance to the legal profession through the Errors and Omissions Insurance Fund ("E&O Fund") and the Lawyers' Professional Indemnity Company ("LAWPRO"). The E&O Fund was originally set up in the Society's accounts to record insurance claims and expenses and related levies and their investment. LAWPRO took over underwriting the program commencing in 1990. LAWPRO, a wholly owned subsidiary of the Society, was incorporated in 1990 and is licensed to provide lawyer's professional liability and title insurance. On an annual basis the E&O Fund provides the General Fund with income derived from its surplus earnings. This income, reported as Investment Income of the General Fund, amounted in 2005 to \$2,500,000 (2004 - \$3,000,000). LawPRO paid \$102,000 (2004 - \$197,000) primarily for shared information systems and government relations services.

LibraryCo Inc.

LibraryCo Inc., a wholly owned, not-for-profit subsidiary of the Society, was established to develop policies, procedures, guidelines and standards for the delivery of county law library services across Ontario and to administer funding on behalf of the Society. LibraryCo Inc. was incorporated under the Business Corporations Act of Ontario in 2001. The Corporation issued 100 voting Common Shares to the Society for \$100 and 100 Special Shares to the County and District Law President's Association for \$100. The holders of the Special Shares are entitled to elect one director.

The Society levies and collects funds for County and District Law Library purposes and transfers these funds to LibraryCo Inc.. Convocation internally restricts these funds for use by county law libraries to carry out their annual operations and any special projects approved by Convocation.

Law Society Foundation

The Law Society Foundation (“LSF”), a registered charity, was incorporated by Letters Patent in 1962. The objects of the LSF are to foster, encourage and promote legal education in Ontario, provide financial assistance to law students in Ontario, restore and preserve land and buildings of historical significance to Canada’s legal heritage, receive gifts of muniments and legal memorabilia of interest and significance to Canada’s legal heritage, to maintain a collection of gifts of books and other written material for use by educational institutions in Canada and to receive donations, and maintain a fund for the relief of poverty by providing meals to persons in need. The Society provides facilities, administration, accounting, security and certain other services at no cost to the LSF.

The Law Foundation of Ontario

The Law Foundation of Ontario (“LFO”), a corporation without share capital established in 1974, was created to receive interest accruing on monies held in lawyers’ mixed trust accounts and to establish and maintain a fund to be used for the purposes of legal education and legal research, legal aid and the establishment, maintenance and operation of law libraries. During 2005, the LFO contributed \$1,495,000 to the General Fund of the Society (2004 -\$1,300,000) for the operation of the Bar Admission Course and \$100,000 (2004 - \$100,000) for legal heritage programs.

2. Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants using the restricted fund method of reporting revenues.

Description of Funds

The *Unrestricted Fund* accounts for the Society’s program delivery and administrative activities. This fund reports unrestricted resources.

Restricted Funds

The *Capital Allocation Fund* is maintained to provide a source of funds for the acquisition and maintenance of the Society’s capital assets. These include buildings and major equipment including computers. Amounts of assets capitalized, according to the Society’s capital asset policy, are transferred to the Invested in Capital Assets Fund. Expenditures not capitalized are expended in the Capital Allocation Fund. As at December 31, 2005 the balance is \$1,622,000 (2004 - \$8,232,000).

The *Invested in Capital Assets Fund* records transactions related to the Society’s capital assets, specifically acquisitions, amortization and disposals. As at December 31, 2005 the balance is \$25,146,000 (2004 - \$18,121,000)

The *County Libraries Fund* records transactions related to the Society’s support of county law libraries. The fund accumulates levies raised by the Society for county library purposes. The

Society remits amounts to LibraryCo Inc. on a predetermined basis as approved by Convocation. At December 31, 2005 the fund deficit is \$53,000 (2004 surplus - \$37,000).

The *Repayable Allowance Fund* provides students with funding for tuition and living expenses and is based on a student's ability to repay the grant within a specified period of time following the student's non-participation in the Bar Admission Course. At December 31, 2005, the balance is \$46,000 (2004 - \$147,000).

At the end of the year, the *Endowment Funds* were comprised primarily of the J. Shirley Denison Fund which was established to provide relief and assistance to members and former members who find themselves in difficult financial circumstances. During the year, all of the significant assets of the Law Society Trusts totalling \$117,000, previously included in the Endowment Funds were transferred to the Law Society Foundation. Contributions for endowments are recognised as revenue in the Endowment Funds. At December 31, 2005, the Endowment Funds balances total \$294,000 (2004 - \$466,000).

The *Special Projects Fund* is maintained to ensure that financing is available for ongoing special projects. The balance at December 31, 2005 is \$105,000 (2004 - \$174,000).

The *Working Capital Reserve* is maintained to ensure adequate cash reserves for the continuous financing of the Society's operations. This fund balance is sufficient to provide for the Society's operating expenses for up to two months. As at December 31, 2005 the balance is \$7,975,000 (2004 - \$7,975,000).

Cash and short term investments

Cash and short-term investments are amounts on deposit and invested in short-term (less than one year) investment vehicles according to the Society's investment policy and are subject to insignificant risk of a change in value. Investment income, except income earned on resources held for endowment, is retained in and reported by the Unrestricted Fund.

Portfolio investments

Portfolio investments are recorded at cost, net of amortization of premiums and discounts. Investments consist of a diversified portfolio of government bonds, corporate bonds and Canadian and U.S. equities, according to the Society's investment policy. Only if a loss in the value of an investment is other than a temporary decline is the investment written down to recognize the loss.

Capital assets

Assets are capitalized and subject to amortization when they are determined to have a minimum useful life of three years and an acquisition cost of \$10,000 for equipment, furniture and computer equipment, \$25,000 for computer software and \$25,000 for building improvements. Capital assets are presented at cost net of accumulated amortization. For purposes of calculating the first year's amortization, all capital assets are deemed to be acquired, put into service, or completed on July 1st. Amortization is charged to expense on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	30 years
Building improvements	10 years
Furniture, equipment and computer hardware and software	3 to 5 years

Capital assets held for resale cease to be amortized on the date of reclassification and are held at carrying value, being cost less accumulated amortization when the assets are put on the market.

Revenue recognition

Membership fees are recognized in the year to which they relate if the amount can be reasonably estimated and collection is reasonably assured. Accordingly, fees for the next fiscal year received prior to December 31 have been deferred and are recognized as revenue in the next year.

Professional development and competence, investment and other revenues are recognized when receivable if the amount can be reasonably estimated and collection is reasonably assured.

Collections

The Society owns a collection of legal research and reference material as well as a collection of portraits and sculptures. The cost of additions to the collections is expensed as incurred. No value is recorded in these financial statements for donated items.

Volunteer services

Appointed benchers are remunerated by the Province. Elected and ex-officio benchers are only eligible for remuneration after contributing 26 days of voluntary time. The work of the Society is also dependent on other voluntary services by members of the profession. No value has been included in these financial statements for gratuitous services.

Financial instruments

The estimated fair values of short-term investments, accounts receivable, prepaid expenses, accounts payable, accrued liabilities and deferred revenue approximate their carrying amounts in the financial statements due to the relatively short period to maturity of these instruments.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Accounts Receivable

Included in accounts receivable are certain amounts receivable from related parties as follows:

	<u>2005</u>	<u>2004</u>
Lawyers Fund for Client Compensation	332,118	277,673
The Law Society Foundation	25,884	-
The Law Foundation of Ontario	543,135	389,781
Lawyers' Professional Indemnity Company	91,701	93,047

4. Portfolio Investments

<i>As at December 31 (\$000's)</i>	<u>2005</u>		<u>2004</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Debt Securities	8,423	8,316	8,335	8,233
Common Shares	2,089	2,081	1,774	1,755
	<u>10,512</u>	<u>10,397</u>	<u>10,109</u>	<u>9,988</u>

5. Capital Assets Held For Resale

Due to developments in the provision of education services, the Society has significantly reduced its operations in Ottawa. The building owned in Ottawa is now vacant, was placed on the market for sale in July 2005 and classified as capital assets held for resale. The property is shown at its carrying value. A significant profit or loss on the carrying value of the property is not expected.

6. Capital Assets

<i>As at December 31 (\$000's)</i>	<u>Cost</u>	<u>2005</u>	Net	<u>2004</u>
		<u>Accumulated Amortization</u>		<u>Net</u>
Land and buildings	25,395	16,665	8,730	11,293
Building improvements	7,438	3,027	4,411	4,727
Building improvements under construction	8,560	-	8,560	1,289
Furniture, equipment and computer hardware and software	4,687	3,327	1,360	812
	<u>46,080</u>	<u>23,019</u>	<u>23,061</u>	<u>18,121</u>

In 2004 construction commenced on the renovation of Osgoode Hall's north wing. Renovations are expected to be completed in 2006 at a total cost of \$9,710,000, funded from balances accumulated in the Capital Allocation Fund. Expenditures relating to this renovation are

categorized as building improvements under construction. These assets will not be depreciated until the renovation is complete.

7. Unclaimed Trust Funds

Section 59.6 of the Law Society Act permits a member who has held money in trust for or on account of a person for a period of at least two years to apply in accordance with the by-laws for permission to pay the money to the Society. Money paid to the Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. Subject to certain provisions in the Act which enable the Society to recover its expenses associated with maintaining these funds, all net income from the money held in trust shall be paid to the Law Foundation of Ontario. Unclaimed money held in trust amounts to \$1,266,000 (2004 - \$1,028,000).

8. Other Trust Funds

The Society administers client funds for members under voluntary or court-ordered trusteeships. These funds and matching liabilities are not reflected on the Balance Sheet. Money paid to the Society is held in trust until it is repaid to the clients or transferred to the Unclaimed Trust Funds. At December 31, 2005 total funds held in trust amounts to \$2,269,000 (2004 - \$2,286,000).

9. Other Revenue

Included in other revenue is income from the Ontario Reports, catering, the Lawyer Referral Service, specialist certification and other miscellaneous revenues.

10. Other Expenses

Included in other expenses are payments to the Federation of Law Societies, County and District Law Presidents' Association, insurance, professional fees, termination payments, catering, other corporate expenses and governance related disbursements. 2005 was the first year that elected and ex-officio benchers were eligible for remuneration. The total remuneration of elected and ex-officio benchers during the year was \$134,000. The Treasurers' honorarium for the year was \$103,000 (2004 - \$93,000). The total value of Bencher expenses reimbursed was \$509,000 (2004 - \$526,000).

11. Pension Plan

The Society maintains a defined contribution plan for all eligible employees of the Society. Law Society employees can choose matching employee and employer contributions between 1% and 6% of annual earnings with the exception of designated employees for whom the Society contributes 12% of annual earnings up to the maximum deduction allowed by the Canada Revenue Agency. The Society's General Fund pension expense in 2005 amounted to \$1,287,000 (2004 - \$1,180,000).

12. Commitments

The Society is committed to monthly lease payments for property under leases having various terms up to April 2010. Aggregate minimum monthly payments over the next years are as follows:

<u>Year</u>	<u>\$000's</u>
2006	518
2007	535
2008	558
2009	575
2010	194
<hr/> Total	<hr/> 2,380

At December 31, 2005 contractual obligations relating to the renovation of Osgoode Hall's north wing totalled \$681,000 (2004 – \$5,223,000).

13. Contingent Liabilities

A number of claims or potential claims are pending against the Society. It is not possible for the Society to predict with any certainty the outcomes of such claims or potential claims. Management is of the opinion that based on the information presently available, it is unlikely that any liability, to the extent not covered by insurance or inclusion in the financial statements, would be material to the Society's financial position.

14. Guarantees

In the normal course of business the Society has entered into agreements that meet the definition of a guarantee, including indemnities in favour of third parties, such as confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. Under the terms of these agreements, the Society agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

The Society has also provided indemnification to all directors and officers of the Society. Under S9 of *The Law Society Act*:

"No action or other proceedings for damages shall be instituted against the Treasurer or any bencher, official of the Society or person appointed in Convocation for any act done in good faith in the performance or intended performance of any duty or in the exercise or in the intended exercise of any power under this Act, a regulation, a by-law or a rule of practice and procedure, or for any neglect or default in the performance or exercise in good faith of any such duty or power."

Notwithstanding S9, the Society has also purchased errors and omissions insurance for past and present officers, employees, committee members, benchers, agents and volunteers acting on behalf of the Society, its subsidiaries and affiliates, to mitigate the cost of any potential suit or action.

No estimate of the maximum exposure under these indemnifications can be made and historically the Society has not made any significant payments under such or similar indemnification agreements. Therefore no amount has been accrued in the financial statements with respect to these agreements.

15. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.

FOR DECISION

B. LAWYERS FUND FOR CLIENT COMPENSATION - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

The Finance & Audit Committee recommends the annual financial statements for the Lawyers Fund for Client Compensation be approved by Convocation.

Lawyers Fund for Client Compensation
Financial Statement Highlights
For the year ended December 31, 2005

Background

38. The Lawyers Fund for Client Compensation is maintained by the Law Society, in accordance with the Law Society Act, to relieve or mitigate loss sustained by any person in consequence of dishonesty on the part of any member.

Results of Operations

39. For the first time in five years, the Lawyers Fund for Client Compensation experienced significant claims against the Fund with the net grants expense increasing from \$1.1 million in 2004 to \$4.6 million. This led to a deficit for the year of \$1.6 million compared to a surplus in 2004 of \$2.1 million and a consequent reduction in the Fund's year-end balance from \$19.5 million to \$17.9 million.
40. In the last decade the Fund has experienced relatively stable claims expenses with the exception being 2000 when total grant expenses of \$6.2 million were incurred. The 2005 budgeted provision for claims paid of \$2.7 million was based on the Fund's average claims history over the last five years.

Balance Sheet

Cash and short-term investments

41. The Compensation Fund's short-term investments are invested in bankers acceptances, Government of Canada T-bills and cash.

Portfolio investments

42. Portfolio, or long-term investments (\$22.6 million compared to \$21.2 million in 2004) comprise fixed income (82%) and North American equities (18%). Foyston Gordon and Payne, manage the portfolio in compliance with the Society's Compensation Fund investment policy. Fixed income investments comprise a diversified mix of government, provincial and corporate bonds with an investment rating of "BBB" or better. Equity investments comprise a diversified mix of equities listed on the New York and Toronto stock exchanges.
43. At December 31, 2005 the market value was \$771,000 more than the book value of the portfolio.

Reserve for unpaid grants

44. Based upon the actuarial valuation of the grant reserve, the reserve for unpaid grants has increased by \$1.7 million to \$10.7 million.

Statement of Revenues and Expenses and Change in Fund Balance

Revenues

Membership fees

45. Membership fees decreased from \$6.6 million in 2004 to \$5.9 million in 2005 as per-member fees declined from \$230 in 2004 to \$200 in 2005.

Investment Income

46. Investment income comprises interest earned on fixed income investments, dividends earned on equities and net capital gains realized on the disposition of bonds or equities.
47. Investment income has increased to \$1.6 million in 2005 from \$1.5 million in 2004 as a result of a higher rate of return on the long-term portfolio that included net realized gains of \$573,000. Total return on the Fund's portfolio investments was 7.2% in 2005 compared to 6.6% in 2004.

Expenses

Net grants expense

48. Along with the increase in the actuarial reserve, grants paid during the year increased from \$2.0 million in 2004 to \$3.3 million. These adverse developments are primarily due to a single matter arising from multiple claims against one member and there is no indication that the current year's adverse results are part of a trend for the future.

Spot Audit

49. There are approximately 1,000 spot audits conducted each year. Costs per audit have only increased 1% since 2002 and at \$1.9 million total costs of the program declined nominally from 2004.

Insurance

50. As a result of the strong position of the fund at the end of 2004 this coverage was not renewed for 2005 resulting in the saving of \$495,000 from 2004.

Other expenses

51. The Compensation Fund's 2005 operating expenses were generally stable compared to 2004.

Law Society of Upper Canada
Lawyers Fund for Client Compensation
Notes to Financial Statements
Stated in whole dollars except where indicated
For the year ended December 31, 2005

1. Description of Fund

The Lawyers Fund for Client Compensation (the "Fund") is maintained by The Law Society of Upper Canada (the "Society") pursuant to section 51 of the Law Society Act to relieve or mitigate loss sustained by any person in consequence of dishonesty on the part of any member in connection with such member's law practice or in connection with any trust of which the member was or is a trustee. The Fund is financed by members' annual fees and investment income.

The Fund is not subject to income or capital taxes because it is a fund of the Society, a not-for-profit corporation.

The Fund reimburses the Society's General Fund for certain administrative expenses, spot audit expense and a portion of the costs of operating the investigation and discipline functions of the Society. The charges for the year amount to \$3,931,000 (2004 - \$3,866,000).

2. Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants, using the restricted fund method of reporting revenues. The Fund accounts for the program delivery, administration and payment of grants from the Fund. The Fund is restricted in use by the *Law Society Act*.

Cash and short-term investments

Cash and short-term investments are amounts on deposit and invested in short-term (less than one year) investment vehicles according to the Society's investment policy and are subject to an insignificant risk of change in value.

Portfolio investments

Portfolio investments are recorded at cost, net of amortization of premiums and discounts. Investments consist of a diversified portfolio of government bonds, corporate bonds and Canadian and U.S. equities, according to the Society's investment policy. Only if a loss in the value of an investment is other than a temporary decline is the investment written down to recognize the loss.

Revenue recognition

Membership fees are recognized in the year to which they relate if the amount can be reasonably estimated and collection is reasonably assured. Investment income is recognized when receivable if the amount can be reasonably estimated.

Grants

Pursuant to section 51(5) of the *Law Society Act*, the payment of grants from the Fund is at the discretion of Convocation, the governing body of the Society. Grants paid are subject to a \$100,000 limit per applicant. A reserve for unpaid grants is recorded as a liability on the balance sheet. This reserve represents an estimate of the present value of grants to be paid for unprocessed claims and the associated administrative costs, as determined by an actuary. The related net grants expense represents grant payments during the year plus the current year experience gain/loss of the reserve for unpaid grants, net of recoveries. In 2004, the Fund maintained insurance for cumulative claims in excess of \$15,000,000 to a maximum of \$25,000,000. This insurance was discontinued for the 2005 year.

Financial instruments

The estimated fair values of short-term investments, interest and other receivables and accounts payable and accrued liabilities approximate their carrying amounts in the financial statements due to the relatively short period to maturity of these instruments.

3. Measurement Uncertainty

The valuation of unpaid grants anticipates the combined outcomes of events that are yet to occur. There is uncertainty inherent in any such estimations and therefore a limitation upon the accuracy of these valuations. Future loss emergence may deviate from these estimates. No provision has been made for otherwise unforeseen changes to the legal or economic environment in which claims are settled, nor for causes of loss which are not already reflected in the historical data. Management believes that the techniques employed and assumptions made are appropriate and the conclusions reached are reasonable given the information currently available. Estimates of unpaid grants are reviewed at least annually by an actuary and, as adjustments become necessary, they are reflected in current operations.

4. Portfolio Investments

<i>As at December 31</i> (\$000's)	2005		2004	
	<u>Book</u> <u>Value</u>	<u>Market Value</u>	<u>Book</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Debt Securities	18,426	18,964	17,587	17,788
Common Shares	4,145	4,378	3,647	3,904
	<u>22,571</u>	<u>23,342</u>	<u>21,234</u>	<u>21,692</u>

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is an amount due to the Society's General Fund of \$332,000 (2004 - \$278,000).

FOR DECISION

C. LAW SOCIETY AUDITOR

52. The Report to the Audit Sub-Committee from Deloitte & Touche was reviewed by the Finance & Audit Committee. The Report addresses:
- o Representations and audit scope
 - o Management and Bencher responsibilities
 - o Matters to be communicated to the Audit Committee
 - o Reporting and control matters
 - o The Management Letter. The auditors did not have any management letter comments arising from their audit of the 2005 financial year. At the Audit Sub-Committee's request they have provided a follow up to the points raised in the 2003 management letter. They are satisfied with management's responses.
53. Convocation appoints the Law Society auditors on the advice of the Finance & Audit Committee. This has been the fourth year for Deloitte & Touche as the Law Society auditor. The Committee agreed with the Audit Sub-Committee's recommendation that it would be sound business practice to complete a tender process to provide audit services to the Law Society for the 2007 financial year.

The Finance & Audit Committee recommends to Convocation that Deloitte & Touche LLP be appointed auditors of the Law Society for the 2006 financial year.

The Finance & Audit Committee recommends to Convocation that the Law Society should conduct a tender process for the 2007 audit and, that as sole shareholder of LawPro the Law Society should ask LawPro to conduct a tender process for their 2007 audits.

FOR INFORMATION

PROCESS FOR THE COMPILATION OF THE 2007 BUDGET

76. This report sets out the proposed structure and timetable for the 2007 budget process so that all benchers understand the process and can provide the Finance and Audit Committee with input on policy and priorities in advance of developing the budget. The underlying philosophy of the budget process is to ensure that stakeholders have an opportunity to provide full and adequate input, which is invited at all times, particularly in the initial budget preparation period of May and June. The Finance & Audit Committee meets in the afternoons of May 11 and June 8 this year, when budget documentation such as the operational reviews will be part of the agenda. Budget materials are available and all interested benchers are invited to attend these meetings.

Current Budget Process

77. The Society's current budget process is consistent with the Society's existing by-laws, respecting the mandates of its various standing committees and recognizes the policy and oversight role of Convocation and the operational role of the CEO.
78. Convocation, in the course of its regular business, receives regular program reports from the Society's various standing committees as well as periodic updates from the CEO on how the policy objectives of Convocation are met and implemented and the relative merits and progress of the various initiatives and programs undertaken during the course of the year. In addition, as part of the 2007 budget process the Committee has requested a survey of the resources allocated to each major program over the last ten years.
79. A comprehensive system of program review linked to the budget is also in place. With Convocation's concurrence, it is staff's intention to continue the review program for the 2007 budget with a review of the Professional Development and Competence department and Information Systems department.
80. The rotational review of activities has the benefits of:
- Allowing a more meaningful, focused, analytical cost containment
 - Increasing discipline in budget development
 - Limiting resistance as the onerous and exhaustive examination of costs is not imposed every year in the absence of changing circumstances
 - Reducing the length of the budget process
 - Increasing bencher understanding of a number of specific activities each year.
 - Increasing the accountability of management for the programs underlying the financial information contained in the annual budget.

Existing Corporate Governance

81. As assistance to benchers a summary of the applicable corporate governance is attached as Appendix 1.

Operational Reviews for the 2007 Budget

82. As discussed above, the Senior Management Team is recommending Professional Development and Competence and Information Systems departments for operational review for the 2007 budget cycle. Both of these functions have had previous reviews as the process works its way through a second cycle.
83. It is intended that the operational reviews for the 2007 budget be completed and presented to the Finance and Audit Committee in May and June 2006 as set out in the timetable below. Presentations on the LibraryCo budget would be conducted in September.

DATE (2006)	PROCESS
April	<p>The Senior Management Team (SMT) commences the budget process by considering individual and collective budget assumptions, variables and objectives. This review also includes how the proposed 2007 budget fits into longer-term plans for the organization and departments.</p> <p>The Finance & Audit Committee approves a process for preparing the 2007 budget that includes Standing Committee endorsement of operational reviews.</p>
May June	<p>Operational reviews for selected departments are presented to the Finance and Audit Committee and any other benchers who wish to attend the meetings which will be held on May 11 and June 8. The Finance and Audit Committee reports results of the program reviews to Convocation and the program review material is available to all benchers. Bencher's comments on the program reviews and budget process are invited. The Convocation on June 22 is the last before summer. This period is the primary opportunity for Convocation to convey policy objectives and budget priorities to the Finance and Audit Committee.</p> <p>LibraryCo submits preliminary submissions on 2006 activities and 2007 projections to the Finance and Audit Committee at this time.</p> <p>2007 budget requests from external organizations such as CDLPA will have been requested and received by this time.</p>
July, August, September	<p>The components reviewed and approved above are compiled into an operating budget for the Law Society.</p> <p>Facilities and Information Systems compile a capital budget with the assistance of user departments.</p> <p>Further assessments of LibraryCo operations.</p>
October	<p>A draft organizational operating and capital budget for 2007 is presented to the Finance and Audit Committee and Convocation for approval.</p>

Appendix 1

MEMORANDUM ON 2006 BUDGET PROCESS

Existing Corporate Governance

By-law 9 of the Law Society dictates the mandates of the Society's various standing committees. For example, the Professional Regulation Committee is mandated to develop for Convocation's approval

“policy options on all matters relating to regulation of the profession in the areas of professional practice and fitness to practice”.

The Professional Development, Competence and Admissions Committee has a similar mandate relating to matters of competence. This standing committee structure develops policy options and choices by delegating the research and data collection responsibilities necessary for policy development across the Society's various standing committees with Convocation retaining ultimate decision-making authority.

Under By-law 9 the Finance and Audit Committee is mandated,

“to review the plans and projections of the annual budget of the Society, including the Lawyers Fund for Client Compensation, or any special or extraordinary budget required for the purpose of the Society, including the Lawyers Fund for Client Compensation, to provide comments and advice to Convocation thereon, and to recommend approval of the annual budget or any special or extraordinary budget item.”

Section 8 of the *Law Society Act* provides that the CEO shall, under the direction of Convocation, manage the affairs and functions of the Society.

The by-laws also articulate the duties of the Chief Executive Officer. By-law 3 states:

“The Chief Executive Officer shall be responsible for the management and co- ordination of all phases of the operation, administration, finances, organization, supervision and maintenance of all activities of the Society.”

In addition By-law 3 states,

“the Chief Executive Officer shall perform all the functions and duties ordinarily associated with the office of chief executive officer including,
(a) putting into effect all policies and procedures established by Convocation or a standing committee of Convocation;
(b) counseling and assisting Convocation or any standing committee of Convocation in the development, adoption and implementation and advancement of the various functions of the Society”

The by-laws clearly separate the policymaking and operational responsibilities of Convocation and the CEO. Convocation, supported by the guidance of its standing committees, establishes the policy objectives of the Society and delegates operational responsibility for the implementation of these policies to the CEO. On an annual basis, as mandated in By-law 3, the

CEO prepares a budget that is “consistent with the activities planned by Convocation for the next fiscal year.” This budget is reviewed by the Finance and Audit Committee and must be approved by the Committee and by Convocation.

FOR INFORMATION

LIBRARYCO INC. - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

84. Ms. Suzan Hebditch, Executive Director of LibraryCo Inc will be in attendance.

The Finance & Audit Committee recommends the annual financial statements for LibraryCo Inc be received by Convocation for information.

LibraryCo Inc Financial Statement Highlights For the year ended December 31, 2005

Statement of Revenues and Expenses

85. Law Society of Upper Canada grant is the member-based fee that is transferred to LibraryCo on a monthly basis. This transfer includes an additional amount each quarter related to the quarterly transfers to the 48 Law Libraries.
86. Law Foundation of Ontario grant finances the purchase of electronic products,. This year’s funding also includes funding for a new project called the Virtual Reference Service (VRS) which will permit real time, on-line reference services, employing software based on “chat” technology. This project was not included in the budgeting process.
87. Salaries and benefits are higher this year due to the fact that in 2004 an employee was off work for a period of time due to health reasons.
88. Office and occupancy expenses increased as document delivery services are now paid by LibraryCo. In addition a special rental assessment fee was paid to cover increased common costs from previous years with respect to the Burlington office.
89. The Professional fees increase is as a result of additional fees charged by the auditors for preparation of a letter requested by the Audit Sub-Committee (concerning the accountability of funds transferred to law libraries); and for consultant fees for a survey of members by LibraryCo’s Integration Task Force.
90. The majority of expenses in the Other expense category relate to Board of Director meetings and also includes directors and officers insurance and other expenses concerning professional development and memberships.
91. Although costs increased from 2004 due to additional products being provided, prudent negotiations for Electronic product and services resulted in a positive variance compared to budget. The Law Foundation grant is used exclusively for these purchases and the Reserve fund is used to help offset the remaining costs of these resources.

92. Insurance and group benefits, provided by LibraryCo, are maintained for all law library staff in the 48 law libraries. The costs in 2005 are up over 2004 reflecting a catch up of salary increases in 2004 and 2005 and staffing changes.
93. Other library related expenses include expenses related to staff travel; COLAL and CDLPA Library Committee meetings; bulk purchase publications for the library system including Continuing Legal Education, Bar Admission and LSUC Special Lecture series materials; and services (cataloguing of collections) provided by the Law Society. Efficiencies were found in 2005 resulting in savings of \$53,000.
94. The Virtual Reference Service project was approved in March 2005 and will permit real time, on-line reference employing software based on "chat" technology.
95. County and District Law Libraries — grants have modestly increased due to changes in allocations to some libraries that were required due to staffing changes that were needed in order to meet established "standards". These allocations are detailed in Note 7 of the notes to the financial statements.
96. Capital and special needs grants are provided to assist the libraries with replacing and upgrading aging furniture and equipment as well as supporting any necessary renovations and any special or unique "one-time" expenditures. The actual grants provided during 2005 were less than anticipated.
97. The overall excess of expenses over revenues at \$312,996 is well below the amount budgeted for the year of \$446,720. This is primarily due to less than expected capital & special needs grant requests as well as other cost savings and efficiencies achieved during the year.

Balance Sheet

98. The decrease in the Cash and short-term investments balances reflect the usage of the Reserve fund to cover the year's excess of expenses over revenues as budgeted.
99. Prepaid expenses include insurance and lease costs paid in advance.
100. The GST receivable balance in the prior year was higher due to a large dollar purchase in December of 2004 that did not re-occur in 2005.
101. Accounts payable and accrued liabilities balances include accruals for auditing and accounting fees as well as accruals for costs associated with conducting the member's survey for the Integration Task Force which was not included in last year's balances.

Statement of Changes in Fund Balances

102. The 2005 Budget for LibraryCo reflected a forecasted utilization of the Reserve in the amount of \$446,720. At year end the actual amount of the Reserve utilized for 2005 was \$338,000. The need to utilize the Reserve for an amount less than budgeted is due to less than expected capital & special needs grant requests as well as other cost savings and efficiencies achieved during the year.

FOR INFORMATION

INVESTMENT COMPLIANCE REPORT – COMPENSATION FUND - FOYSTON, GORDON & PAYNE

The Finance & Audit Committee recommends the investment compliance statements be received by Convocation for information.

INVESTMENT COMPLIANCE REPORT – GENERAL FUND - FOYSTON, GORDON & PAYNE

Attached to the original Report in Convocation file, copies of:

- (1) Copies of the General Fund – Audited Financial Statements for the year ended December 31, 2005. (pages 12- 25)
- (2) Copies of the Lawyers Fund for Client Compensation – Audited Financial Statements for the year ended December 31, 2005. (pages 30 – 36)
- (3) Copies of LibraryCo Inc. – Audited Financial Statements for the year ended December 31, 2005. (pages 50 – 61)
- (4) Copies of Statements of Investment Compliance. (pages 62 – 64)

Mr. David Ross, Ms. Paula Jesty and Mr. Sam Persaud, representatives from Deloitte & Touche LLP were in attendance as well as Ms. Suzan Hebditch, Executive Director of LibraryCo Inc.

Re: 2005 Audited Financial Statements

It was moved by Ms. Symes, seconded by Mr. Wright, that Convocation approve the annual financial statements for the General Fund for the year ended December 31, 2005.

Carried

It was moved by Ms. Symes, seconded by Mr. Wright, that Convocation approve the annual financial statements for the Lawyers Fund for Client Compensation for the year ended December 31, 2005.

Carried

Ms. Symes thanked Terry Knott, Director of Membership & Complaints Services for her assistance on the North Wing renovations.

Re: Appointment of Law Society Auditor for 2006

It was moved by Ms. Symes, seconded by Mr. Wright, that Deloitte & Touche LLP be appointed auditors of the Law Society for the 2006 financial year.

Carried

Items for Information

- 2007 Budget Process
- LibraryCo Inc. Audited Financial Statements
- Statements of Investment Compliance

SECRETARY'S REPORT TO CONVOCATION

Re: Correction to Minutes of Convocation, June 28, 2002

The Secretary presented the Report.

Secretary's Report to Convocation
April 27, 2006

Correction to Minutes of Convocation, June 28th, 2002

Purpose of Report: Decision

Prepared by: Katherine Corrick

FOR DECISION

Motion

1. That Convocation approves a correction to the portion of the Minutes of Convocation from Friday, June 28, 2002 that address the Professional Development & Competence Committee Report on Electronic registration, as follows:

The words "excluding the Practice Guidelines" be deleted from the following sentence in the Minutes: "The Cherniak/Feinstein motion, excluding the Practice Guidelines, was voted on and approved as amended." so that the sentence reads: "The Cherniak/Feinstein motion was voted on and approved as amended."

Background and Information

2. At its meeting on June 28, 2002, Convocation considered the Report of the Professional Development and Competence Committee on electronic registration. Convocation approved the following motion, subject to one amendment (that the commentary to subrule 5.01(2) be referred back to the Committee¹):

It was moved by Mr. Cherniak, seconded by Mr. Feinstein that:

(1) *the Professional Development & Competence Committee be the Law Society standing committee primarily responsible for acting as the Law Society liaison with the Ontario Bar Association Joint Committee on Electronic Registration;*

(2) *the following guidelines set out at pages 48 – 57 of Appendix I of the Report be approved:*

- i. Practice Guideline #1 – Maintaining Integrity of Access and Accounts*
- ii. Practice Guideline #2 – Obligations Regarding Document Preparation*
- iii. Practice Guideline #3 – The Acknowledgement and Direction*
- iv. Practice Guideline #4 – Electronic Closings and the Document Registration Agreement*
- v. Practice Guideline #5 – Electronic Closings and Mortgage Transactions*
- vi. Practice Guideline #6 – Use of Compliance with Law Statements; and*

(3) *the following Rules of Professional Conduct and commentaries be amended:*

- i. Rule 5.01 be amended by adding subrules (7) and (8) and related commentary, set out at pages 8-9 of the Report*
- ii. The commentary to subrule 6.03(8) be amended as set out at page 10*
- iii. The commentary to subrule 5.01(2) and subrule 5.01(3)(m) be amended as set out at pages 11 and 13 of the Report.*

3. The Minutes of Convocation, confirmed in September 2002, incorrectly recorded that the motion was, “ The Cherniak/Feinstein motion, excluding the Practice Guidelines, was voted on and approved as amended.” [emphasis added]
4. Both the transcript of the June 28, 2002 meeting of Convocation and the Secretary's notes confirm that the Practice Guidelines were included in the motion that was voted on and approved.
5. To ensure the accuracy of the historical record, the Minutes should be corrected to remove the words “ excluding the Practice Guidelines.”

It was moved by Mr. Feinstein, seconded by Mr. Murray, that Convocation approve a correction to the portion of the Minutes of Convocation from Friday, June 28, 2002 that address the Professional Development & Competence Committee Report on Electronic Registration, as follows:

The words “excluding the Practice Guidelines” be deleted from the following sentence in the Minutes: “The Cherniak/Feinstein motion, excluding the Practice Guidelines, was

¹ In fact, before the end of the Convocation session, Convocation agreed upon new wording and the matter did not need to go back to the Committee.

voted on and approved as amended.” So that the sentence reads: “ The Cherniak/Feinstein motion was voted on and approved as amended.”

Carried

REPORTS FOR INFORMATION ONLY

Professional Regulation Committee Report

- Annual Report of the Complaints Resolution Commissioner

Report to Convocation
April 27, 2006

Professional Regulation Committee

Committee Members
 Clayton Ruby, Chair
 Laurence Pattillo, Vice-Chair
 Heather Ross, Vice-Chair
 Anne Marie Doyle
 George Finlayson
 Alan Gold
 Allan Gotlib
 Gary Gottlieb
 Paul Henderson
 Ross Murray
 Sydney Robins
 Robert Topp
 Roger Yachetti

Purposes of Report: Information

Prepared by the Policy Secretariat
(Jim Varro, Policy Counsel - 416-947-3434)

TABLE OF CONTENTS

For Information.....Annual Report of the Complaints Resolution Commissioner

COMMITTEE PROCESS

1. The Professional Regulation Committee (“the Committee”) met on April 6, 2006. In attendance were Clayton Ruby (Chair), Lawrence Pattillo and Heather Ross (Vice-chairs), Alan Gold, Allan Gotlib, Paul Henderson, Ross Murray, Sydney Robins and Robert Topp. Staff attending were Bruce Arnott, Naomi Bussin, Lesley Cameron,

Katherine Corrick, Anne-Katherine Dionne, Terry Knott, Zeynep Onen, Elliot Spears, Jim Varro and Miriam Weinfeld.

ANNUAL REPORT OF THE COMPLAINTS RESOLUTION COMMISSIONER

2. By-Law 37, which governs the office of the Complaints Resolution Commissioner, requires that the Commissioner submit an annual report to the Committee, which must then provide the report to Convocation. The relevant section of the By-Law reads:

Annual report

3. Not later than March 31 in each year, the Commissioner shall submit to the standing committee of Convocation responsible for professional regulation matters a report upon the affairs of the office of the Commissioner during the immediately preceding year, and the committee shall lay the report before Convocation not later than at its regular meeting in June.
3. The report of the Commissioner, Clare Lewis, was submitted to the Committee at its March 2006 meeting and reviewed at the Committee's April 2006 meeting with Mr. Lewis. In accordance with By-Law 37, the report is laid before Convocation, and appears on the following pages.
4. The Committee wishes to thank Mr. Lewis for his dedication to and the information and insights he provided on the function he performs in independently reviewing complaints referred to him under the By-Law.

ANNUAL REPORT OF THE COMPLAINTS RESOLUTION COMMISSIONER

January 1, 2005 to December 31, 2005

Prepared by Clare Lewis
Complaints Resolution Commissioner

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Annual Report

A. Introduction

In January 2005, Convocation appointed Clare Lewis as the first Complaints Resolution Commissioner pursuant to sections 49.14 through 49.19 of *the Law Society Act* and in accordance with O. Reg 31/99. The Act had been amended by the *Law Society Amendment Act, 1998*, to provide for the Office of the Complaints Resolution Commissioner. The relevant sections of the Act are attached as Appendix 1.

The Act provides that the Complaints Resolution Commissioner shall attempt to resolve and shall review complaints referred to the Commissioner “under the by-laws”. Section 62 (0.1) of the Act gives the Society the power to make by-laws “governing the referral of complaints to the Complaints Resolution Commissioner and governing the performance of duties and the exercise of powers by the Commissioner”.

To fulfill this statutory obligation, By-Law 37, which is attached as Appendix 2, was adopted by Convocation on April 25, 2003. While appointed by and accountable to Convocation, the Complaints Resolution Commissioner is to perform his or her functions independently of the Law Society. The by-law includes a description of the functions of the Complaints Resolution Commissioner in the review and resolution of complaints and covers administrative matters connected with the office of the Complaints Resolution Commissioner.

The Office of the Complaints Resolution Commissioner commenced operations on April 1, 2005. Prior to the first of April 2005, the reviews currently conducted by the Complaints Resolution Commissioner were performed by Lay Benchers functioning as Complaints Review Commissioners in accordance with By-Law 20 attached as Appendix 3.

With the exception of the standard of review, the review function performed by the Complaints Resolution Commissioner is very similar to the review function performed by the former

Complaints Review Commissioners. The Complaints Resolution Commissioner also has the additional authority to perform a formal resolution function. Other differences in their roles and responsibilities are set out in the Act and governing by-laws attached.

By-Law 37 imposes reporting requirements on the Complaints Resolution Commissioner and, in particular, provides as follows:

Annual Report

3. Not later than March 31 in each year, the Commissioner shall submit to the standing committee of Convocation responsible for professional regulation matters a report upon the affairs of the office of the Commissioner during the immediately preceding year, and the committee shall lay the report before Convocation not later than at its regular meeting in June.

This report is being submitted accordingly. Since it is the first report prepared by the Complaints Resolution Commissioner, this report will capture review activities for the whole of the 2005 calendar year. When possible, the statistical reporting will distinguish the file dispositions achieved by the Complaints Review Commissioners during the first quarter of 2005 from those achieved by the Complaints Resolution Commissioner between April 1, 2005 and December 31, 2005. The Annual Report for 2006 will capture only the activities of the Office of the Complaints Resolution Commissioner.

It should also be noted that the data in this report includes information collected under two different case management systems pre and post implementation of the Integrated Regulatory Information System. This distinction may result in some discrepancies in the statistical reporting. As a result, some of the results reported are transitional and may not be fully reliable. It is anticipated that the statistical reporting in 2006 will be more accurate.

B. Composition of the Office of the Complaints Resolution Commissioner

The Office of the Complaints Resolution Commissioner is comprised of a part-time Commissioner, part-time Counsel and the Complaints Resolution Coordinator.

Prior to establishing the Office of the Complaints Resolution Commissioner, the Complaints Review Commissioners were assisted at the reviews by pro bono counsel. However, in the late fall of 2004, the position of Counsel to the Complaints Resolution Commissioner was created and during the transition period, Counsel to the Complaints Resolution Commissioner provided counsel assistance during the reviews. This counsel position was initially a contract position but was made permanent part-time in November 2005.

C. The Review Function

When Complaints Resolution or the Investigations department closes a complaint file, the complainant may exercise the right to have the decision to close the file reviewed by the Complaints Resolution Commissioner. The Society's closing letter to the complainant includes the Information Sheet (see Appendix 4) which explains the role of the Complaints Resolution Commissioner and the process to be followed.

On receipt of a request for review by the Complaints Resolution Commissioner, the complainant receives a letter of confirmation from the Coordinator. The investigator is advised of the request for review and is responsible for preparing the materials for the review. These materials usually include the documents received by the complainant during the course of the investigation. Once the materials are organized and bound in a Complaints Review Index Book, the documents are provided to the Coordinator for distribution to the complainant. The Coordinator then schedules the date for review. A confirming letter, accompanied by the Book, is sent to the complainant. The Complaints Resolution Commissioner and Counsel also receive a copy of the bound materials for review in advance of the meeting with the complainant.

Documentation that falls within the confidentiality provisions of s. 49.12² of the Law Society Act is provided to the Complaints Resolution Commissioner and Counsel under separate cover.

(i) Reviewable Complaints

Section 6(1) of By-Law 37 sets out the nature of the complaints which may be reviewed by the Commissioner. A review is only available when,

- (a) the merits of the complaint have been considered by the Society;
- (b) the complaint has not been disposed of by the Proceedings Authorization Committee, Hearing Panel or Appeal Panel;
- (c) the complaint has not been previously reviewed by the Commissioner; and
- (d) the Society has notified the complainant that it will be taking no further action in respect of the complaint.

A complaint may not be reviewed by the Complaints Resolution Commissioner if, in the opinion of the Commissioner it concerns only the quantum of fees or disbursements charged by a member, a member's filing requirements, the handling of money and other property or negligence of a member or student member.

(ii) The Review Meeting

The Complaints Resolution Commissioner will conduct an independent and impartial review of the Law Society's investigation and the decision to close the complaint file. Most reviews are performed in a face-to-face meeting with the complainant. The member is not entitled to participate in the review. The complainant meets with the Complaints Resolution Commissioner and Counsel. In a few of the meetings held in 2005, the complainant was accompanied by counsel. The Coordinator is also in attendance to provide administrative support. When the complainant is unable to attend in person, the review may be conducted by teleconference. There were 15 reviews conducted by telephone in 2005. A former Complaints Review Commissioner conducted 7 of these reviews and 8 were performed by the Complaints Resolution Commissioner. Under limited circumstances, for example when the complainant fails to attend without a request for an adjournment, the review may proceed based on the written material only. One review proceeded in this manner in 2005.

² 49.12 (1) A benchler, officer, employee, agent or representative of the Society shall not disclose any information that comes to his or her knowledge as a result of an audit, investigation, review, search, seizure or proceeding under this Part.

The meetings are held, for the most part, at Osgoode Hall. In December 1997 Convocation approved holding complaint review meetings in areas outside of Toronto to provide greater accessibility to the process for those complainants who reside outside of the Toronto area. The Complaints Review Commissioners held review meetings in Kitchener, London and Ottawa. The Complaints Resolution Commissioner has continued this practice. In 2005, 7 review meetings were conducted in Kitchener, 3 in Ottawa and 4 in London. The Coordinator does not attend at the review meetings outside of the Toronto area.

If, after reviewing the Law Society's consideration of the complaint and its resulting decision to take no further action in respect of the complaint, the Complaints Resolution Commissioner is satisfied that the Law Society's consideration and decision was reasonable, the Complaints Resolution Commissioner is required to so notify the complainant and the Society. The decision of the Complaints Resolution Commissioner is final and not subject to appeal. If the Commissioner is not so satisfied, the Complaints Resolution Commissioner is required to refer the complaint back to the Law Society with a recommendation that further action be taken with respect to the complaint or the Member or Student Member who is the subject of the complaint and so notify the complainant in writing.

(iii) Review Meeting Statistics

In 2005, 103 requests for review were received. The following Table provides a breakdown of the department from which the files were referred for complaints review.

CRC Requests Received by Source

(see chart in Convocation Report)

One of the investigations was conducted by outside counsel pursuant to s. 49.5(2) of *the Law Society Act*.

10 of the requests for review received in 2005 were withdrawn for the reasons set out in Table 2 below.

Reasons for CRC Withdrawals

(see chart in Convocation Report)

When a complaint file is being prepared for Complaints Review it is reviewed by the department Manager to ensure its readiness to proceed. During this review, the Manager of Complaints Resolution identified the need for further investigation on three files, and as a result, the three files were withdrawn from the review process to allow for further investigation by the department.

Between January 1, 2005 and March 31, 2005, 17 of the reviews were performed by the former Complaints Review Commissioners. Since April 1, 2005 the remaining 49 review meetings were conducted by the current Complaints Resolution Commissioner. Although 66 review meetings were held, one of the review meetings was in relation to 4 separate investigation files. 69 files in total were, therefore, reviewed.

Table 3 below provides a summary of the current status of the files referred for review in 2005.

Status of Requests

(see chart in Convocation Report)

As reflected in this Table, 11 files are still being prepared by Law Society staff for review by the Complaints Resolution Commissioner.

Figure 1 on the following page depicts the types of complaints that were reviewed in 2005. The classification of cases, by case type, was prepared by Professional Regulation. A glossary of the individual issues included in each of the case type groups is available in Appendix 5.

Case Types for Cases in CRC 2005

(see chart in Convocation Report)

Figure 2(1) set out below depicts the dispositions achieved following all reviews conducted in 2004 and 2005.

2004 Review Results

(see chart in Convocation Report)

2005 Review Results

(see chart in Convocation Report)

Figure 2(1) indicates that in 2005 a total of 13 complaints required further action. 7 of the 13 files were from Complaints Resolution, 5 cases were from Investigations and 1 file was from Intake. The Intake file raised a jurisdictional issue and had, therefore, not undergone a review on the merits. The Complaints Resolution Commissioner recommended a review on its merits and an investigation followed.

Figure 2(2) below separates the dispositions achieved by the Complaints Review Commissioner from those of the Complaints Resolution Commissioner.

2005 Review Results (Q1) January 1 – March 31, 2005

(see chart in Convocation Report)

2005 Review Results (Q2-Q4) April 1 – December 31, 2005

(see chart in Convocation Report)

(iv) Jurisdictional Issues

Not all complainants are entitled to a review by the Complaints Resolution Commissioner.

Section 6 of By-Law 37, in part, provides as follows:

- 6(1) A complaint may be reviewed by the Commissioner if,
(a) the merits of the complaint have been considered by the Society.

Pursuant to Section 7 (1) of the By-Law, a complainant may request the Secretary to refer to the Commissioner for review, a reviewable complaint. Although Section 8(1) requires the Secretary to refer to the Commissioner for review any reviewable complaint in respect of which a complainant has made a request for review, the obligation is limited to a referral on *reviewable* (emphasis added) complaints, thereby excluding from review those cases in which a review on the merits was not conducted.

(v) Systemic Issues

Following a review by the Complaints Resolution Commissioner of 4 cases referred from Intake, it became clear that the Commissioner had no jurisdiction to conduct these reviews. The Commissioner concluded that there was a need for an internal Law Society process to deal with complaints closed without a review on the merits. Following discussions with the Director of Professional Regulation, a process for responding to requests for a review from decisions made by the Intake department was established. When the complainant disputes the closure of the complaint file by the Intake department, the request for further review is considered by the Director of Professional Regulations and dealt with accordingly.

When a request for review by the Complaints Resolution Commissioner is now received following a complaint closing by the Intake department, the complainant is advised that the Complaints Resolution Commissioner does not have the jurisdiction to review the matter and the complaint is referred to the Director of Professional Regulation.

The Complaints Resolution Commissioner has identified a number of other systemic issues, during the review process.

Although a number of files have remained closed following a review meeting with the Complaints Resolution Commissioner, the Commissioner and counsel have worked with the Director of Professional Regulation, her counsel and Management to identify and improve practices within the Professional Regulation departments. The following actions were taken despite the closing of the files:

- Discussion took place on 6 files regarding the content of the closing letter and process issues were identified.
- Practice Review was recommended on 1 file.
- Discussion re: disclosure of regulatory information about the member to the public took place on 2 files.
- In 1 file a new investigation was commenced after new information was brought to review.
- The offices worked together to deal with a difficult complainant in 1 file.
- Following a review meeting in 1 case, Counsel to the Complaints Resolution Commissioner obtained assistance of CR staff to clarify the facts of the case.
- Counsel to the Complaints Resolution Commissioner worked with the CR Manager to develop language to explain the basis of a Caution for insertion in the Complaints Resolution Commissioner's decisions.

The Complaints Resolution Commissioner has raised these issues in an effort to support and improve the Society's service to the public.

In a number of other cases counsel for the Complaints Resolution Commissioner has met with counsel to the Director of Professional Regulation and with Management of Complaints Resolution and Investigation to obtain further information and to discuss issues on an informal basis.

The Commissioner and the Director of Professional Regulation have ongoing discussions regarding interpretation of relevant sections of the Act and By-Law 37 and are developing mutually supportive practices and procedures relevant to the review process.

D. The Resolution Function

In addition to the review function performed by the Complaints Resolution Commissioner, section 11 of By-Law 37 also provides that the Secretary may refer a complaint to the Complaints Resolution Commissioner for resolution.

This new function will provide a more formal resolution process for addressing complaints. By-Law 37 states that the Secretary will determine whether a matter is referred to the Commissioner for resolution, prior to the file being closed or referral to the Proceedings Authorization Committee. The Secretary can only refer a file to resolution with the consent of the complainant, the lawyer and the Society.

The Complaints Resolution Commissioner has the broad discretion to determine the process for the resolution function. However, the applicable procedure and the method for identifying cases appropriate for resolution have yet to be determined. It is anticipated that the process will be designed in 2006, at which time steps will be taken to implement the process.

E. The Commissioner's Observations

The Complaints Resolution Commissioner's role is to ensure that the Law Society is responding to public complaints in an appropriate and efficient manner. The Office of the Complaints Resolution Commissioner supports the Society's ability to provide service to the public as a regulator. It does so by providing members of the public with a forum for an independent and impartial review of the decisions made by Law Society staff to close a file. In performing this function, it also identifies process issues and makes recommendations for change.

The Commissioner has determined the need to provide both the Law Society and the complainant with comprehensive reasons for the Commissioner's decision and is now delivering more extensive reasons.

The Office of the Complaints Resolution Commissioner and the Director of Professional Regulation together with Counsel and Management have encouraged open lines of communication with the common objective of improving service to the public and meeting the Law Society's mandate to protect the public interest. To coordinate these efforts, liaison has been established with Professional Regulation Counsel. Counsel acts as an intermediary between the investigators and the Office of the Commissioner. In this role, Counsel considers and approves all files and material prepared for the review and assists the investigators in ensuring the file is properly prepared for the Complaints Resolution Commissioner. This function is performed by;

- Responding to any enquiries of the Complaints Resolution Commissioner that arise during the preparation for the review meetings,
- Receiving reports from the Complaints Resolution Commissioner following the reviews and,
- Liaising, as required, both before and after the review meetings, with Counsel to the Complaints Resolution Commissioner.

As a result, it appears that the number of files being referred back to the Law Society for further action have been reduced.

Attached to the original Report in Convocation file, copies of:

- (1) Copy of sections 49.14 to 49.19 of the Law Society Act re: Complaints Resolution Commissioner. (Appendix 1, pages 18 – 20)
- (2) Copy of By-Law 37 adopted by Convocation on April 25, 2003. (Appendix 2, pages 21 – 24)
- (3) Copy of By-Law 20 re: Review of Complaints. (Appendix 3, pages 25 – 26)
- (4) Copy of the Information Sheet which sets out the role of the Complaints Resolution Commissioner and the process to be followed. (Appendix 4, pages 27 – 28)
- (5) Copy of a chart re: Glossary of Case Types Used in the Quarterly Report. (Appendix 5, pages 29 – 30)

Equity and Aboriginal Issues Committee/ Comité sur l'équité et les affaires autochtones Report

- Interview Guide for Benchers and Bencher Election Candidates

Report to Convocation
April 27, 2006

Equity and Aboriginal Issues Committee
Comité sur l'équité et les affaires autochtones

Committee Members
Joanne St. Lewis (Chair)
Paul Copeland (Vice-Chair)
Marion Boyd
Richard Filion
Holly Harris
Thomas Heintzman

Tracey O'Donnell
Mark Sandler

Purpose of Report: Information

Prepared by the Equity Initiatives Department
(Josée Bouchard; 416-947-3984)

COMMITTEE PROCESS

1. The Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones [the Committee] met on April 6, 2006. Committee members participating were Joanne St. Lewis (Chair), Dr. Richard Filion, Holly Harris and Mark Sandler. Staff members in attendance were Josée Bouchard, Anne-Katherine Dionne, Sudabeh Mashkuri and Rudy Ticzon.

FOR INFORMATION

INTERVIEW GUIDE FOR BENCHERS AND BENCHER ELECTION CANDIDATES

Background

2. The *Bicentennial Report and Recommendations on Equity Issues in the Legal Profession* [the *Bicentennial Report*]¹ states "Convocation should review the demands on benchers to determine what steps can and should be taken to promote the participation of diverse groups (including equality-seeking groups) in the governance of the profession."² On July 31, 2003, Convocation established the Bicentennial Report Working Group (the Working Group) to review and report on the implementation status of the recommendations contained in the *Bicentennial Report*.
3. In January 2004, the Working Group proposed that, in its implementation of Recommendation 7, the Law Society should undertake an equity analysis to determine whether there are any barriers within the current electoral process that limit the full participation and election of women and members from equality-seeking, Francophone and Aboriginal communities.
4. Further to the Working Group's proposals, the Equity and Aboriginal Issues Committee is currently examining the bencher election process to identify opportunities that will help increase the participation and election of women and members from equality-seeking, Francophone and Aboriginal communities to Convocation.

¹ (Toronto: Law Society of Upper Canada, May, 1997).

² Recommendation 7 – Participation in the Governance of the Profession, *Bicentennial Report*, *ibid*.

5. To gain a better understanding of the bench election process and the factors that determine the participation of equality-seeking members in bench elections, the Equity Initiatives Department will conduct interviews with elected benchers, life benchers, former treasurers and candidates who ran in the 2003 election. The interviews will be informal and done on a voluntary basis.

Objectives

6. The primary objectives of interviewing benchers, former treasurers and election candidates are to,
 - a. identify key factors that influence members to run for election;
 - b. understand the different campaign methods of candidates from law firms, governments, education, and those in sole practice;
 - c. identify factors that may influence the candidates' success.

Participants

7. Interviews will be conducted with interested elected benchers, life benchers, former treasurers and candidates who ran in the 2003 election. The pool of candidates will include the following:
 - a. partners in small, medium and large law firms, associates in small, medium and large law firms, sole practitioners, lawyers employed in education and in government and lawyers employed in other types of work;
 - b. members from Francophone, Aboriginal and equality-seeking communities;
 - c. recently called lawyers and lawyers with experience;
 - d. a diversity of areas of practice; and
 - e. regional representation.
8. The pool of participants should be diverse and will be composed of female and male members from the criteria listed above.

Interview guide

9. The interviews will follow the following guidelines.

Part One – Background of Bencher/Candidate

10. The interview guide will ask participants whether they are members of Francophone, Aboriginal and/or equality-seeking communities.
11. Other background information will also be considered, such as year of call, membership status (partner, associate, sole practitioner, employed in a setting other than private practice), size of firm and region.

Part Two – Becoming a Candidate and Reasons for Running for Election

12. Questions about reasons for running for election will include the following:

- a. motivation to run for election;
 - b. financial or other barriers that influenced the decision to run;
 - c. financial considerations and impact on the candidate's practice/work;
 - d. the role of the firm, employer or legal association in the decision to run;
 - e. whether being a member of a Francophone, Aboriginal or diverse community was a factor in deciding to run;
 - f. other considerations.
13. Questions will be asked about whether the candidate would run again and reasons for wanting or declining to run again.

Part Three – Campaign Strategy

14. The following topics will be addressed regarding campaign strategy:
- a. whether the candidate had adopted a campaign strategy;
 - b. key elements of campaign, such as campaign message and how the message was delivered;
 - c. whether the message was tailored to a specific audience and which audience was targeted ;
 - d. how the campaign was promoted;
 - e. financial considerations that affected the scope of the candidate's campaign;
 - f. type of support received from the candidate's law firm or employer;
 - g. support received from other firms;
 - h. any official endorsement or support received from associations or other organizations;
 - i. whether being a member of a Francophone, Aboriginal or diverse community was a factor in the success of the candidate;
 - j. other considerations.

Part Four – General Topics

15. The following general topics will be addressed:
- a. the traits or qualifications that the candidate highlighted;
 - b. whether membership in the Francophone, Aboriginal and/or equality-seeking communities had an impact in the success of the candidate;
 - c. recommendations to members of the profession that would encourage them to run for election; and
 - d. the factors that, in the candidates view, resulted in the success or lack of success in the electoral process.

EQUITY PUBLIC EDUCATION SERIES SCHEDULE - 2006

16. National Holocaust Memorial Day topic: *Eliminating On-Line Propaganda of Racial and Religious Hatred*

Event date: April 26, 2006

Location:

4:00 p.m. – 6:00 p.m.: Panel discussion, Donald Lamont Learning Centre
 6:00 p.m. – 8:00 p.m.: Reception, Law Society Convocation Hall

Panelists

Moderator: Professor Alain Goldschlager, Director of the Holocaust Literature Research Institute at the University of Western Ontario

Speakers:

Professor Jane Bailey, Faculty of Law, University of Ottawa

David Matas, Barrister & Solicitor

Mark Sandler, Bencher, Law Society of Upper Canada

Sgt. Heidi Shellhorne, York Regional Police

17. South Asian Heritage Month topic: *How the Law Recognizes Culturally Diverse Family Structures*

Event date: May 3, 2006

Location:

4:00 p.m. – 6:00 p.m.: Panel discussion, Donald Lamont Learning Centre

Panelists

Moderator: Uzma Shakir, Executive Director, South Asian Legal Clinic of Ontario

Speakers:

Raj Dhir, Ontario Human Rights Commission

Raana Rahim, Barrister and Solicitor

Zaheer Lakhani, Legal Counsel, Children's Aid Society, Peel Region

Amina Sherazee, Staff Lawyer, Downtown Legal Services, University of Toronto Student Legal Clinic

6:00 p.m. – 8:00 p.m.: Reception, Law Society Convocation Hall

Keynote: The Honourable Madam Justice Sheila Ray, Ontario Court of Justice, first female South Asian judicial appointment (1992)

18. National Aboriginal Day topic: *Aboriginal Perspectives on Access to Justice*

Event date: June 7, 2006

Location:

2:00 p.m. – 5:00 p.m.: Panel discussion, Donald Lamont Learning Centre

5:00 p.m. – 7:00 p.m.: Reception, Law Society Convocation Hall

19. Pride Week Event topic: *Developments in Health Law and Policies*
Event date: June 20, 2006

Location:

4:00 p.m. – 6:00 p.m.: Panel discussion, Donald Lamont Learning Centre
6:00 p.m. – 8:00 p.m.: Reception, Law Society Convocation Hall

20. Access Awareness topic: TBD
Event date: New date: October 25, 2006
Location:

4:00 p.m. – 6:00 p.m.: Panel discussion, Donald Lamont Learning Centre
6:00 p.m. – 8:00 p.m.: Reception, Law Society Convocation Hall

21. Louis Riel Day
Event date: November 16, 2006
Topic: TBD
Location:

4:00 p.m. – 6:00 p.m.: Panel discussion, Donald Lamont Learning Centre
6:00 p.m. – 8:00 p.m.: Reception, Law Society Convocation Hall

CONVOCATION ROSE AT 12:15 P.M.

Confirmed in Convocation this 25th day of May, 2006

Treasurer

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