



The Law Society of  
Upper Canada

Barreau  
du Haut-Canada

**September 24, 2014**  
**9:00 a.m.**

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# CONVOCATION MATERIAL

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## CONVOCATION AGENDA September 24, 2014

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***Benchers' Landing – 8:30 a.m. Aboriginal Smudging Ceremony***

***Convocation Room – 9:00 a.m.***

**Opening Ceremony for Convocation with Law Society Eagle Feathers and Opening Remarks and Teachings on the Eagle Feathers – Elder Waasaanese, Alex Jacobs**

**Keynote Remarks – Susan Hare**

**Treasurer's Remarks**

**Consent Agenda – [Motion \[Tab 1\]](#)**

- **Confirmation of Draft Minutes of Convocation** – June 26 and August 13, 2014
- **Motion** – Appointments
- **Report of the Director of Professional Development and Competence** - Deemed Call Candidates
- **Audit and Finance Committee Report** – J. Shirley Denison Fund Application (in camera)

**[LAWPRO Report \(S. McGrath\) \[Tab 2\]](#)**

**[Tribunal Committee Report \(R. Anand, D. Wright\) \[Tab 3\]](#)**

- Amendment to Rule 22.07 of the Law Society Tribunal Hearing Division Rules
- Adjudicator Performance Development Process

*For Information*

- Tribunals Office Quarterly Statistics – First and Second Quarters 2014
- Publication of Notices on the Tribunal Website

**[Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones Report \(J. Falconer, J. Leiper\) \[Tab 4\]](#)**

- Human Rights Monitoring Group Interventions

*For Information*

- Discrimination and Harassment Counsel Semi-Annual Report
- Equity Director's Report
- Human Rights Monitoring Group – Information about Interventions
- Public Education Equality and Rule of Law Series Calendar 2014 - 2015

**[Bencher Election Working Group Report \(J. Leiper\) \[Tab 5\]](#)**

- Amendments to By-Law 3 Respecting the Bencher Election Process

**REPORTS FOR INFORMATION ONLY**

**[Professional Regulation Committee Report \(M. Mercer\) \[Tab 6\]](#)**

- Alternative Business Structures Working Group Discussion Paper
- 2014 Lawyer Annual Report
- Professional Regulation Division Quarterly Report

**[Priority Planning Committee Report \(Treasurer\) \[Tab 7\]](#)**

- Strategic Planning Steering Group

**Audit and Finance Committee Report [Tab 8]**

- LAWPRO Financial Statements for the Six Months ended June 30, 2014
- Law Society of Upper Canada Financial Statements for the Six Months ended June 30, 2014
- LibraryCo Inc. Financial Statements for the Six Months ended June 30, 2014

**Federation of Law Societies of Canada Update** (*L. Pawlitza*)

**Paralegal Standing Committee Report [Tab 9]**

- 2014 Paralegal Annual Report

**Heritage Committee Report [Tab 10]**

- Heritage Committee Project Proposal 2015
- Report on the History of the Ontario Legal Profession - Expanding the Scope of Law Society Information Project

Lunch – Benchers’ Dining Room

**Tab 1**

**THE LAW SOCIETY OF UPPER CANADA**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON SEPTEMBER 24, 2014

MOVED BY:

SECONDED BY:

THAT Convocation approve the consent agenda set out at Tab 1 of the Convocation Materials.

D R A F T

MINUTES OF CONVOCATION

Thursday, 26<sup>th</sup> June, 2014  
9:00 a.m.

PRESENT:

The Treasurer (Janet E. Minor), Anand, Backhouse, Banack (by telephone), Boyd, Braithwaite, Bredt, Burd, Campion, Conway, Copeland (by telephone), Corsetti, Dickson, Doyle, Earnshaw, Elliott, Epstein, Eustace (by telephone), Evans, Falconer, Ferrier, Festeryga (by telephone), Furlong, Go, Goldblatt, Gottlieb, Haigh, Hartman, Horvat, Hunter (by telephone), Krishna, Lawrie (by telephone), Leiper, Lem, Lerner, Lippa, MacKenzie, MacLean, Marmur, McDowell, McGrath, Mercer, Murchie, Murray, Pawlitz, Porter, Potter, Pustina, Rabinovitch, Richardson, Richer, Ross, Ruby (by telephone), Sandler, Scarfone, Schabas, Sheff, Sikand, Silverstein, C. Strosberg, H. Strosberg, Sullivan, Swaye, Symes, Wardlaw, Wardle, Wright (by telephone) and Yachetti (by telephone).

.....

Secretary: James Varro

The Reporter was sworn.

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TREASURER'S REMARKS

The Treasurer welcomed guests from the Federation of Law Societies of Canada, Bâtonnière Marie-Claude Bélanger-Richard, Q.C., President, and Jonathan G. Herman, Chief Executive Officer.

ELECTION OF TREASURER

The Secretary announced the results of the votes cast:

Raj Anand	9
Christopher Bredt	20
Janet Minor	31

The Secretary declared Janet Minor elected as Treasurer.

Mr. Conway congratulated the new Treasurer and addressed Convocation.

The Treasurer thanked Mr. Conway.

It was moved by Ms. Boyd, seconded by Ms. Corsetti that the vote in the Treasurer's election be made unanimous.

Carried Unanimously

Mr. Anand and Mr. Bredt congratulated the Treasurer on her election.

The Treasurer addressed Convocation.

#### MOTION – ELECTION OF BENCHER

It was moved by Ms. Doyle, seconded by Mr. Lerner, that, –

WHEREAS Janet Minor who was elected from the Province of Ontario "A" Electoral Region (City of Toronto) on the basis of the votes cast by all electors, has been elected as Treasurer; and

WHEREAS upon being elected Treasurer, Janet Minor ceased to hold office as an elected bencher in accordance with subsection 25(2) of the *Law Society Act*, thereby creating a vacancy in the number of benchers elected from the Province of Ontario "A" Electoral Region (City of Toronto) on the basis of the votes cast by all electors.

THAT under the authority contained in By-Law 3, Jeffrey Lem, having satisfied the requirements contained in subsections 43(1) and 45(1) of the By-Law, and having consented to the election in accordance with subsection 45(2) of the By-Law, be elected by Convocation as bencher to fill the vacancy in the number of benchers elected from the Province of Ontario "A" Electoral Region (City of Toronto) on the basis of the votes cast by all electors.

Carried

#### TREASURER'S REMARKS

The Treasurer advised Convocation of the launch of The Action Group on Access to Justice on June 3, 2014, and thanked the co-Chairs of the The Action Group and Grant Wedge for their work on the launch.

The Treasurer also noted discussions that have begun to update the Law Society's 2009 Aboriginal Strategy.

The Treasurer informed Convocation that the Law Society hosted its annual Pride Event on June 17, 2014.

The Treasurer thanked Diana Miles and her staff for their work in organizing the calls to the bar in June.

The Treasurer congratulated the recipients of the 2014 Honorary LL.D. degree at the calls to the bar in June: David F. Smye, Q.C. (London, June 16), The Honourable Stephen T.

Goudge (Toronto, June 19), Professor Martin Friedland (Toronto, June 20), Laurie H. Pawlitza (Toronto, June 20) and John H. Sims, Q.C. (Ottawa, June 23).

The Treasurer congratulated former benchers William J. Simpson, Q.C. who received during the call to the bar event in Ottawa a special award for his work on implementing paralegal regulation at the Law Society.

The Treasurer advised that former Treasurer Conway had congratulated Ontario Premier Wynne on her successful re-election, and noted Premier Wynne's commitment to the same funding for legal aid in the provincial budget to be tabled this summer.

The Treasurer welcomed guests from the Federation of Law Societies of Canada, Bâtonnière Marie-Claude Bélanger-Richard, Q.C., President, and Jonathan G. Herman, Chief Executive Officer.

#### MOTION – CONSENT AGENDA

It was moved by Ms. Leiper, seconded by Ms. Corsetti, that Convocation approve the consent agenda set out under Tab 2 of the Convocation Materials.

Carried

#### DRAFT MINUTES OF CONVOCATION – Tab 2.1

The draft minutes of Convocation of May 22, 2014 were confirmed.

#### MOTION – APPOINTMENTS – Tab 2.2

THAT the following be reappointed to the Proceedings Authorization Committee for a one year term:

Paul Schabas (Chair)  
Michelle Haigh  
Jacqueline Horvat  
Gerald Sheff  
Alan Silverstein  
Peter Wardle

Carried

#### REPORT OF THE DIRECTOR OF PROFESSIONAL DEVELOPMENT AND COMPETENCE – Tab 2.3

THAT the Report of the Director of Professional Development and Competence listing the names of the call to the bar candidates be adopted.

Carried



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EQUITY AND ABORIGINAL ISSUES COMMITTEE/COMITÉ SUR L'ÉQUITÉ ET LES  
AFFAIRES AUTOCHTONES REPORT

Mr. Schabas presented the Report.

Re: Human Rights Monitoring Group Requests for Intervention

It was moved by Mr. Schabas, seconded by Mr. Falconer, that Convocation approve the letters and public statements in the following cases:

- a. lawyer Mahienour El-Massry – Egypt – letters of intervention and public statement presented at Tab 3.1.1 of the Report;
- b. lawyer Rashid Rehman – Pakistan - letters of intervention and public statement presented at Tab 3.1.2 of the Report.

Carried

Mr. Lerner abstained.

Ms. Ross presented the Human Rights Monitoring Group Report, Facilitating International Access to Justice through Intervention, for information.

Ms. Murchie presented the report on The Justicia Project – Overview and Next Steps for information.

*For Information*

- Report on the Justicia Project
- Report on the Status of the Parental Leave Assistance Program
- Development of a Law Society Aboriginal Strategy
- Public Education Equality and Rule of Law Series Calendar 2014

PROFESSIONAL REGULATION COMMITTEE REPORT

Mr. Mercer presented the Report.

Re: Amendment to By-Law 11 to Enforce Payment of Costs

It was moved by Mr. Mercer, seconded by Ms. Leiper, that Convocation approve an amendment to By-Law 11, as set out in the motion at Tab 4.1.1 of the Report, to support the Law Society's authority to enforce the payment of costs under section 45.1 of the *Law Society Act*.

Carried

*For Information*

- Update on Work of the Alternative Business Structures Working Group
- Analysis of Complaints Received by the Professional Regulation Division in 2013

BENCHER ELECTION WORKING GROUP REPORT

Ms. Leiper presented the Report.

Re: Matters Related to the Bencher Election Process

It was moved by Ms. Leiper, seconded by Ms. Richer, that Convocation amend voting procedures for the lawyer and paralegal bencher elections, as follows:

- a. Make the date for the Elections Officer's preparation of the polling list for the lawyer bencher election on or shortly after the second Friday in April in an election year, and
- b. Make the date for the Elections Officer's preparation of the polling list for the paralegal bencher election on or shortly after the second Friday in March in an election year.

Carried

ADDRESS BY THE PRESIDENT OF THE FEDERATION OF LAW SOCIETIES OF CANADA

Bâtonnière Marie-Claude Bélanger-Richard, Q.C. addressed Convocation.

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APPOINTMENT TO THE LAW SOCIETY TRIBUNAL

The Treasurer announced that Convocation appointed Stephen T. Goudge to the Hearing and Appeal Divisions of the Law Society Tribunal for a term of two years.

*REPORTS FOR INFORMATION*

ACCESS TO JUSTICE COMMITTEE REPORT

- Report on Next Steps on the Law Society's Access to Justice Initiative

AUDIT & FINANCE COMMITTEE REPORT

- Other Committee Work

PRIORITY PLANNING COMMITTEE REPORT

- Convocation's Priority Planning - Status of Work on Convocation's Priorities

CONVOCATION ROSE AT 12:34 P.M.

DRAFT

MINUTES OF CONVOCATION

Wednesday, 13<sup>th</sup> August, 2014  
9:00 a.m.

PRESENT:

The Treasurer (Janet E. Minor), \*Aaron, \*Anand, \*Backhouse, Boyd, \*Braithwaite, \*Bredt, \*Burd, \*Campion, \*Corsetti, Doyle, Earnshaw, \*Epstein, \*Falconer, \*Festeryga, \*Ferrier, \*Furlong, \*Gold, Goldblatt, \*Hare, \*Hartman, \*Horvat, \*Krishna, Lawrie, \*Leiper, \*Lem, \*Lerner, \*Lippa, \*Manes, \*Marmur, \*McGrath, Mercer, \*Murchie, \*Murray, \*Pawlitza, \*Porter, \*Potter, \*Pustina, \*Rabinovitch, \*Richardson, \*Richer, Ross, \*Rothstein, \*Sheff, \*Sikand, \*Silverstein, \*C. Strosberg, \*H. Strosberg, \*Swaye, \*Symes and \*Wardlaw.

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\* By Telephone

Secretary: James Varro

The Reporter was sworn.

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TREASURER'S REMARKS

The Treasurer welcomed everyone to Convocation.

MOTION

Re: Committee and Other Appointments

It was moved by Mr. Braithwaite, seconded by Mr. Porter, that the attached list of appointments under **Schedule A** be approved and that Janet E. Minor be removed as a member of the Hearing Division and Appeal Division of the Law Society Tribunal at her own request.

SCHEDULE A

COMMITTEE, TASK FORCE, WORKING GROUP AND EXTERNAL/OTHER APPOINTMENTS  
August 13, 2014

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COMMITTEES

Access to Justice

Cathy Corsetti, Co-Chair

Paul Schabas, Co-Chair

Susan Hare, Vice-Chair, Special Liaison with the Equity and Aboriginal Issues Committee

Beth Symes, Vice-Chair

Raj Anand

Marion Boyd

Mary Louise Dickson

Robert Evans

Avvy Go

George Hunter

Brian Lawrie

Michael Lerner

Virginia MacLean

Malcolm Mercer

Susan Richer

Baljit Sikand

Bradley Wright

Audit & Finance

Christopher Bredt, Co-Chair

Peter Wardle, Co-Chair

Adriana Doyle, Vice-Chair

John Callaghan

Susan Elliott

Seymour Epstein

Michelle Haigh

Vern Krishna

Judith Potter

James Scarfone

Alan Silverstein

Catherine Strosberg

Compensation

Janet Minor, Chair  
Christopher Bredt  
Howard Goldblatt  
Catherine Strosberg  
Peter Wardle

Compensation Fund

Michelle Haigh, Chair  
Adriana Doyle  
Carol Hartman  
Jan Richardson  
Catherine Strosberg

Equity and Aboriginal Issues

Julian Falconer, Co-Chair  
Janet Leiper, Co-Chair  
Susan Hare, Vice-Chair, Special Liaison with the Access to Justice Committee  
Beth Symes, Vice-Chair  
Constance Backhouse  
Peter Festeryga  
Avvy Go  
Howard Goldblatt  
Jeffrey Lem  
Marian Lippa  
Dow Marmur  
Barbara Murchie  
Judith Potter  
Susan Richer

Government and Public Affairs

Marion Boyd, Co-Chair  
John Callaghan, Co-Chair  
William McDowell, Co-Chair  
Christopher Bredt  
Robert Burd  
John Campion  
Susan Elliott  
Seymour Epstein  
Michelle Haigh  
Susan McGrath  
Barbara Murchie  
Julian Porter  
Linda Rothstein  
Catherine Strosberg  
Joseph Sullivan

Heritage

Constance Backhouse, Chair  
Patrick Furlong  
Virginia MacLean  
Nicholas Pustina  
Jan Richardson



Inter-Jurisdictional Mobility

Jacqueline Horvat, Chair  
Jack Braithwaite  
Ross Earnshaw  
Michael Lerner  
Malcolm Mercer  
Jack Rabinovitch  
Joseph Sullivan

Law Society Awards

Janet Minor, Chair  
Constance Backhouse  
John Callaghan  
Carol Hartman  
William McDowell  
Catherine Strosberg

Law Society LL.D. Advisory

Janet Minor, Chair  
Constance Backhouse  
John Callaghan  
Carol Hartman  
William McDowell  
Catherine Strosberg

Litigation

Linda Rothstein, Chair  
Peter Wardle, Vice-Chair  
John Callaghan  
William McDowell  
Julian Porter  
Paul Schabas  
Harvey Strosberg  
Joseph Sullivan

Paralegal Standing

Cathy Corsetti, Chair  
Susan McGrath, Vice-Chair  
Marion Boyd  
Robert Burd  
Adriana Doyle  
Ross Earnshaw  
Robert Evans  
Michelle Haigh  
Brian Lawrie  
Marian Lippa  
Dow Marmur  
Malcolm Mercer  
Baljit Sikand

Priority Planning

Janet Minor, Chair  
Raj Anand  
Marion Boyd  
Christopher Bredt  
John Callaghan  
Cathy Corsetti  
Julian Falconer  
Howard Goldblatt  
Michelle Haigh  
Carol Hartman  
Jacqueline Horvat  
Janet Leiper  
William McDowell  
Susan McGrath  
Malcolm Mercer  
Julian Porter  
Linda Rothstein  
Paul Schabas  
Peter Wardle

Proceedings Authorization

Paul Schabas, Chair  
Michelle Haigh  
Jacqueline Horvat  
Jeffrey Lem  
Gerald Sheff  
Alan Silverstein

Professional Development and Competence

Howard Goldblatt, Chair  
Barbara Murchie, Vice-Chair  
Alan Silverstein, Vice-Chair  
Raj Anand  
Constance Backhouse  
Jack Braithwaite  
Robert Burd  
Mary Louise Dickson  
Ross Earnshaw  
Lawrence Eustace  
Peter Festeryga  
Susan Hare  
Vern Krishna  
Michael Lerner  
Marian Lippa  
Virginia MacLean  
Dow Marmur  
Judith Potter  
Nicholas Pustina  
Jack Rabinovitch  
Joseph Sullivan  
Gerald Swaye  
Peter Wardle

Professional Regulation

Malcolm Mercer, Chair  
Susan Richer, Vice-Chair  
Paul Schabas, Vice-Chair  
Robert Armstrong  
John Callaghan  
John Campion  
Seymour Epstein  
Robert Evans  
Julian Falconer  
Patrick Furlong  
Carol Hartman  
Jacqueline Horvat  
Brian Lawrie  
Jeffrey Lem  
William McDowell  
Ross Murray  
Jan Richardson  
Heather Ross

Summary Disposition

Barbara Murchie  
Malcolm Mercer

Tribunal

Raj Anand, Chair  
Janet Leiper, Vice-Chair  
Larry Banack  
Jack Braithwaite  
Christopher Bredt  
Robert Burd  
Cathy Corsetti  
Adriana Doyle  
Lee Ferrier  
Alan Gold  
Dow Marmur  
Barbara Murchie  
Linda Rothstein  
Mark Sandler  
Baljit Sikand  
Peter Wardle

## TASK FORCE

### Mentoring and Advisory Services Proposal Task Force

Linda Rothstein, Co-Chair  
Peter Wardle, Co-Chair  
Howard Goldblatt, Vice-Chair  
Lawrence Eustace  
Julian Falconer  
Michelle Haigh  
Susan Hare  
Jacqueline Horvat  
Virginia MacLean  
Dow Marmur  
Derry Millar  
Paul Schabas

## WORKING GROUPS

### Alternative Business Structures

Susan McGrath, Co-Chair  
Malcolm Mercer, Co-Chair  
Constance Backhouse  
Marion Boyd  
Ross Earnshaw  
Susan Elliott  
Carol Hartman  
Jacqueline Horvat  
Brian Lawrie  
Jeffrey Lem  
Jan Richardson  
James Scarfone  
Alan Silverstein  
Peter Wardle

### Challenges Faced By Racialized Licensees

Raj Anand, Co-Chair  
Janet Leiper, Co-Chair  
Julian Falconer, Vice-Chair  
Howard Goldblatt, Vice-Chair  
Marion Boyd  
Robert Burd  
Susan Hare  
William McDowell  
Malcolm Mercer  
Susan Richer  
Baljit Sikand

Human Rights Monitoring Group

Paul Schabas, Chair  
Paul Copeland  
Julian Falconer  
Avvy Go  
Judith Potter  
Heather Ross  
Beth Symes

EXTERNAL/OTHER APPOINTMENTS

Law Foundation of Ontario Board of Trustees

Linda Rothstein  
Mark Sandler  
Paul Schabas

Law Society Foundation (nominations to the Board of Trustees)

Mary Louise Dickson  
Ian Hull  
Michael Lerner  
Derry Millar  
Catherine Strosberg

Ontario Bar Association Council

Constance Backhouse (Treasurer's Nominee)  
Carol Hartman  
Barbara Murchie

Carried

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CONVOCATION ROSE AT 9:10 A.M.

## THE LAW SOCIETY OF UPPER CANADA

### MOTION TO BE MOVED AT CONVOCATION ON SEPTEMBER 24, 2014

MOVED BY:

SECONDED BY:

THAT Raj Anand be appointed to the Law Commission of Ontario Board of Governors for a term of three years effective October 15, 2014 to replace Christopher Bredt.

THAT Jack Braithwaite be reappointed as the Law Society's representative on the Canadian National Exhibition Association for a term of one year commencing October 23, 2014.

THAT Cathy Corsetti be removed from the Tribunal Committee at her own request and be appointed to the Professional Regulation Committee.

THAT Jacqueline Horvat be appointed to the Ontario Justice Education Network Board of Directors to replace Constance Backhouse.

THAT Malcolm Mercer be appointed to the Litigation Committee.

THAT Peter C. Wardle be appointed to the Hearing Division of the Law Society Tribunal for a term ending on May 28, 2015.

THAT the composition of the Challenges Faced By Racialized Licensees Working Group be as follows:

**Janet Leiper, Chair**  
**Julian Falconer, Vice-Chair**  
**Howard Goldblatt, Vice-Chair**  
Raj Anand  
Marion Boyd  
Robert Burd  
Susan Hare  
William McDowell  
Malcolm Mercer  
Susan Richer  
Baljit Sikand



**Tab 1.3**

To the Benchers of the Law Society of Upper Canada Assembled in Convocation

The Director of Professional Development and Competence reports as follows:

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CALL TO THE BAR AND CERTIFICATE OF FITNESS

Licensing Process and Transfer from another Province – By-Law 4

Attached is a list of candidates who have successfully completed the Licensing Process and have met the requirements in accordance with section 9.

All candidates now apply to be called to the bar and to be granted a Certificate of Fitness on Wednesday, September 24<sup>th</sup>, 2014

ALL OF WHICH is respectfully submitted

DATED this 24<sup>th</sup> day of September, 2014

**CANDIDATES FOR CALL TO THE BAR**  
**September 24<sup>th</sup>, 2014**

**Transfer from another province (Mobility)**

Stéphanie Elizabeth Armengau  
Chase William Arnesen  
Rachel Leigh Barker  
Andrew Clifford Burgess  
Adam Neal Gotfried  
Catherine Ann Graham  
Christian James Ronayne Hurley  
Nathaniel Brock Fitzgerald Marshall  
Emma Michielsen  
Paul Desmond Mooney  
Tiffany O'Hearn Davies  
Kathryn May Stoneman  
Lara Jessie Tessaro

**Licensing Process**

Nafay Al-Alam Choudhury  
Kevin John Daley  
Shiv Raj Malik  
Ram Anand Shankar

**Transfer (Quebec)**

Aiden Araz Talai

**L3**

Michael Jacob Citrome  
Vanessa Reina Dadoun  
Patrick Jean Roy Reynaud

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# **REPORT TO CONVOCATION**

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**SEPTEMBER 2014**



TO: The Treasurer and Benchers of The Law Society of Upper Canada

**RE: 2015 Insurance Program: Transmittal of Report to Convocation**

Consideration of this year's Report to Convocation represents the first step towards the 2015 insurance program, the 20th anniversary of LAWPRO providing the program for the Law Society. LAWPRO has established a strong foundation upon which our insureds can build secure practices. Now the work of keeping the house we have built so carefully in good order is our ongoing task. This year we are offering an insurance program that is similar to the previous one, but with a few changes to keep it running in an optimal fashion.

***The claims and financial environments***

In recent years, we have seen an upward trend in the number of open claims files as well as an increased number of large claims. This trend may now be reaching a plateau with count and cost remaining at a similar level as last year. We will continue to watch carefully to see if this stabilization continues.

Given the current claims situation combined with our prudent investment approach, and notwithstanding the Minimum Capital Test ("MCT") changes discussed below, LAWPRO is able to continue to offer a base premium of \$3,350 per lawyer for 2015. This base premium has remained unchanged for five years in a row. LAWPRO is very proud of this accomplishment, given that we have experienced five years of market turmoil, low interest rates, regulatory stresses and increased workload due to claims count and complexity.

For some years, LAWPRO has been anticipating proposed changes to the calculation of the MCT. As Convocation will recall, the MCT is the main solvency test for Canadian insurance companies. The changes, effective January 1, 2015, may drop LAWPRO's current MCT of 239 per cent to the 200 per cent range. Fortunately, there has recently been announced a three year phase-in period that will allow LAWPRO to take appropriate action over time to moderate the effect of these changes. It should be noted, however, that our capital reserves will be under extra scrutiny during this period.

The offer contained in the Report to Convocation assumes that the use of the Law Society's E&O Fund as a revolving backstop for the transaction levy income compared to budget will end as of December, 2014. The amount in the E&O Fund notionally being held on account of transaction levy shortfalls (approximately \$2.5 million estimated as of December 31, 2014) is expected to be drawn and applied to the 2015 insurance premium.

***Providing resources that encourage responsible conduct***

For several years, LAWPRO has offered a Risk Management Credit to insureds who complete pre-approved legal and education programs with a strong risk management component. These courses focus on a number of legal and practice management areas that have been identified as high risk activities.



Risky behavior not only involves work-related activities: It is no secret that a legal career brings with it many pressures and from time to time, a great deal of stress. These pressures and stresses can become a serious concern if insured licensees don't have outlets to manage, control and resolve them. They can cause serious health issues ranging from burnout, anxiety, and substance abuse to depression and be a contributing factor to malpractice claims and Law Society complaints.

Accordingly, in addition to contributing financially to the Law Society's Member Assistance Program ("MAP") operated by Homewood Human Solutions for the last few years, LAWPRO is expanding the Risk Management Credit as part of the 2015 Program to include MAP e-Learning courses that meet certain criteria. Approved courses taken between September 16, 2014 and September 15, 2015 will be eligible to count towards calculation of the Risk Management Credit for 2016 premium.

### ***Paralegal insureds***

The Risk Management Credit will also become available for LAWPRO paralegal insureds. This program change will allow paralegals who are partners of lawyers (and thus required to be insured under the LAWPRO program), to qualify for reduced premiums under the 2016 Program in the same way as our lawyer insureds. This is another means by which LAWPRO is accommodating its changing insured base, so that the program remains relevant to its evolving needs.

Cancellation and extended notice period provisions regarding paralegal partners in combined licensee partnerships are also being added to comply with the mandatory insurance provisions for paralegals under By-Law No. 6 of the *Law Society Act*.

### ***Conclusions***

In the full report you will also find references to adding special coverage for penalties under s. 237.3 of the *Income Tax Act*, amending the definition of "employee" in the policy to recognize that many employed lawyers work less than fulltime and better aligning the territorial coverage for non-licensee partners in multi-disciplinary partnerships to accord with the territorial coverage given to licensee insureds. These also reflect trends in the environment affecting the Law Society's licensees.

LAWPRO's mission to be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession continues to inform its sound management and Board decisions, resulting in a stable foundation for the profession.

Board members and management of LAWPRO look forward to continuing to provide its insureds with a cost-effective and responsive insurance program in 2015 and beyond.

***Original signed by Susan McGrath***

Susan T. McGrath  
Chair

***Original signed by Kathleen Waters***

Kathleen A. Waters  
President & CEO



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**LAWYERS' PROFESSIONAL INDEMNITY COMPANY ("LAWPRO")****REPORT TO CONVOCATION – SEPTEMBER, 2014****BACKGROUND**

1. The Law Society of Upper Canada ("Law Society") governs the legal profession in the public interest. One of the ways it discharges its responsibilities is through the mandatory requirement it places on practising lawyers to obtain professional liability insurance coverage for legal malpractice claims. This coverage is provided by LAWPRO, a provincially licensed insurer that is owned by the Law Society.
2. The coverage that the Law Society's mandatory insurance program ("Program") provides is considered to be both in the best interests of the public and in the best interests of Ontario lawyers – in that the public has reasonable assurance that an insurance policy backstops errors committed by lawyers in practice, and lawyers have assurance that they have a degree of financial protection for their professional liability that is well-suited to most lawyers' practice needs.
3. In recent years, we have seen an upward trend in the number of open claims files, with approximately 3,600 open files as at December 31, 2013, estimated to have a gross value of \$447.9 million. Overall, the insurance Program manages about 87 per cent of the Law Society's almost \$745 million in combined assets.
4. Each September since 1995, LAWPRO's Board of Directors has reported to Convocation on changes to the Law Society's Program for the following calendar year. The timing of this report is necessitated by the logistics of renewing approximately 25,000 policies effective January 1, and the need to negotiate and place any related or corollary reinsurance treaties.
5. This report is also an opportunity for LAWPRO's Board to review with Convocation issues of importance to its insurance operations and receive policy direction where necessary. Financial information on LAWPRO and the Program is provided to Convocation throughout the year.

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6. Convocation established LAWPRO's mandate in 1994 with the adoption of the Insurance Committee Task Force Report (the "Task Force Report"). The mandate and principles of operation derived from the Task Force Report are as follows:

- that LAWPRO be operated separate and apart from the Law Society by an independent board of directors;
- that LAWPRO be operated in a commercially reasonable manner;
- that LAWPRO move to a system where the cost of insurance reflects the risk of claims; and
- that claims be resolved fairly and expeditiously; however, this was not to be a system of "no-fault" compensation and there would be certain circumstances where coverage was denied or coverage was limited.

For 2015, we have conducted our annual review of the Program to re-validate the approach and rating structure in light of these Task Force recommendations.

7. The LAWPRO Board of Directors believes that these recommendations have been achieved in LAWPRO's operations, and that the proposed Program for 2015 continues to fulfill these principles. This report deals solely with the Program for the Law Society. The LAWPRO optional insurance segment, composed of TitlePLUS<sup>®</sup> title insurance and the Excess professional liability insurance programs, is operated on an expected break-even or better basis.

**2015 PROGRAM SUMMARY**

8. The following summarizes the 2015 professional liability insurance Program, as provided for in this report.

***Premium Pricing for 2015:***

- (i) The base premium is \$3,350 per lawyer for 2015, the same base premium charged in 2011 through 2014 (paragraph 117(a)).
- (ii) Revenues from real estate and civil litigation transaction levies collected by the E&O Fund during the year are budgeted at \$24.7 million for the purposes of establishing the base premium for 2015 and other budgetary purposes (paragraph 117(b)).
- (iii) The Errors and Omissions (“E&O”) Fund will discontinue its practice of guaranteeing the level of transaction levies collected and forwarded to LAWPRO, effective for the 2015 Program (the guarantee mechanism for claims history surcharges was discontinued effective for the 2014 Program). As a result, \$2.5 million (approximately \$100 per insured lawyer) is expected to be drawn from the available surplus in the E&O Fund built up in prior years and applied to the 2015 insurance premium (paragraph 117(c)).
- (iv) The premium for the Real Estate Practice Coverage Option will be \$250, the same amount charged in 2012 through 2014 (paragraph 117(d)).
- (v) 100 per cent of the premiums and losses for the Program will again be retained by LAWPRO in 2015, subject to limited capital backstop protection provided by the E&O Fund, and reinsurance protecting the Program from multiple losses arising out of a common event or nexus (paragraph 88).

***LAWPRO Risk Management Credit:***

(vi) The LAWPRO Risk Management Credit (“RMC”) will be continued, with a \$50 premium credit per approved CPD program, subject to a \$100 per lawyer maximum amount, to be applied for pre-approved legal and other educational programs taken and successfully completed by lawyers between September 16, 2014, and September 15, 2015, for which the lawyer has successfully completed the online Risk Management Credit Declaration Form (paragraph 22(a)).

(vii) Course accreditation for the RMC shall be extended to Law Society Member Assistance Program e-Learning courses that are considered by LAWPRO to meet the objectives of the RMC (paragraph 22(b)).

(viii) Paralegal partners in combined licensee partnerships who have completed courses that qualify for the RMC shall be entitled to a \$50 premium credit per approved CPD program, subject to a \$100 per paralegal maximum amount, in a similar fashion to lawyers. This Program change will allow paralegal partners to qualify for reduced premiums under the 2016 Program for RMC approved courses they take between September 16, 2014 and September 15, 2015 (paragraph 22(c)).

***Claims by Employers:***

(ix) The Program policy shall be amended so that the definition of “EMPLOYEE(S)” refers to someone who works exclusively for one employer, without qualification as to full-time or part-time basis. For the purposes of this definition, someone for whom services are provided without remuneration (e.g., on a *pro bono* basis) outside of a lawyer’s usual employment would not be considered another employer (paragraph 27).

***Prescribed Penalties and s. 237.3 of the Income Tax Act:***

(x) The policy definition of “PRESCRIBED PENALTY(IES)” shall be expanded to include penalties assessed under s. 237.3 of the *Income Tax Act*, ensuring that effective investigation and defence cost protection of up to \$100,000 is available to lawyers who successfully defend such penalties assessed, upon final resolution, as provided for under insurance coverage “C. PRESCRIBED PENALTY expenses” under the policy (paragraph 32).

***Non-Lawyers in Partnership with Lawyers:***

(xi) The 2015 Program policy shall, for greater clarity, be amended to ensure that coverage in respect of non-licensee professionals in partnership with lawyer licensees in MDPs is limited to:

- the practice of the non-licensee's profession trade or occupation that supports or supplements the practice of the Law of Canada;
- services performed for or on behalf of the MDP;
- services provided or which ought to have been provided within Canada; and
- claims or civil suits brought on their merits in Canada (paragraph 40).

(xii) The 2015 Program policy shall be amended to ensure that cancellation and extended notice period provisions regarding paralegal partners in combined licensee partnerships are included to comply with the mandatory insurance provisions for paralegals under By-Law No. 6 of the *Law Society Act* (paragraph 41).

***Other Program Features (or Adjustments):***

(xiii) Subject to the changes identified earlier in the report, the remaining exemption criteria, policy coverage, coverage options, and premium discounts and surcharges in place in 2014 will remain unchanged for the 2015 Program (paragraph 122).

***The Errors & Omissions Insurance Fund:***

(xiv) The investment income of the Errors & Omissions Fund which is surplus to the obligations of the Fund will be made available to the Law Society during 2015 (paragraph 12).

***Conclusion:***

(xv) The LAWPRO Board considers the Program changes to be appropriate and consistent with its mandate as set out in the 1994 Insurance Committee Task Force Report. The LAWPRO Board offers this Program of insurance for 2015 and asks for Convocation's acceptance of this Report at the September Convocation, so that the 2015 Program can be implemented by January 1, 2015 (paragraph 123).

**PART 1 – THE ERRORS & OMISSIONS INSURANCE FUND**

9. LAWPRO provides service to the Law Society with respect to the E&O Fund of the Law Society, which is currently in run-off mode. (The E&O Fund was responsible for the insurance Program prior to 1990, and for a group deductible of up to \$250,000 per claim prior to 1995.)

10. In recent years the E&O Fund resources have been utilized to settle outstanding claims (for Program policies in place between July 1, 1989 and December 31, 1994), maintain its investment in LAWPRO share capital, make available \$15 million of funds to backstop the potential of significant deterioration in the loss experience under recent years' Program policies, guarantee the level of supplementary premiums such as transaction levies, and make premium contributions where appropriate (see the Reinsurance and Capital Preservation section starting at paragraph 80 for more details). Where the investment income has been considered surplus to the E&O Fund's commitments, it has typically been aggregated for use to the benefit of the Law Society's general purposes.

11. As of June 30, 2014, the E&O Fund had outstanding claims liabilities of \$0.2 million. The number of open files for 1994 and prior years stood at two. Since there are sufficient assets in the E&O Fund to fully meet the outstanding liabilities, the LAWPRO Board is again satisfied that the investment income generated by the E&O Fund is surplus to the needs of the E&O Fund and can be used by the Law Society for its general purposes.

**12. Accordingly, the investment income of the Errors & Omissions Fund which is surplus to the obligations of the Fund will be made available to the Law Society during 2015.**

**PART 2 – CHANGES TO THE INSURANCE PROGRAM FOR 2015**

13. In developing the details of the 2015 Program, LAWPRO has, as always, considered the changing environment in which lawyers practise and any comments received from the profession during the previous year. The general structure of the current Program appears to generally meet the needs and practice realities of the profession for 2015.

14. However, for the 2015 Program, four substantive modifications in the structure of the Program or in the form and substance of the policy are contemplated.

**LAWPRO Risk Management Credit**

15. The LAWPRO Risk Management Credit (“RMC”) provides lawyers with a \$50 premium credit, to a maximum of \$100 per lawyer, for each pre-approved legal or other educational program taken and successfully completed. LAWPRO works closely with the Law Society, as well as the Ontario Bar Association, The Advocates’ Society and other law associations and not-for-profit continuing professional development (“CPD”) providers, to identify programs that can qualify for the RMC. To qualify, programs must include a substantial risk management component, which typically focuses on the most common claims risks in a given practice area, and practical advice on how to reduce the risk of claims.

16. LAWPRO believes that lawyers who attend these types of programs, and apply the information obtained, will be better able to avoid the mistakes or errors that most commonly lead to malpractice claims. So, while helping lawyers provide better service to their clients and manage the risks associated with their practice, the RMC premium credit is also considered supportive of the principle of risk-rating under the Program.

17. Another way in which LAWPRO is attempting to change lawyer behaviour to reduce the risk of claims is by contributing financially to the Law Society’s Member Assistance Program (“MAP”) operated by Homewood Human Solutions<sup>1</sup>. The MAP is available to all Ontario lawyers, judges and paralegals, and their family members. It is LAWPRO’s belief that when lawyers have access to help and resources through programs such as the MAP, they will be less

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<sup>1</sup> For more information on Homewood Human Solutions, the member assistance program and its available resources, the website can be accessed at <https://www.homewoodhumansolutions.com/MSA/lawsocietyuppercana>



## TAB 2

likely to take part in negative behaviours that are commonly associated with issues surrounding mental health and stress that are likely to lead to claims.

18. Amongst the services offered to licensees by Homewood Human Solutions are interactive e-learning courses which are described as:

“Homewood Human Solutions™ e-Learning provides self-paced, private, and personalized learning experiences designed to improve personal health and well-being and/or workplace effectiveness. A variety of courses are available, focusing on health and wellness and a wide range of life skills.”

19. Amongst the courses offered by Homewood Human Solutions are:

- *Taking Control of Alcohol Use*
- *Supporting Respect in the Workplace*
- *Taking Control of Your Money*
- *Fundamentals of Effective Supervision*
- *Managing Sensitive Employee Issues*
- *Taking Control of Stress*
- *Preparing for Your Retirement*
- *Values-Based Leadership*
- *Taking Control of Your Mood*
- *Taking Control of your Career*

20. These courses have not been specifically developed for legal professionals. However, for those that are found to contain effective risk management advice and techniques that could reduce the number or severity of claims by helping licensees to better manage their time, their practice and themselves, these courses appear to meet the aims of the RMC. Just as it would for courses offered by CPD providers, LAWPRO is able to assess these courses to determine if a risk-management aspect is included. With Homewood’s assistance, LAWPRO can review the courses, which are free and available online, for possible accreditation. It is noteworthy that the practicePRO Online Coaching Centre practice modules qualify for the RMC and that a number of these modules look to address similar subject areas as some of the Homewood courses. LAWPRO would rely on the honour system for verification of completion of a Homewood course, as it does for lawyers claiming the RMC for attendance at CPD programs.

21. As well as insuring Ontario lawyers, paralegals who practice in partnership with lawyers in combined licensee partnerships (“CLPs”) are also required to obtain their mandatory insurance from LAWPRO under the Law Society insurance Program commencing in 2014. As of July 31, 2014, there are 13 paralegal licensees insured by LAWPRO. It is LAWPRO’s view that paralegal licensees, like lawyer licensees, who attend qualifying risk-management programs and apply the information obtained are better able to avoid the mistakes or errors that most commonly lead to

malpractice claims, so they too should qualify and be eligible for the RMC in the same fashion as lawyers, when insured under the Program.

**22. Accordingly, for the 2016 Program:**

- a) **The LawPRO Risk Management Credit (“RMC”) will be continued, with a \$50 premium credit per approved CPD program, subject to a \$100 per lawyer maximum amount, to be applied for pre-approved legal and other educational programs taken and successfully completed by lawyers between September 16, 2014, and September 15, 2015, for which the lawyer has successfully completed the online Risk Management Credit Declaration Form;**
- b) **Course accreditation for the RMC shall be extended to Law Society Member Assistance Program e-Learning courses that are considered by LAWPRO to meet the objectives of the RMC; and**
- c) **Paralegal partners in combined licensee partnerships who have completed courses that qualify for the RMC shall be entitled to a \$50 premium credit per approved CPD program, subject to a \$100 per paralegal maximum amount, in a similar fashion to lawyers. This Program change will allow paralegal partners to qualify for reduced premiums under the 2016 Program for RMC approved courses they take between September 16, 2014 and September 15, 2015 .**

**Claims by Employers**

23. Claims brought by employers against lawyers who are employed by them on a full-time basis are generally excluded from Program coverage in accordance with exclusion (b) of the policy, subject to limited defence-only coverage provided by endorsement to those acting as in-house corporate counsel. “EMPLOYEE(S)” is defined in the policy to mean “a person who provides services for another under either a contract of service or contract for services on a *full-time* basis” (emphasis added).

24. Under this definition of EMPLOYEE(S), if a lawyer acts only for a single employer and no one else, but happens not to work on a full-time basis, then exclusion (b) above would not apply and a claim by the employer might potentially be covered.

25. The question arises as to whether different coverage treatment for lawyers employed on a part-time basis and those employed on a full-time basis is intended or fair. In fact, as with most other professional liability insurance, it is not the general intention that the Program insure exposures arising between or among insured employees and their employer, whether employed on a full-time or part-time basis. To the extent that the Program does afford some such protection though, as it does in the case of the limited defence-only (\$250,000 per claim and in the aggregate per policy period) sublimit protection for those acting as in-house corporate counsel, it is LAWPRO's view that this protection should be afforded equally to those in-house corporate counsel acting on a part-time basis as it is to those acting on a full-time basis.

26. When determining whether lawyers employed in government or education, or as in-house corporate counsel, may claim exemption under the Program, no such necessity of full-time employment is imposed. In this regard, subsection 9(1)(4)(iii) of By-Law 6 of the *Law Society Act* provides that a lawyer may qualify for exemption if she or he does "not engage in the practice of law in Ontario other than for and on behalf of the employer".

**27. Accordingly, the Program policy shall be amended so that the definition of "EMPLOYEE(S)" refers to someone who works exclusively for one employer, without qualification as to full-time or part-time basis. For the purposes of this definition, someone for whom services are provided without remuneration (e.g., on a *pro bono* basis) outside of a lawyer's usual employment would not be considered another employer.**

#### **Prescribed Penalties and s. 237.3 of the *Income Tax Act***

28. Lawyers who have had a penalty assessed against them for misrepresenting a tax matter or tax planning arrangement under s.163.2 of the *Income Tax Act*, R.S.C. 1985, c.I or s. 285.1 of the *Excise Tax Act*, R.S.C. 1985, c. E-15, and have successfully defended such allegations upon final resolution, may be reimbursed under the policy for up to \$100,000 of their expenses. Although the sublimit which applies to these "prescribed penalties" affords protection for investigation and defence costs only, in fact only one claim has been reported under the Program to date in respect of this coverage since it was first introduced in 2003.

29. In 2013, section 237.3 of the *Income Tax Act* came into effect which, similar to the prescribed penalties under the policy, could leave lawyers open to sanctions. As it was originally

circulated, s. 237.3 could lead to an advisor/promoter (such as a lawyer) being penalized for failure to report transactions that had at least two of three “hallmarks” of anti-avoidance (being a “fee hallmark”, a “confidential protection hallmark” and/or a “contractual protection hallmark”). If two of the three hallmarks are present, there is a general obligation to report the transaction to the Canada Revenue Agency under its general anti-avoidance rule (“GAAR”) found at s. 245 of the Act.

30. The *Income Tax Act* recognizes that “solicitor-client privilege” may impact the disclosure required to the Minister of National Revenue and contains a definition thereof in s. 232(1). On its face, it appears that lawyers would only face sanction if<sup>2</sup>:

- (i) The lawyer is subject to the reporting requirement;
- (ii) The required information is not protected by solicitor-client privilege;
- (iii) No other person has provided the required information to the Minister of National Revenue; and
- (iv) The lawyer failed to make “reasonable efforts” to identify whether the reporting requirement exists or that another person had satisfied the reporting requirement.

31. As a result, it may be unlikely that a lawyer, acting in his/her capacity as a lawyer, would ultimately be sanctioned under s. 237.3. Also, in the event it was determined that a lawyer did fail to file an information return for a reportable transaction as she or he was required to do, the maximum amount of the assessment is limited to the amount of the fee obtained from the client who has been found to have engaged in a tax avoidance transaction contrary to the Act.

**32. For 2015, the policy definition of “PRESCRIBED PENALTY(IES)” shall be expanded to include penalties assessed under s. 237.3 of the *Income Tax Act*, ensuring that effective investigation and defence cost protection of up to \$100,000 is available to lawyers who successfully defend such penalties assessed, upon final resolution, as provided for under insurance coverage “C. PRESCRIBED PENALTY expenses” under the policy.**

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<sup>2</sup> This would appear to be the case based upon information contained in clause 356 of the Department of Finance’s *Explanatory Notes Relating to the Income Tax Act, the Excise Tax Act and Related Legislation, Part 5*, which can be viewed at <http://www.fin.gc.ca/drleg-apl/nwmm-amvm-1012n-05-eng.asp>

### **Non-Lawyers in Partnership with Lawyers**

33. Under By-Law Nos. 6 and 7 of the *Law Society Act*, non-lawyers who are in Ontario partnerships with lawyers, as recognized by the Law Society, are required to be insured under the Law Society Program by LAWPRO. There are two types of partnerships that this applies to:

- a) Combined licensee partnerships, in which lawyers are in partnership with paralegals who are also licensed by the Law Society; and
- b) Multi-discipline partnerships (“MDPs”), in which lawyers are in partnership with “non-licensees” (i.e., professionals other than lawyers and paralegals licensed by the Law Society of Upper Canada).

34. The non-licensee partners in an MDP must practice a profession, trade or occupation that supports or supplements the practice of a Law Society licensee partner. Lawyers must apply to the Law Society before they can enter into a MDP and the Law Society must approve its renewal on an annual basis in order for the MDP to continue. There are currently twelve such MDPs for which insurance is provided by LAWPRO under the Program.

35. Although perhaps not originally contemplated in the conceptualization of MDPs, in the past year three MDPs have been formed with American lawyers as the non-licensee professionals. For one partnership, according to the application filed with the Law Society, the U.S. lawyer is not acting as a lawyer but providing marketing services that supports the Ontario lawyer’s law practice. In another, the U.S. lawyers act in their capacity as American lawyers in supporting the U.S. element of cross-border (class action) litigation, and in the third, a U.S. tax law specialist helps the firm provide its clients with Canada/U.S. tax services.

36. Although the Program policy has long been clear, both in the principle insuring agreement and the territorial provisions, that no protection is afforded in respect of the practice of foreign law by Ontario lawyers, given the recent inception of MDPs with foreign lawyers as non-licensee professional partners, it is appropriate that the policy endorsement affording coverage in respect of MDPs be updated, so that the coverage under the Program between Ontario lawyers and their MDP partners is better aligned.

37. The underwriting intention is that Program coverage be provided with respect to the practice of law in Ontario and the practice of a profession, trade or occupation that supports or supplements the practice of law in Ontario, but not without regard to the types of territorial

## TAB 2

considerations already provided for under the policy. In this regard, the Program should not be seen as providing general insurance protection to foreign lawyers for their practice of foreign law, because they happen to have involvement as a partner in an MDP with an Ontario lawyer.

38. Through more specific endorsement provision, the possibility of there being broader Program protection for foreign exposures for non-licensee partners in an MDP than is provided to lawyer licensees generally under the Program will be more definitively avoided.

39. As well, for paralegal partners in combined licensee partnerships, endorsement provisions will be updated to expressly provide for 60 days written notice to the Law Society of cancellation or amendment of policy coverage and a ninety (90) day extended reporting period, in accordance with Section 12(1) of Law Society By-Law No. 6.

**40. Accordingly, the 2015 Program policy shall, for greater clarity, be amended to ensure that coverage in respect of non-licensee professionals in partnership with lawyer licensees in MDPs is limited to:**

- **the practice of the non-licensee's profession trade or occupation that supports or supplements the practice of the Law of Canada;**
- **services performed for or on behalf of the MDP;**
- **services provided or which ought to have been provided within Canada; and**
- **claims or civil suits brought on their merits in Canada.**

**41. The 2015 Program policy shall be amended to ensure that cancellation and extended notice period provisions regarding paralegal partners in combined licensee partnerships are included to comply with the mandatory insurance provisions for paralegals under By-Law No. 6 of the *Law Society Act*.**

**PART 3 – THE PROFESSIONAL LIABILITY INSURANCE PROGRAM**

42. Persistent increases in the number and cost of claims over the past several years are putting significant pressure on the Program. The Program is also subject to ongoing uncertainty regarding investment income and transaction levies. Because of the elimination of the Premium Stabilization Fund, there is no longer a significant pool of money in the Law Society's E&O Fund which can routinely be used on an annual basis to insulate the Program from negative impacts.

43. As LAWPRO works through these challenging times, the company's prudent and conservative approach to the issues of the day has stood it in good stead. LAWPRO has maintained a solid capital base, with a minimum capital test ("MCT") as of June 30, 2014 of 239 per cent. This MCT result is above the regulators' minimum level of 100 per cent and supervisory threshold of 150 per cent, and above LAWPRO's internal minimum target of 180 per cent. LAWPRO has a robust asset-liability matching program to ensure that the funds are available to satisfy the claims obligations undertaken to date. Also, LAWPRO has received a consistent "A" (Excellent) rating from A.M. Best Co. each year since 2000.

44. In 2014, LAWPRO has retained its "stable" outlook based on the company's commanding market profile and recent improvement in operating and underwriting results. (An "outlook", which looks more to the future, is different from a "rating".) However, A.M. Best Co. did note LAWPRO's unfavourable loss ratio trends would continue to place pressure on its capital base. The MCT of 239 per cent as of June 30, 2014, represents a relatively favourable result compared with the 233 per cent as at December 31, 2013, especially once seasonal variations related to the gradual "earning" of premium in the course of the year are taken into account. But this level of capital is somewhat lower than various Canada-wide averages, such as the overall insurer average of over 250 per cent, the personal lines average of over 240 per cent or the commercial lines average of over 300 per cent<sup>3</sup>. The proposals outlined in the following pages are designed to address the present challenges in a prudent fashion and maintain the company's ability to meet the needs of the Program in the years to come.

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<sup>3</sup> As reported by MSA Research Inc.

## TAB 2

45. To establish the recommended Program for 2015, the LAWPRO Board considered several factors, such as:

- the cumulative effect of the recent underwriting and investment results, and the economic environment, on the Program;
- the expected future loss cost;
- the revenue sources which are expected to supplement the base levies; and
- the inherent uncertainties in predicting the results of the Program each year.

46. To ensure the Program's long-term viability, LAWPRO and the Board took a prudent approach to projections of revenue, as well as claims frequency and severity, taking into account factors such as emerging claims trends, general economic conditions, the tax environment and inflationary pressures on the claims portfolio.

47. As part of its ongoing planning process, LAWPRO looked at a five-year time horizon. Any LAWPRO forecast is reviewed and revised periodically based on new information as it emerges. The subject forecast reflects the trends detailed in this report, and takes a conservative approach to projecting the frequency and cost of claims under the Program. This prudent approach is dictated by uncertainties associated with predicting (a) general economic and inflationary trends, and (b) claims associated with recommended or recent Program changes, as applicable.

### **Program Costs**

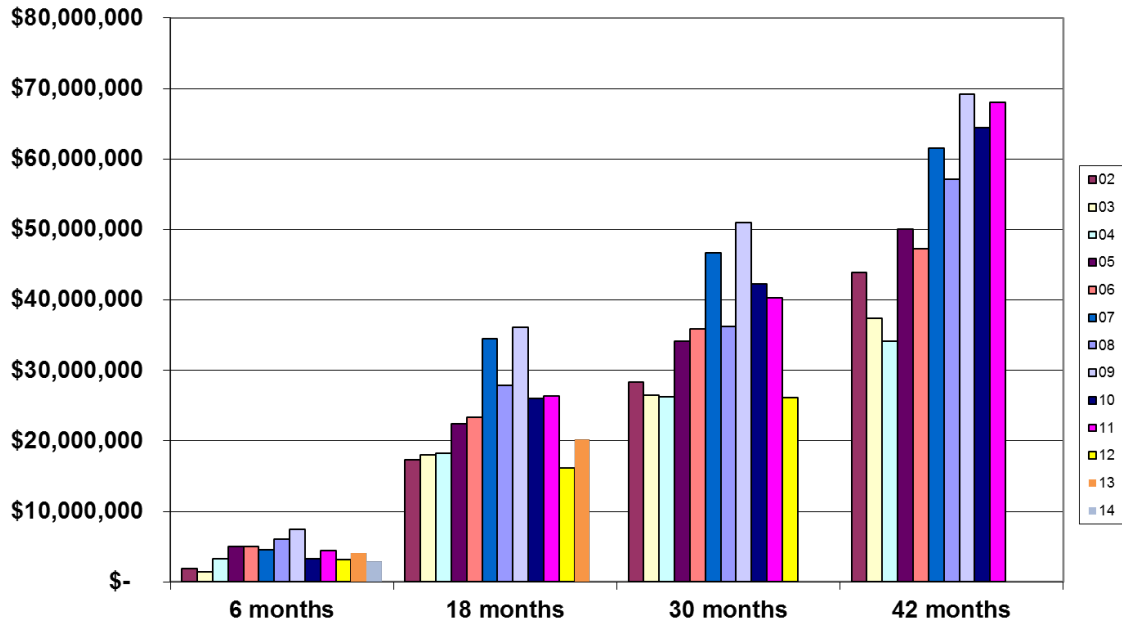
48. LAWPRO's revenue requirements for the 2015 Program are based on the anticipated cost of claims for the year, as well as the cost of applicable taxes and Program administration.

49. Loss experience has trended up noticeably in terms of frequency since 2004, with more claims reported than in the earlier part of the decade. It is too early to form a final view on the development of the most recent fund years' claims, such as 2012 through 2014. However, despite a very recent stabilization in the number of claims involving \$100,000 or more (as seen in the following charts), there is an overall longer term upward trend in claims severity (cost per claim).

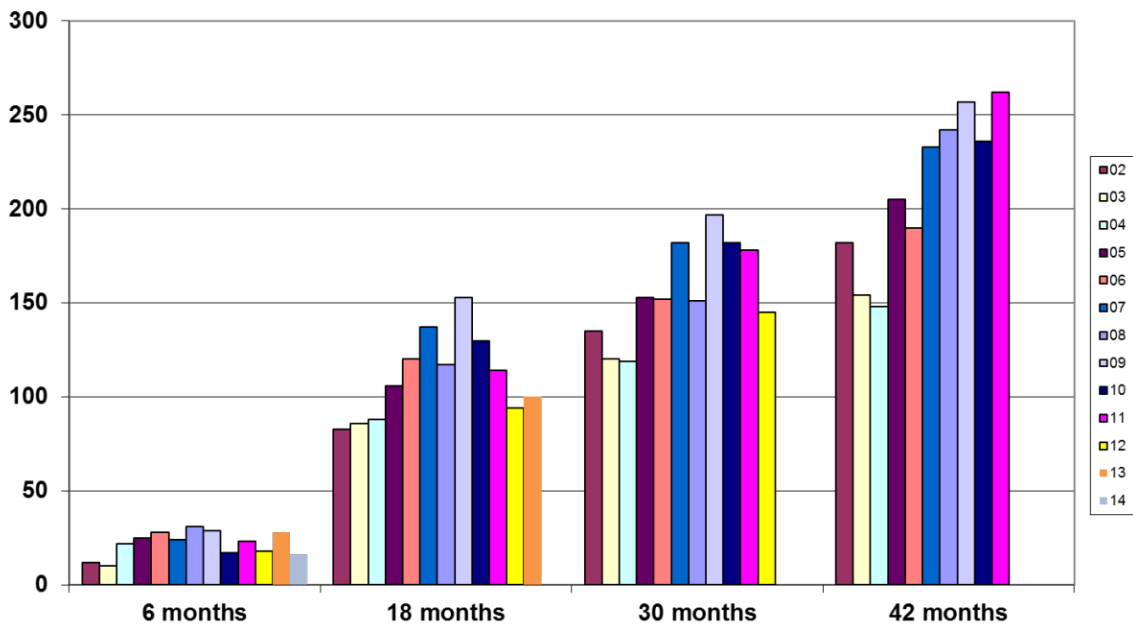


TAB 2

**Dollar Value of Claims Valued at Greater than \$100,000  
by Age and Fund Year**



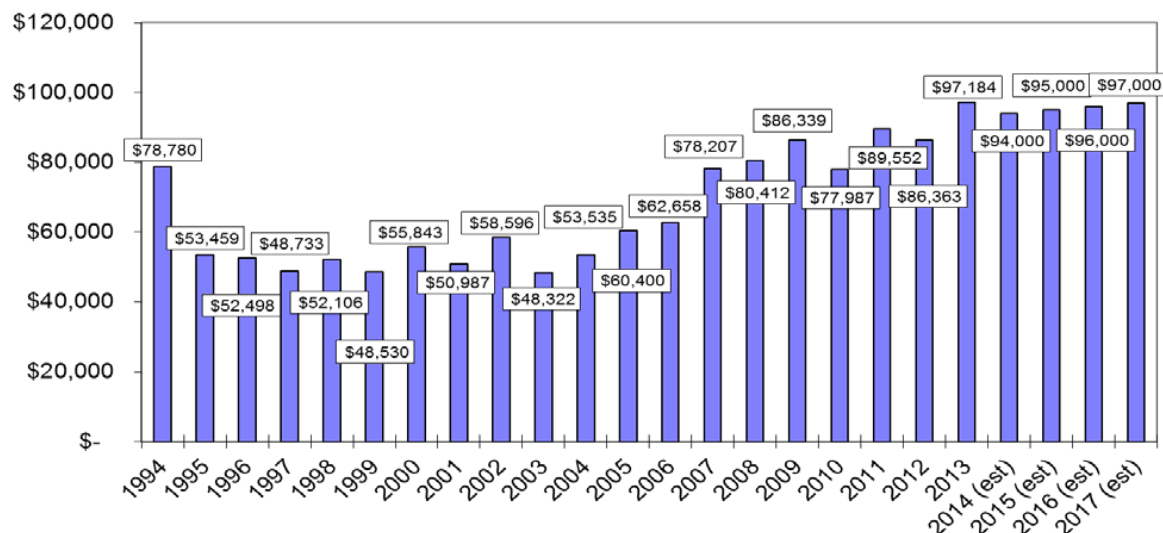
**Count of Claims Valued at Greater than \$100,000  
by Age and Fund Year**



## TAB 2

50. For 2015, LAWPRO expects direct claims costs alone to be \$95.0 million (see chart following). LAWPRO estimates total Program funds (that is, claims costs plus general expenses) required for 2015 to be \$121.2 million. This estimate is slightly above the current forecast of total Program funds needed for 2014, which is approximately \$120.7 million.

**Claims Cost of Ontario Program, by Fund Year (\$000's)**



## Risk Rating

### (a) Background

51. As already discussed in this report, the Task Force Report concluded that the cost of insurance under the Program should generally reflect the risks.

52. Specifically the Task Force Report indicated that "... as a fundamental, shaping principle, the cost of insurance should generally reflect the differences in risk history, differing risks associated with different areas of practice, and differing volumes of practice. But no insurance program can be solely risk-reflective and there must be some sharing and spreading of risk<sup>4</sup>."

53. In keeping with this approach, LAWPRO regularly conducts detailed analyses of the risks associated with the Program. The earlier results of these analyses are summarized in previous

<sup>4</sup> 1994 Task Force Report, at page 17.

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Reports to Convocation. These analyses concluded that the practice of real estate and civil litigation represented a disproportionate risk when compared to other areas of practice, and that lawyers with a prior history of claims have a greater propensity for future claims than do other lawyers.

54. The objective of risk rating was finally achieved in 1999 by applying various discounts and additional levies (such as the real estate and civil litigation transaction levies and claims history levy) to the Program.

55. Risk rating, however, is not static. Because the relationship between the cost of claims and different areas of practice may change, LAWPRO must continue to monitor the Program to ensure that risk rating continues to be achieved. The results of these earlier risk analyses are re-evaluated each year, and the factors used to assess risk and determine premium under the Program are re-evaluated for degree of relevance. The factors currently used to match risk to premium include area of practice, years in practice, claims history, liability for partners and associates, and size of practice.

56. As in the past, LAWPRO's risk analysis also examined the degree of specialization, size of firm, and geographic location of practice as possible factors to be used in assessing risk and setting premiums. The potential factors were examined individually and on a combined basis to determine any correlation or dependencies.

57. In 2014, this review has reaffirmed the overall validity of the rating structure currently in place, subject to certain adjustments in magnitude. The results of the customary re-evaluation of the earlier risk analyses are addressed in this report at paragraphs 62 to 79.

***(b) Practice Trends***

58. LAWPRO's present risk analysis reaffirms the results of its last report indicating that the practice of real estate and civil litigation represent a disproportionate risk when compared to other areas of practice. In particular, the analysis indicates that overall real estate and civil litigation represent a disproportionate risk when compared to other areas of practice. These two areas of practice represent 63 per cent of the claims reported and 68 per cent of the claims costs under the Program in 2013.

59. In particular:

- a) Real estate claims costs have trended upwards in the 2001 to 2013 period with real estate accounting for 28 per cent or more of costs consistently over this time. Since 2004, costs in this area of practice have increased almost 135 per cent;
- b) In 2013, the exposure relating to the practice of civil litigation again was substantially more than the traditionally seen, with civil litigation accounting for 35 per cent of the claims reported and 32 per cent of the claims costs under the Program (well above the traditional levels of 27 per cent and 18 per cent seen in the 1989-94 period);
- c) In 2013, the nature of claims against civil litigators was also reaffirmed, with missed limitation period claims alone accounting for almost 45 per cent of litigation claims, whereas general conduct or handling of the matter accounting for about 55 per cent of these claims; and
- d) Lawyers with a prior claims history continue to have a considerably greater propensity for claims than other practising lawyers. Lawyers with claims in the prior 10 years were more than three times more likely to report a claim during the past year than those with no claims in the prior 10 years.

60. The result of this analysis are summarized in the graphs contained in **Appendix “B”** of this report.

***(c) Risk Management Initiatives***

61. A principal mandate of LAWPRO is to help the legal profession manage the risk associated with practice. This is accomplished by providing lawyers with information, tools and resources that help them manage risk and practice in a more risk-averse fashion. Among LAWPRO’s major risk management initiatives are:

- **TitlePLUS® Program:** TitlePLUS insurance is a competitive title insurance product that has made a positive difference in the Ontario real estate market. It expands the choice offered to consumers and lawyers. It influences the behaviour of other title insurers. It

## TAB 2

educates consumers and has expanded policy coverages available to them. It also provides education on title insurance and real estate trends to lawyers. The TitlePLUS program promotes real estate lawyers and recommends that consumers seek the advice of lawyers when closing their real estate transactions.

TitlePLUS staff have also given presentations at various CPD programs on title insurance and fraud prevention measures in real estate transactions. More presentations will take place in the coming months. These are designed to provide the legal profession, including new lawyers entering practice, with the tools they need to manage risk and avoid claims under both the professional liability and TitlePLUS programs.

“TitlePLUS Today”, the Department’s news bulletin, is sent regularly to subscribing lawyers across Canada, providing legal and underwriting updates on current national real estate issues. Also, in recognition of the role support staff play in real estate transactions, the Department publishes “TitlePLUS Tips”, a bulletin written especially for support staff in the offices of subscribing lawyers.

In 2013, LAWPRO continued with its consumer education program which involved a media campaign highlighting the role of lawyers in real estate transactions and TitlePLUS insurance. Overall, the consumer education program involved 110 articles, with coverage in 91 publications (print and electronic). In total, this exposure generated over 10.7 million impressions.

- **practicePRO® Program:** Now in its 16<sup>th</sup> year, LAWPRO’s successful risk management and claims prevention initiative is a recognized source of high-quality risk management tools and resources, both inside and outside of Ontario. This year, practicePRO staff helped lawyers avoid malpractice claims through articles in LAWPRO Magazine and other law-related publications, information on the practicePRO website and AvoidAClaim blog, social media, and live presentations and an exhibitor presence at CPD programs and other law-related events. The practicePRO program has significant presence in the legal community by maintaining relationships and actively working with its various constituents, including the Law Society, the Ontario and Canadian Bar Associations, local law associations, legal goods and service providers, the legal and mainstream press and others.

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- **LAWPRO Magazine:** With its strong risk management focus, LAWPRO's flagship publication continues to play an important role in helping lawyers avoid malpractice claims. Through a special Annual Review issue of the magazine published each spring, LAWPRO provides lawyers with an overview of claims trends and an explanation of how these affected their premiums and LAWPRO's financial results. This Annual Review issue also provides information on LAWPRO's efforts to prevent claims and advance lawyers' interests with the government and public opinion. The September 2013 issue of LAWPRO Magazine celebrated the 15<sup>th</sup> anniversary of the practicePRO program, included articles on the many risk management initiatives during that time, and took a look at future challenges and changes facing the legal profession. This issue also included the practicePRO 15<sup>th</sup> Anniversary Pullout, a four page brochure with the best claims prevention advice and resources. The December 2013 edition focused on "Cybercrime and law firms" in an effort to alert lawyers to the many dangers of cybercrime and what steps they and their firms can take to protect themselves. LAWPRO also produced webzines in the areas of criminal law, sole and small firm practice, communications issues and litigation practice.
- **Fraud:** In terms of the risk they present to the Program, fraud-related claims are an ongoing and significant concern for LAWPRO. LAWPRO continues to take steps to combat fraud through measures within its own operations, its relationship with the legal profession, and by working as occasions arise with law enforcement, land registry, banking, insurance and other organizations and industries also affected by fraud. The Fraud Fact Sheet was reprinted in 2013 and was widely distributed to lawyers. This resource was also downloaded nearly 9,000 times from the practicePRO website in 2013. As mentioned above, the December 2013 issue of LAWPRO Magazine focused on cybercrime prevention, with an emphasis on recognizing and preventing various types of cyber-related frauds. As well, the AvoidAClaim blog has become an increasingly important tool for alerting lawyers to the latest email and online fraud scams as they happen. It averages almost 640 visitors a day and had 252 fraud-related posts made to it in 2013. Lawyers from all over Ontario and elsewhere arrive at the blog when they conduct an internet search of the names of fraudsters pretending to be prospective clients,

often because the matters appear to be suspicious. The information provided by LAWPRO has helped many Ontario lawyers avoid being duped.

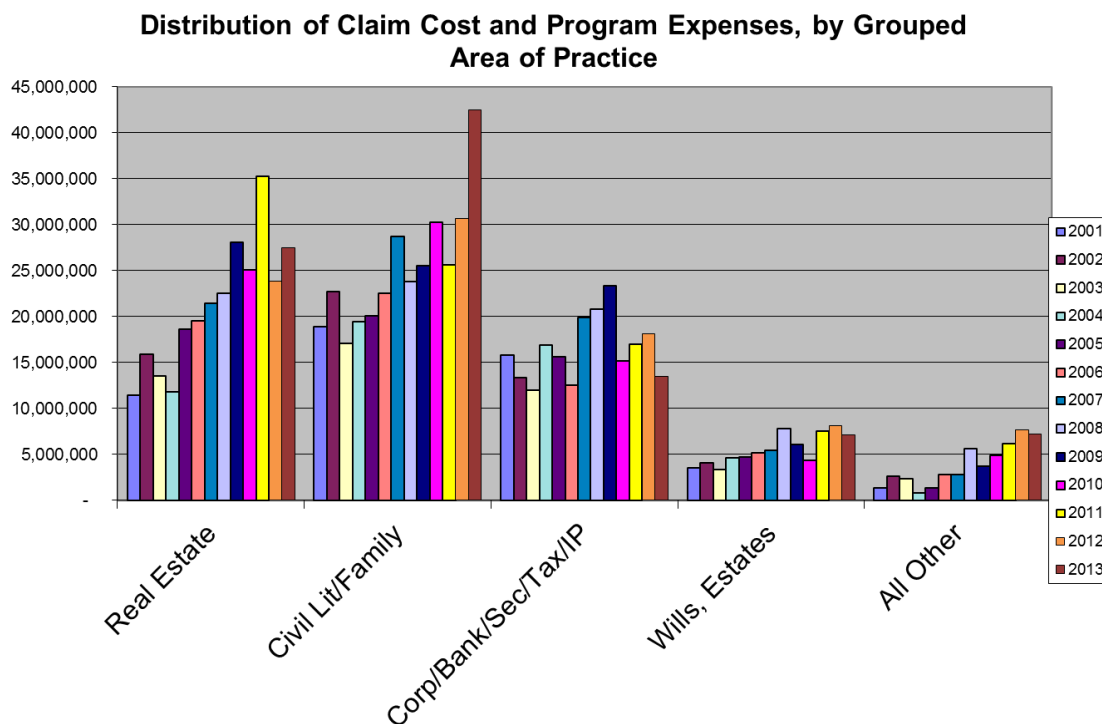
- **Consultations:** The practicePRO program actively worked with various entities to ensure that professional liability and risk management concerns were taken into account when policy issues were under discussion. LAWPRO made submissions to the Law Society on a variety of formal and informal consultations, including providing suggestions on where and how risk management content could be incorporated into the Law Society of Upper Canada's Law Practice Program and amendments to the Lawyer Annual Report. LAWPRO met with and provided submissions to court staff and members of the Rules Committee on changes to Rule 48 to attempt to address the increase in administrative dismissal-related claims. A presentation on common areas of claims and risk management was done at a meeting of the Federation of Law Societies, and in response to a staff request, further information and comments on the National Entry To Practice Competency Profile For Lawyers And Quebec Notaries were provided. In response to their requests, information was provided to various members of the CBA Futures Task force.
- **practicePRO Lending Library:** To help lawyers improve their practices, this library makes 120 of the best books on law practice, technology and risk management topics available on loan for free to all Ontario lawyers. In 2013, 209 books went out on loan to 138 lawyers.
- **The LAWPRO Risk Management Credit:** This premium credit offered under the Program is another significant LAWPRO risk management initiative. In 2001, a premium credit of \$50 was first offered to lawyers using the practicePRO Online Coaching Centre, an Internet-based, self-coaching tool that helps lawyers enhance their business and people skills. The premium credit was broadened in the following year to provide a \$50 credit (to a maximum of \$100 per lawyer per year) for designated law-related CPD programs completed by the lawyer. For a credit on premiums for 2015, lawyers must have participated in LAWPRO-approved CPD programs between September 16, 2013, and September 15, 2014. In addition to the Online Coaching Centre, 270 programs qualified for the credit during this period. These programs had approximately 53,000 attendees.

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Prior to the implementation of the Risk Management Credit, most CPD programs focused solely on substantive law. Due to the Risk Management Credit and the Law Society's new focus on mandatory ethics and professionalism content, a significant number of Ontario CPD programs have been broadened to include risk management and claims prevention content.

***(d) Revalidating Risk Rating***

62. It is important to periodically re-evaluate the Program by area of practice to ensure that it continues to be effective in its risk rating. The following chart shows the distribution of ultimate expected claims costs by detailed area of practice since 2001 (being Fund Year Z).



63. Apparent from this chart are the significant and growing claims costs in many practice areas and the fact that real estate and litigation continue to be higher risk on a consistent basis over a multi-year period.

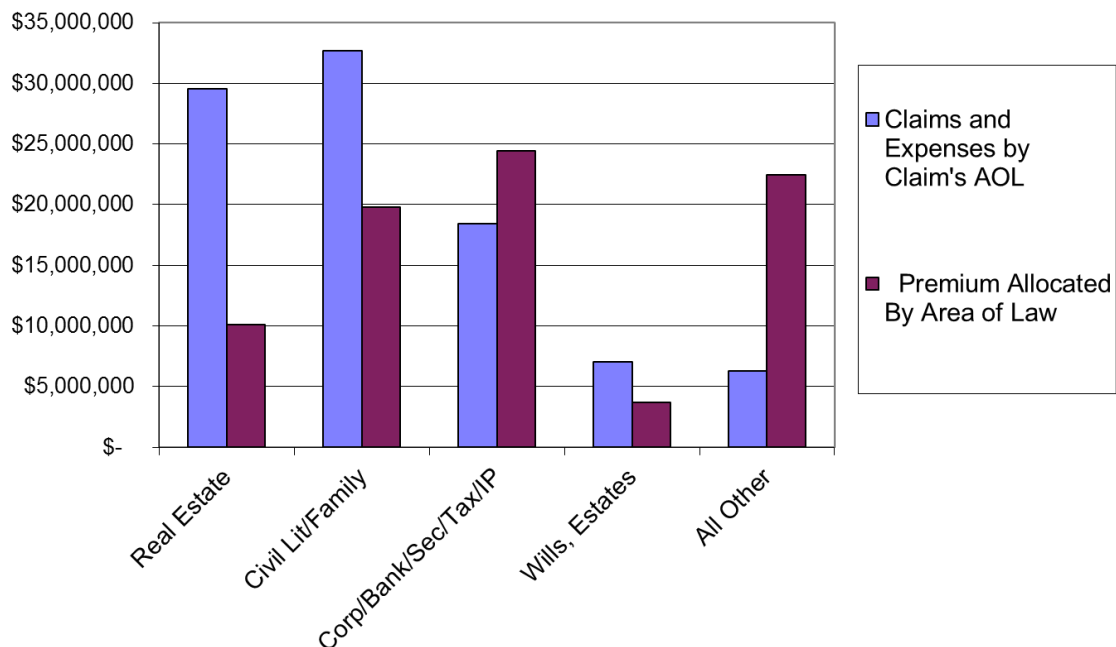
64. The fact that few lawyers practise exclusively in one area provides a compelling reason to group together common or related areas of practice. However, to ensure that risk rating is being



## TAB 2

achieved, the Program's anticipated losses and related costs must be compared to the premiums. Based on the most recent loss experience under the Program (including that seen under the Program up to December 31, 2013), the following chart compares the anticipated losses and costs distributed by area of law to the proposed base premiums by primary area of practice. The premiums in this chart include the proposed base premiums with real estate practice coverage, innocent party and base premium adjustments, but exclude transaction levies and claims history surcharges.

**Comparison of Projected 2014 Premium by Lawyer's Primary Area of Practice to Claims and Expenses by Claim's Area of Law**



65. The shortfall between the anticipated claims costs and expenses to base premiums is particularly significant for the areas of real estate law and civil litigation.

66. The latest Program statistics indicate that without the benefit of the transaction and claims history levy revenues, the 2015 base premium would be about \$10,000 for those whose primary area of practice is real estate.

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67. Past Reports to Convocation have discussed the importance of using the transaction and claims history surcharge levies as premium, to avoid any substantial dislocation among the bar in the higher risk areas of practice which would otherwise occur with risk rating<sup>5</sup>.

68. By including the transaction and claims history surcharge levies as in recent years, a shortfall for real estate and civil litigation claims costs is largely overcome. Therefore, it is proposed to maintain the transaction levy at the same level for 2015.

69. In April 2008, LAWPRO introduced a Real Estate Practice Coverage Option (“REPCO”). One REPCO claim has arisen as of June 30, 2014, representing a limit loss of \$250,000 which was paid out. LAWPRO is maintaining an actuarial loss reserve for potential incidents that have occurred but have not yet been reported to the company. (Since the essence of REPCO coverage is to compensate for an act of fraud by the insured lawyer, it is unlikely that there will be an immediate report by the lawyer involved; therefore, LAWPRO is making a conservative assumption that there will be often be delays in reporting under this coverage.) To acknowledge the promising results to date, the price of the REPCO coverage was decreased by a prudent \$100, to \$400 from \$500, for the 2010 Program, and by a further \$150 to \$250 per lawyer in 2012.

70. Accordingly, the premium for the Real Estate Practice Coverage Option (“REPCO”) will be \$250, that same amount charged in 2012 through 2014.

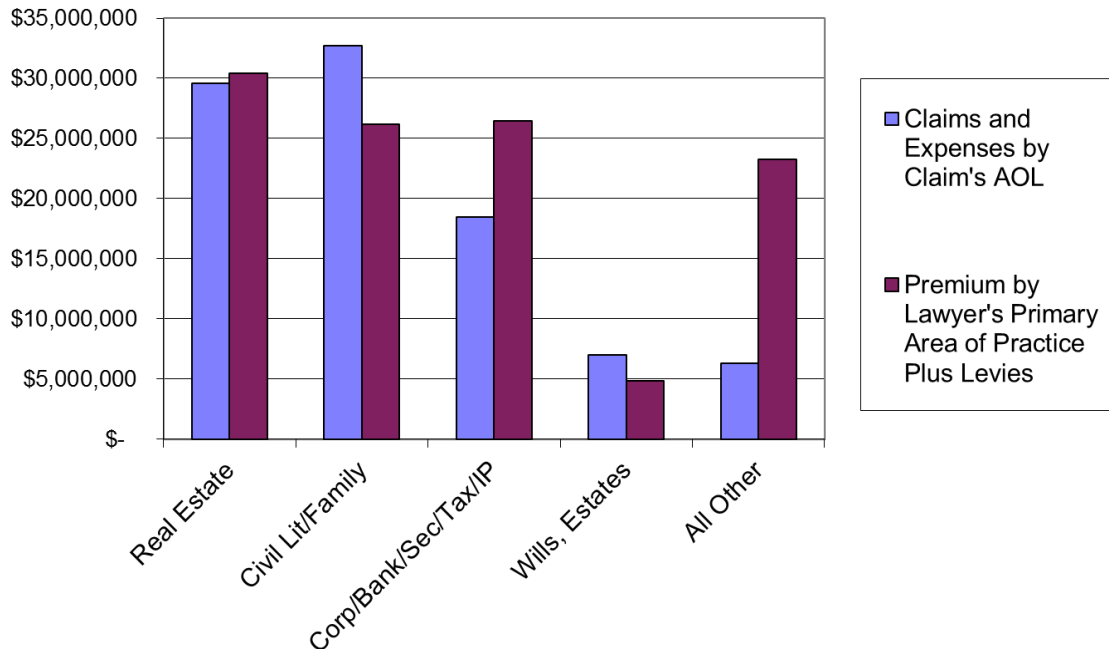
71. The following chart compares the anticipated premiums sorted by the lawyer’s primary area of practice (plus the claims history surcharge, REPCO premium and transaction levies as revised) to the anticipated claims costs and expenses for each area of law.

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<sup>5</sup> 1999 LAWPRO Report to Convocation, pp. 18 – 22; 1998 LAWPRO Report to Convocation, pp. 35 – 37; and 1996 LAWPRO Report to Convocation, pp. 32-36.

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**Comparison of Projected 2014 Premium by Lawyer's Primary Area of Practice + Allocated Levies to Claims and Expenses by Claim's Area of Law**



72. This comparison indicates that, with the benefit of the transaction and claims history surcharge levies, and including the REPCO premium, there is a more acceptable correlation between revenues and claims for the major practice areas.

73. The graph does indicate some subsidy by area of practice, especially by the practitioners in the “All Other” category. This subsidy changes somewhat over time and may vary considerably from year to year for the smaller practice areas, if they were broken down in greater detail.

74. The area of wills and estates has experienced an increase in claim costs over the past decade. Given the relatively small number of practitioners in this area, a few large claims often skew the results. LAWPRO will continue to monitor these results and propose any action, if appropriate, at a future date.

75. Appreciating the foregoing variables and possibilities of comparison by area of practice, it appears that the Program does substantially meet its objectives of risk rating, and that the proposed Program will continue to do so in the coming year. Although some subsidy may exist

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for certain areas of practice, when taking into account operating costs and commercial realities, the cost of insurance under the Program is considered to generally reflect the risk. Notably, the Task Force Report acknowledged that "...no insurance program can be solely risk-reflective and there must be some sharing and spreading of risk<sup>6</sup>."

76. Other aspects reviewed in the analysis included the exposure based on the size of the firm, year of call, geographic location and prior claims history. The overall results of this analysis reaffirm the premium discounts already in place, including the surcharge applied to practitioners with a prior claims history. The results of this analysis are reproduced in select graphs in **Appendix "B"**.

77. Although the volume (size) of practice may not be wholly determinative of risk, the transaction levies do reflect the volume of business transacted in a practice as well as the higher risk associated with real estate conveyancing and civil litigation.

78. Accordingly, the LAWPRO Board is satisfied with the continued use of transaction and claims history levy revenues as premium, with the result that the cost of insurance under the Program continues to generally reflect the risk.

79. Various examples of premiums which would be charged to members depending on the nature of their practice are summarized in **Appendix "C"** of this report.

### **Reinsurance and Capital Preservation**

80. LAWPRO annually assesses its need for reinsurance based on its capital position and its claims results and volatility.

81. In its early years, LAWPRO purchased Program-wide quota share reinsurance. A stronger financial position and more stable claims experience enabled the company to cease reinsuring the Program with quota share reinsurance starting in 2003. In addition to relying on LAWPRO's own capital, the resources of the E&O Fund up to a \$15 million cap were effectively relied on starting in 2003. An enhanced retrospective premium endorsement provided that for certain years actual loss experience above a certain threshold would be borne by the E&O Fund through additional premiums. On the other hand, actual loss experience below a certain threshold would trigger a

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<sup>6</sup> 1994 Insurance Committee Task Force Report, at page 17.

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refund on premiums to the E&O Fund. The E&O Fund has used the Premium Stabilization Fund (“PSF”) as a mechanism to fulfill its potential obligation for additional premiums and as a place to hold premium refunded.

82. Given the current uncertain environment for future claims, transaction levies and investment income, and the rapidly declining balance of the PSF, it was decided in September 2009 that LAWPRO would achieve greater Program stability by retaining in the company any future favourable claims development. As a result, the refund aspect of the retrospective premium endorsement was not continued in the 2010 Program.

83. As already noted, under the endorsement as drafted in certain years before 2010, additional premium payments relating to past insurance fund years were potentially required as final claims costs emerged. Accordingly, recognizing the decreased size of the PSF and not wanting to place undue pressure on the E&O Fund as a whole, the threshold for the additional premium aspect of the retrospective premium endorsement was increased in 2010.

84. For 2015, it is proposed that there continue to be a \$15 million dollar cap on the E&O Fund’s exposure to provide additional premium to LAWPRO. As in 2010 through 2014, to the extent that the net loss ratio exceeds the anticipated loss ratio for the year by an absolute 10 per cent, the E&O Fund would cover the losses. The 2010 through 2015 backstop provisions will be evaluated separately, with the \$15 million limit shared by the six fund years. The lower likelihood of a payout by the E&O Fund in this regime, as it commenced on January 1, 2010, makes the protection more akin to a catastrophic coverage, providing payout only in the unlikely scenario that an insurance fund year experienced significant deterioration from its initial expectations.

85. By relying on its own resources and the \$15 million backstop from the E&O Fund as described above, LAWPRO will not need to pursue the expensive course of purchasing reinsurance on a Program-wide basis.

86. For 2015, LAWPRO will again look to purchase reinsurance protection against the possibility of multiple losses arising out of a common event or nexus, as it has since 2005 (the “Clash Excess of Loss Reinsurance”). This protection against aggregated losses extends across both the professional liability and TitlePLUS programs, and offers some measure of protection

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against a series of claims, such as fraud-related claims where the fraudster targets more than one lawyer, or a single defect in title affecting an entire condominium project.

87. Since January 1, 2013, LAWPRO has purchased an additional \$20 million limit above what had been the existing \$10 million limit under the Clash Excess of Loss Reinsurance (for a possible total limit of \$30 million in coverage above LAWPRO's retained exposure). This additional \$20 million layer covers multiple claims that directly or indirectly relate to class proceedings. In 2015, LAWPRO will again look to purchase the higher layer of protection against the possibility of class proceedings against multiple insureds.

**88. Accordingly, 100 per cent of the premiums and losses for the Program will again be retained by LAWPRO in 2015, subject to limited capital backstop protection provided by the E&O Fund, and reinsurance protecting the Program from multiple losses arising out of a common event or nexus.**

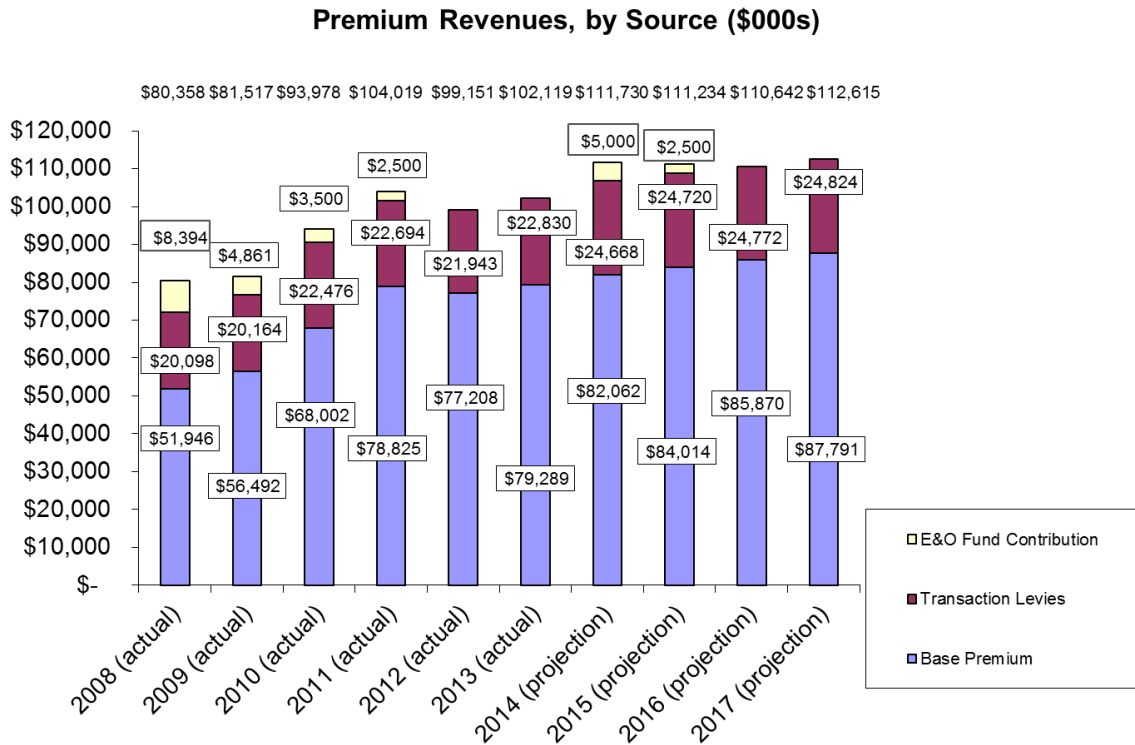
### Revenues

89. To meet the total expected Program obligations for 2015, LAWPRO first evaluates its likely investment income, and then considers premium sources. By way of contrast with some recent years (when there was no contribution from the E&O Fund to minimize the base premium), premium revenues to meet fiscal requirements for 2015 will come from three principal sources: the base premium<sup>7</sup>, the E&O Fund, and levy surcharges.

90. The projected premium revenues from these three sources are as follows:

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<sup>7</sup> "Base premiums" includes base premiums with applied discounts or charges, as well as innocent party and REPCO premiums.



**(a) Investment Income**

91. LAWPRO takes full advantage of the time between the collection of premiums and the payment of claim costs by investing any available funds into a well-diversified portfolio of fixed income and equity securities. LAWPRO uses the resulting investment income to help pay operating and claims expenses, thereby reducing the amount of funds that must come from premium sources.

92. LAWPRO provides further stability to the Program by segregating into a separate portfolio (the liability-matched portfolio) sufficient money to pay anticipated future claims costs, with any surplus capital held in a different portfolio. The securities in the liability-matched portfolio consist of high-quality government and corporate fixed income securities, with the future cash inflows to the company arranged to coincide with the expected payout patterns of the future claim costs. The surplus portfolio consists of a prudent mix of fixed income and equity securities.

93. During recent years, investment returns have weakened as the worldwide credit crunch resulted in some depressed equity and fixed income prices. In addition, with central banks such as the Bank of Canada lowering their overnight interest rates to rock-bottom levels, the rates of return on fixed income securities have also dropped significantly. For LAWPRO, the downward pressure on returns is exacerbated as fixed income securities mature and need to be reinvested at these low rates. Although the Bank of Canada has increased its overnight interest rates from its historic low, it will likely be some time before interest rates available upon purchasing new fixed income securities equal the rates that have been available to LAWPRO in the past.

94. LAWPRO's prudent investing philosophy helped protect its portfolios (both liability-matched and surplus as described above) from significant losses of principal during the economic turbulence of recent years. Further, the company's portfolio has been well-positioned to participate in the recent recovery in the equity markets. However, as a result of continued market uncertainty, the company has set its expected return on investments for 2015 at 3.35 per cent, slightly lower than the 3.55 per cent originally projected for 2014, and significantly lower than the 5 per cent (or higher) in previous years.

***(b) Levy Surcharges***

95. The Ontario real estate market has been quite resilient in the last few years, but there are indications that the market will be varied in the near term. Statistics published by Canada Mortgage and Housing Corporation in August 2014 indicate that the number of resale transactions increased by 0.5 per cent in 2013, and is forecast to decrease 0.5 per cent in 2014 but then increase by almost 2.5 per cent in 2015. Regarding new housing starts, after a 20 per cent decrease in 2013, results are forecast to decrease by a further 6 per cent in 2014 before stabilizing by being flat in 2015.

96. At present, the levy surcharges include a \$50 civil litigation transaction levy and a \$65 real estate transaction levy, as well as a claims history levy surcharge<sup>8</sup>. Revenues from these levy surcharges are applied as premiums, to supplement the base levy.

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<sup>8</sup> The claims history levy surcharge ranges from \$2,500 for a lawyer with one claim paid in the last five years in practice, to \$25,000 for a lawyer with five claims paid in the last five years in practice (an additional \$10,000 is levied for each additional claim paid in excess of five).



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97. Civil litigation and claim history levy surcharge revenues have been quite stable over time, while the revenue from real estate transaction levies declined by approximately 50 per cent between 1999 and 2009 (prior to the increase in levy for the 2010 Program).

98. The increased use of title insurance is considered to be largely responsible for a reduction in the count of real estate transaction levies since 1999. Lawyers acting for those obtaining an interest or charge in the land in many instances are not required to pay a transaction levy, where the interests of all parties obtaining an interest or charge in the property are title-insured, and the acting lawyer or lawyers are provided with the appropriate release and indemnity protection by the title insurer, based on a standard form agreement entered into between the title insurer and the Law Society on behalf of Ontario lawyers.

99. It is estimated that more than 90 per cent of residential real estate transactions in Ontario are title-insured<sup>9</sup>. In recent years, the number of real estate transaction levies collected has moved in tandem with residential real estate sales. This indicates a maturity or saturation of this market for title insurance.

100. More recently, the number of transaction levies stabilized as a result of the solid Ontario real estate sales. As of July 2014, transaction levy revenues are largely in-line with expectations at \$0.1 million under budget.

101. To account for ongoing uncertainties in the real estate market and the prospect of a shortfall, a conservative approach has been taken in estimating revenues from levy surcharges for 2015.

102. As described above in this report, the use of transaction levies ensures an element of risk rating in the insurance Program, as both real estate and civil litigation continue to represent a disproportionate risk when compared to other areas of legal practice. The use of levies also avoids the substantial dislocation which likely would occur if the base premiums were increased to reflect the risk, and reflects the consensus reached with the affected sectors of the bar and others in the profession as the most equitable way to achieve risk rating when introduced in 1995.

103. For 2015, LAWPRO estimates transaction levy revenues at \$24.7 million.

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<sup>9</sup> LAWPRO makes this estimate based on the correlation between real estate sales data and transaction levy filings.

***(c) E&O Fund***

104. Since the introduction of the 1999 Program, any receipts in excess of those budgeted from the transaction levies and claims history surcharges collected in the year have been held within the PSF component of the E&O Fund. They have been managed on a revolving account basis and applied to the Program. These funds are used to guard against any future shortfall in levy receipts in a given year, appreciating the difficulties in forecasting transaction levy revenues in a changing economic climate, and acted in some years as a buffer against the need for increases in base premium revenues.

105. Because of the obligation to meet its retrospective premium obligation for 2009, which involved a payout of \$13 million given the one-time retrospective impact of the HST, the PSF was exhausted as of December 31, 2009. While in recent years the E&O Fund has held over \$60 million of surplus, the vast majority of those funds have already been committed for specific purposes, such as the \$15 million backstop (see paragraphs 80 through 88) and the E&O Fund's investment in LAWPRO shares.

106. Given the low remaining available surplus balance, effective the 2014 Program the guarantee mechanism relating to claims history surcharges was discontinued. Discontinuing the remainder of the E&O Fund's guarantee mechanism (i.e., relating to transaction levies) would better align the Program with both the risk transfer requirements pursuant to IFRS 4 "*Insurance Contracts*" and the Office of the Superintendent of Financial Institutions' ("OSFI") views on related party transactions.

107. Therefore, the Program will discontinue the transaction levy guarantee mechanism effective January 1, 2015 and an amount of \$2.5 million (LAWPRO's current best estimate of the remainder rationally being held for this previously revolving account) is anticipated to be drawn from that surplus and applied towards the premium under the 2015 Program. This will help to address the continued high claims costs experienced by the Program and near-term capital pressures (see below). Note that the current LAWPRO five-year projection does not assume further contributions from the E&O Fund to support the base rate premium.

***(d) Capital Requirements***

108. As a final consideration before determining the base premium, LAWPRO must consider its capital needs. Canadian regulators use the Minimum Capital Test in order to assess capital adequacy of a property and casualty insurer. The MCT is a risk-based ratio calculation which compares the insurer's capital or net assets available to the "capital required." Through the capital required component of the test, regulators prescribe certain additional capital or margins that must be held based on the various types of assets and liabilities on the insurer's balance sheet.

109. A significant margin requirement relates to the 15 per cent additional capital that must be held for all the net claims liabilities on the books that relate to commercial liability (which includes professional liability coverage). Given the steady historical growth of LAWPRO's net claims liabilities over the last decade or so, even a net income of \$5 million can often lead to a decline in LAWPRO's MCT ratio. As a very general rule of thumb, LAWPRO requires in the neighbourhood of \$5 million to \$7 million of either net income or increased after-tax net unrealized gains on its surplus portfolio<sup>10</sup> to achieve a stable to slightly increasing MCT ratio.

110. The determination of a specific insurer's "ideal" MCT ratio is no easy task, as the current industry metrics are primarily designed simply to identify levels that are too low. Canadian regulators require that insurers do not fall below various MCT levels, such as the 100 per cent minimum and 150 per cent supervisory levels. In addition, working in conjunction with LAWPRO, the regulators have accepted 180 per cent as the internal target level. All of these figures represent minimum MCT levels, not ideal operating targets in and of themselves.

111. Subject to future regulatory direction in this regard, the Board believes that a long-term operating MCT target in the neighborhood of 220 to 230 per cent balances LAWPRO's risk profile and its unique ability to set premiums and raise capital, which differ significantly from those of other commercial insurers in Canada. An MCT in this range would allow LAWPRO some capacity to absorb unexpected losses or changes in market conditions, and have time to implement a strategy to restore capital levels to the desired range.

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<sup>10</sup> Increases in net unrealized gains relating to the liability-matched portfolio, as well as realized gains, are included in net income.

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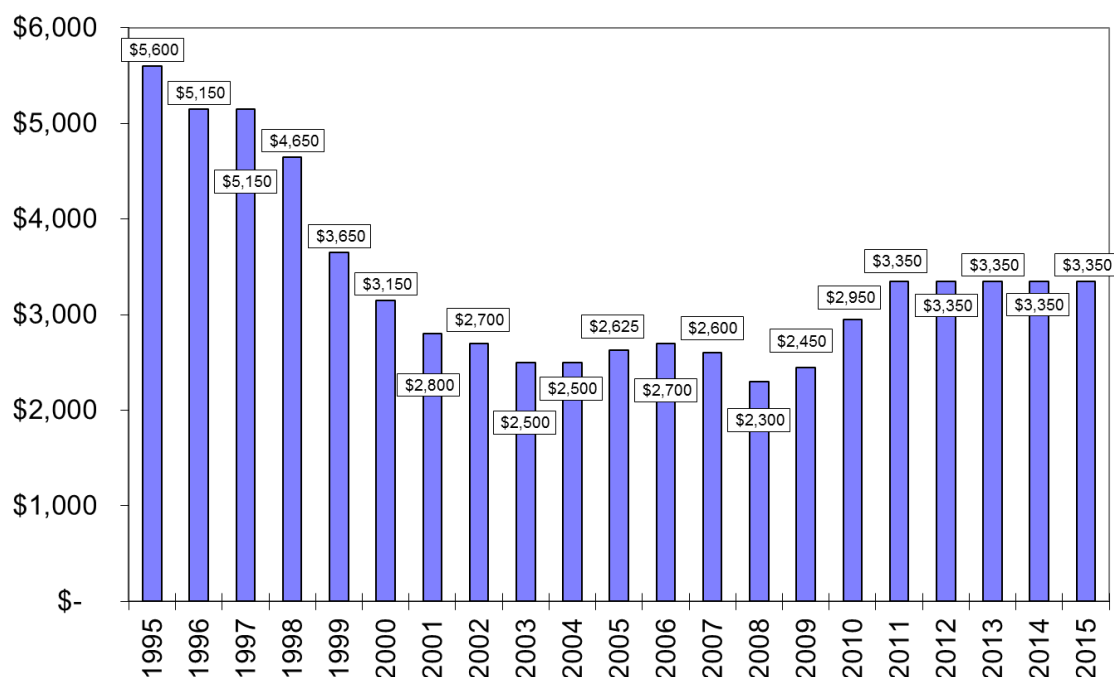
112. With LAWPRO's MCT at 239 per cent as of June 2014, slightly above the Board's preferred long term range, key near-term trends must also be considered. For example, the Canadian insurance regulators have nearly completed a multi-year plan to change the manner in which the MCT ratio is calculated. Based on OSFI's communication of new rules that are effective January 1, 2015, LAWPRO's MCT ratio is estimated to drop about 35 percentage points (though subject to temporary phase-in relief). In addition, OSFI has released Guideline *E-19 Own Risk Solvency Assessment (ORSA)*, which will fundamentally change the manner in which an insurer's regulatory internal target ratio will be calculated. As a result, LAWPRO's regulatory capital will be under significant pressure in the near to medium term.

113. Given LAWPRO's current capital levels as well as near-term challenges, the premium for 2015 and onwards must be set at a level that generates significantly more than a break-even result, allowing the company to continue a phase of capital ratio stabilization and replenishment.

***(e) Base Premiums***

114. Based on the previous discussion of Program costs, sources of revenue and capital needs, the base premium will be set at \$3,350 per member to account for a continued elevated level of claims experience and the likelihood of continuing economic uncertainty. In summary, the 2015 proposed base premium is based on the following key assumptions:

- 25,563 practicing insured lawyers (full-time equivalents);
- \$121.2 million in anticipated total Program costs (paragraph 50);
- \$24.7 million in budgeted transaction levy revenues (paragraph 103);
- \$2.5 million to be drawn from the E&O Fund on account of the premium, due to the discontinuation of the guarantee mechanism relating to transaction levies (paragraph 107); and
- 3.35 per cent return on investment (paragraph 94).

**Base Premium, by Fund Year**

115. At this time, the Board is satisfied that this base premium rate appropriately recognizes the uncertainties in emerging claims experience and economic conditions, and allows the Program to continue to operate on a self-sustaining basis while protecting the company's overall financial position. The rate is consistent with information provided in the Report to Convocation in recent years. It was repeatedly noted that the historically low base premium (for example, less than \$2,500 per insured lawyer) may not be sustainable in future years, as higher claims costs had already begun to emerge. In particular, the beneficial 2008 base premium level was a method of giving the benefit to the bar during 2008 of some superior 2007 investment results and favourable claim reserve development for earlier fund years. As noted earlier, investment returns in the current market are lower than in 2006 and 2007, and claims experience in terms of frequency and severity has deteriorated. Also, the full impact on the Program of Ontario's adoption of HST has now been evaluated and factored into the premium calculations. It should be noted that a base premium of \$3,350 per lawyer in 2015 is significantly lower than premiums charged in the past. In fact, if inflation were removed, this premium would be the equivalent to about \$2,300 in 1995 dollars, compared to the \$3,350 actually being charged now.

116. In setting a base rate for 2015, LAWPRO tested its five-year planning horizon under various scenarios. Overall company results are projected to exceed break-even, thus allowing LAWPRO to both stabilize and strengthen its capital position for the possible challenges of coming years. Many factors influence this forecast, most significantly interest rates and claims experience. The results of this forecast cannot be considered definitive in nature and further base rate increases may be required in future years.

**117. Accordingly:**

- a) The base premium is \$3,350 per lawyer for 2015, the same base premium charged in 2011 through 2014;**
- b) Revenues from real estate and civil litigation transaction levies collected by the E&O Fund during the year are budgeted at \$24.7 million for the purposes of establishing the base premium for 2015 and other budgetary purposes;**
- c) The Errors and Omissions (“E&O”) Fund will discontinue its practice of guaranteeing the level of transaction levies collected and forwarded to LAWPRO, effective for the 2015 Program (the guarantee mechanism for claims history surcharges was discontinued effective for the 2014 Program). As a result, \$2.5 million (approximately \$100 per insured lawyer) is expected to be drawn from the available surplus in the E&O Fund built up in prior years and applied to the 2015 insurance premium; and**
- d) The premium for the Real Estate Practice Coverage Option will be \$250, the same amount charged in 2012 through 2014.**

***(f) Other Program Features (or Adjustments)***

118. With the exception of the changes specifically described in this report, all aspects of the Program for 2015 will remain unchanged from the Program now in place.

119. As detailed in **Appendix “A”**, subject to the noted changes, the current Program for lawyers in private practice encompasses the following:

- standard practice coverage, including Mandatory Innocent Party Coverage;
- coverage options, including Innocent Party Buy-Up, Part-Time Practice, Restricted Area of Practice and Real Estate Practice.

120. The current Program also provides for premium discounts and surcharges. Discounts and surcharges expressed as a percentage of premium include:

- New Lawyer discount;
- Part-Time Practice discount;
- Restricted Area of Practice Option discount;
- adjustments for deductible options and minimum premiums; and
- a surcharge in the event that no completed application form is filed.

121. Discounts and surcharges expressed as a stated dollar amount include:

- the Mandatory Innocent Party premium;
- optional Innocent Party Buy-Up premium;
- the Real Estate Practice Coverage premium;
- premium discount for early lump sum payment;
- e-filing discount; and
- Continuing Professional Development discount.

**122. Subject to the changes identified earlier in the report, the remaining exemption criteria, policy coverage, coverage options, and premium discounts and surcharges in place in 2014 will remain unchanged for the 2015 Program.**

**CONCLUSION**

**123. The LAWPRO Board considers the Program changes to be appropriate and consistent with its mandate as set out in the 1994 Insurance Committee Task Force Report. The LAWPRO Board offers this Program of insurance for 2015 and asks for Convocation's acceptance of this Report at the September Convocation, so that the 2015 Program can be implemented by January 1, 2015.**

**ALL OF WHICH LAWPRO'S BOARD OF DIRECTORS RESPECTFULLY SUBMITS TO CONVOCAATION.**

September 2014

*Original signed by Susan T. McGrath*

**Susan T. McGrath**

Chair of the Board

Lawyers' Professional Indemnity Company

*Original signed by Ian D. Croft*

**Ian D. Croft**

Vice-Chair of the Board

Lawyers' Professional Indemnity Company



**Appendix “A”****The Standard Insurance Program Coverage for 2015***Eligibility*

- Required of all sole practitioners, lawyers practising in association or partnership, paralegals acting in partnership with lawyer(s) and lawyers practising in a Law Corporation, who are providing services in private practice.
- Required of all other lawyers (e.g. retired lawyers, in-house corporate counsel and other lawyers no longer in private practice) who do not fully meet the Program exemption criteria.
- Available to lawyers who do meet the exemption criteria but opt to purchase the insurance coverage.

*Coverage limit*

- \$1 million per CLAIM/\$2 million aggregate (i.e. for all claims made in 2015), applicable to CLAIM expenses, indemnity payments and/or cost of repairs together.

*Standard DEDUCTIBLE*

- \$5,000 per CLAIM applicable to CLAIM expenses, indemnity payments and/or costs of repairs together.

*Standard base premium*

- \$3,350 per insured lawyer.

*Transaction Premium Levy*

- \$65 per real estate transaction and \$50 per civil litigation transaction;
- No real estate transaction levy generally payable by transferee’s lawyer if title-insured.

*Premium reductions for new lawyers*

- Premium for lawyers with less than 4 full years of practice (private and public):
  - ◊ less than 1 full year in practice: premium discount equal to 50 per cent of base premium;
  - ◊ less than 2 full years in practice: premium discount equal to 40 per cent of base premium;
  - ◊ less than 3 full years in practice: premium discount equal to 30 per cent of base premium;
  - ◊ less than 4 full years in practice: premium discount equal to 20 per cent of base premium.

**Mandatory Innocent Party Coverage***Eligibility*

The minimum coverage of \$250,000 per claim/in the aggregate must be purchased by paralegals in partnership with lawyer(s) and all lawyers practising in association or partnership (including general, CLP, MDP and LLP partnerships), or in the employ of other lawyers.

The minimum coverage must also be purchased by all lawyers practising in a Law Corporation, where two or more lawyers practise in the Law Corporation.

*Premium*

\$250 per insured lawyer.

<b>2015 Program Options</b>
-----------------------------

**1. Deductible option***\$Nil deductible*

- Increase in premium equal to 15 per cent of base premium (\$502.50 increase).

*\$2,500 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together*

- Increase in premium equal to 7.5 per cent of base premium (\$251.25 increase).

*\$2,500 deductible applicable to indemnity payments and/or costs of repairs only*

- Increase in premium equal to 12.5 per cent of base premium (\$418.75 increase).

*Standard insurance Program: \$5,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together*

- Base premium of \$3,350 per insured lawyer.

*\$5,000 deductible applicable to indemnity payments and/or costs of repairs only*

- Increase in premium equal to 10 per cent of base premium (\$335 increase).

*\$10,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together*

- Decrease in premium equal to 7.5 per cent of base premium (\$251.25 decrease).

*\$10,000 deductible applicable to indemnity payments and/or costs of repairs only*

- Increase in premium equal to 7.5 per cent of base premium (\$251.25 increase).

*\$25,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together*

- Decrease in premium equal to 12.5 per cent of base premium (\$418.75 decrease).

**2. Innocent Party Sublimit Coverage Options*****Innocent Party Coverage Sublimit Buy-Up: For lawyers practising in associations, partnerships and Law Corporations***

Lawyers practising in association or partnership (including general, CLP, MDP and LLP Partnerships) or a Law Corporation (with more than one practising lawyer) or paralegals in partnership with lawyers can increase their Innocent Party Coverage in two ways:

Increase coverage sublimit to:  
 \$500,000 per claim/aggregate  
 \$1 million per claim/aggregate

Additional annual premium  
 \$150 per insured lawyer  
 \$249 per insured lawyer

***Option Innocent Party Sublimit Coverage: For sole practitioners and lawyers practising alone in a Law Corporation****Coverage sublimits*

- \$250,000 per claim/in the aggregate
- \$500,000 per claim/in the aggregate
- \$1 million per claim/in the aggregate

### 3. Practice Options

#### ***Restricted Area of Practice Option***

##### *Eligibility*

Available only to lawyers who agree to restrict their practice to criminal<sup>11</sup> and/or immigration law<sup>12</sup> throughout 2015.

##### *Premium*

Eligible for discount equal to 50 per cent of base premium, to a maximum of \$1,675<sup>13</sup>.

#### ***Part-Time Practice Option***

##### *Eligibility*

Available only to part-time practitioners who meet the revised part-time practice criteria.

##### *Premium*

Eligible for discount equal to 50 per cent of base premium, to a maximum of \$1,675.

#### ***Real Estate Practice Coverage Option***

##### *Eligibility*

All lawyers who intend to practice real estate law in Ontario in 2015 must be eligible for and apply for this coverage option.

“ELIGIBLE” means eligible to practice real estate law in Ontario in accordance with the *Law Society Act*, R.S.O. 1990, c. L.8. Categories of lawyers who would not be eligible to practice real estate law in Ontario, include:

- Those who are in bankruptcy;
- those who have been convicted or disciplined in connection with a real estate fraud;
- those under investigation, where the Law Society obtains an interlocutory suspension order or a restriction on the lawyer’s practice prohibiting the lawyer from practicing real estate, or an undertaking not to practise real estate.

##### *Premium*

\$250 per insured lawyer

### 4. Premium Payment Options

#### ***Instalment Options***

- Lump sum payment by cheque or pre-authorized bank account debit: eligible for \$50 discount
- Lump sum payment by credit card
- Quarterly instalments
- Monthly instalments

<sup>11</sup> Criminal law is considered to be legal services provided in connection with the actual or potential prosecution of individuals, municipalities and government for alleged breaches of federal or provincial statutes or municipal by-laws, generally viewed as criminal or quasi-criminal.

<sup>12</sup> Immigration law is considered to be practice of law dealing with any and all matters arising out of the *Immigration and Refugee Protection Act* (S.C. 2001, c.27) and regulations, and procedures and policies pertaining in this report, including admissions, removals, enforcement, refugee determination, citizenship, review and appellate remedies, including the application of the *Charter of Rights and Freedoms* and the *Bill of Rights*.

<sup>13</sup> The maximum premium discount for Restricted Area of Practice, Part-Time Practice options and the New Practitioners’ discount combined cannot exceed 50 per cent of the base premium.

**5. E-filing Discount**

- \$25 per insured lawyer (if filed by November 1, 2014)

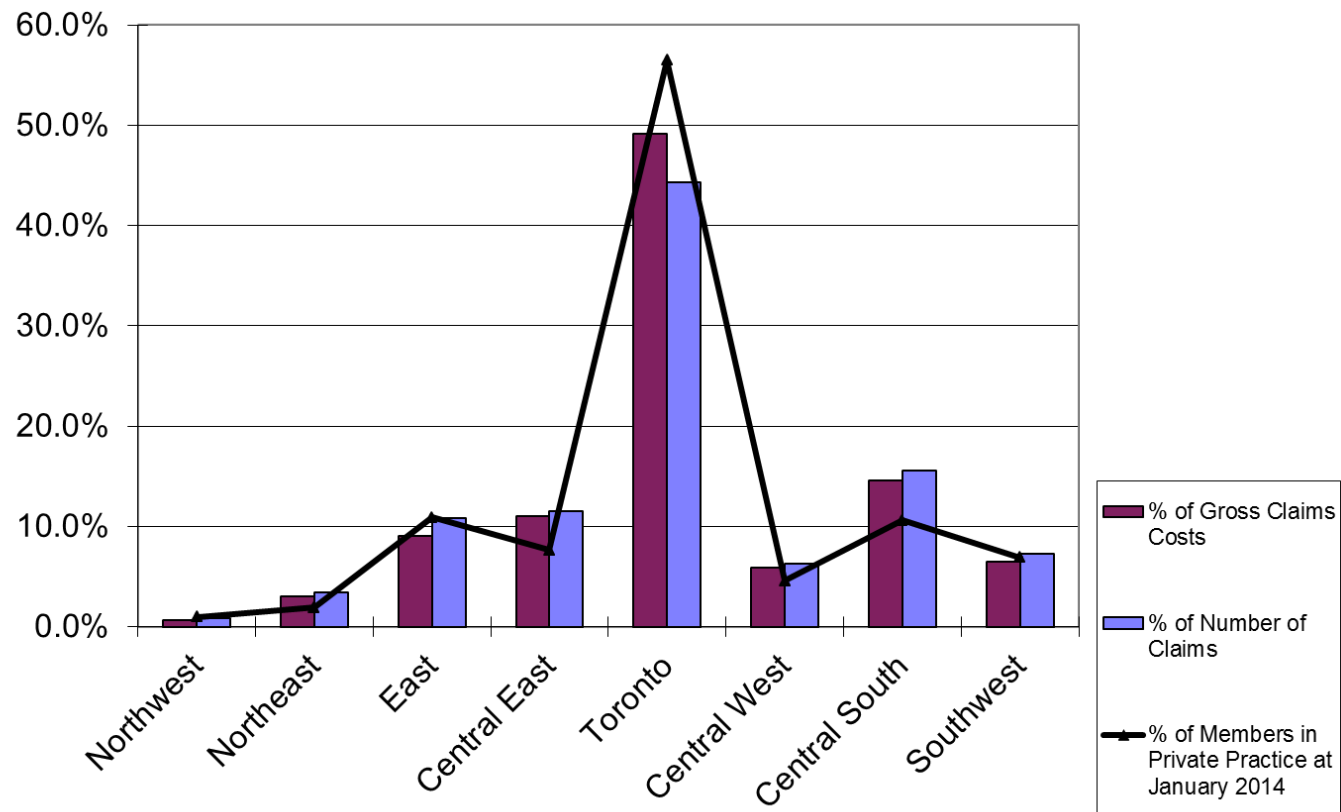
**6. LAWPRO Risk Management Credit (previously the Continuing Professional Development, or CPD, Premium Credit)**

- \$50 per course, subject to a \$100 per insured lawyer maximum discount, will be applied under the 2015 insurance Program.
- LAWPRO will collect data for pre-approved legal and other educational risk management courses taken and successfully completed by the insured lawyer between September 16, 2014, and September 15, 2015, where the lawyer completes and files the required LAWPRO Risk Management Credit online declarations by September 15, 2015 (in anticipation of the 2016 Program).
- LAWPRO's Online Coaching Centre is included as a pre-approved course, where the insured lawyer completes at least three modules between September 16, 2014, and September 15, 2015.

## Appendix "B"

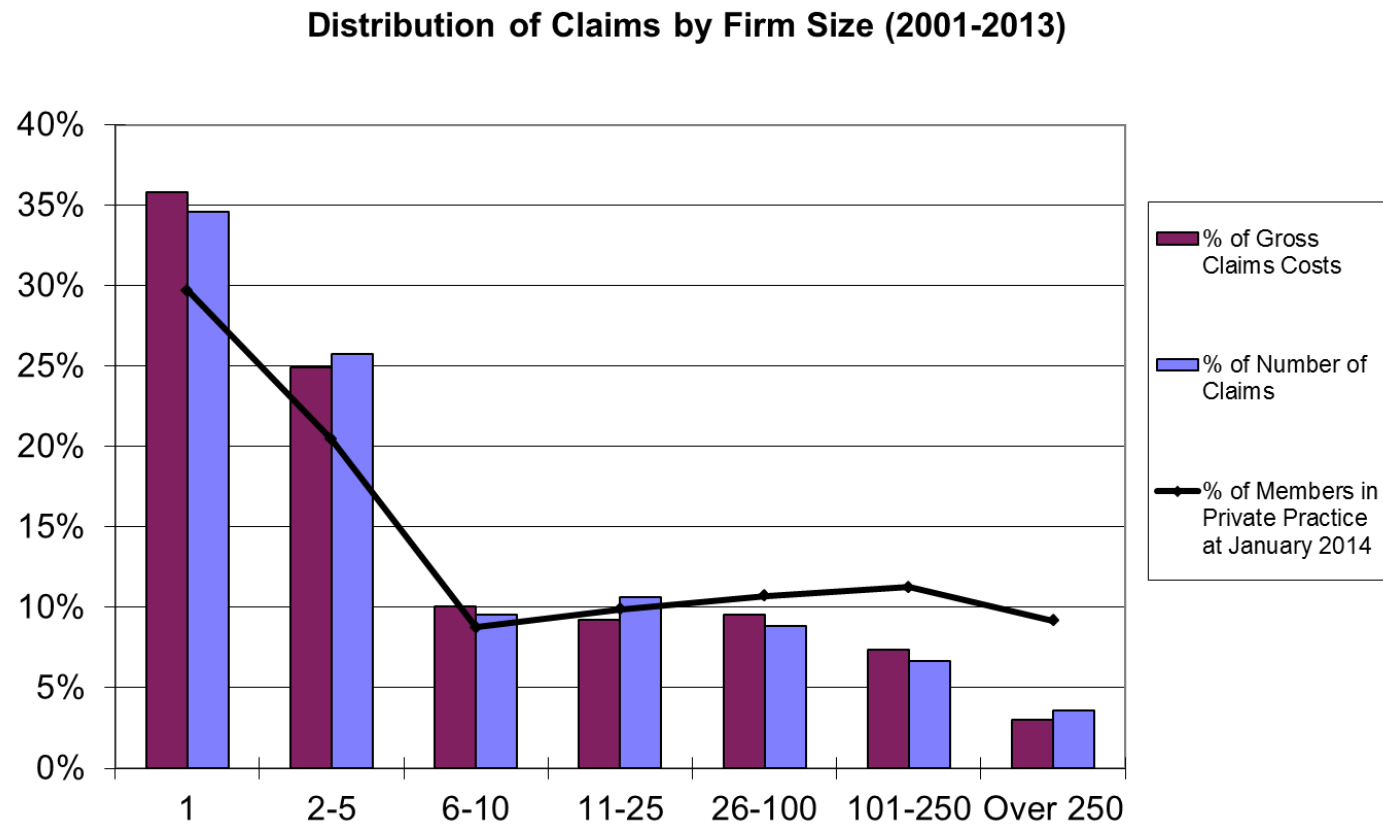
## Distribution of Claims by Geographic Region

Distribution of Claims by Geographic Region (2000-2013)



## Appendix “B”

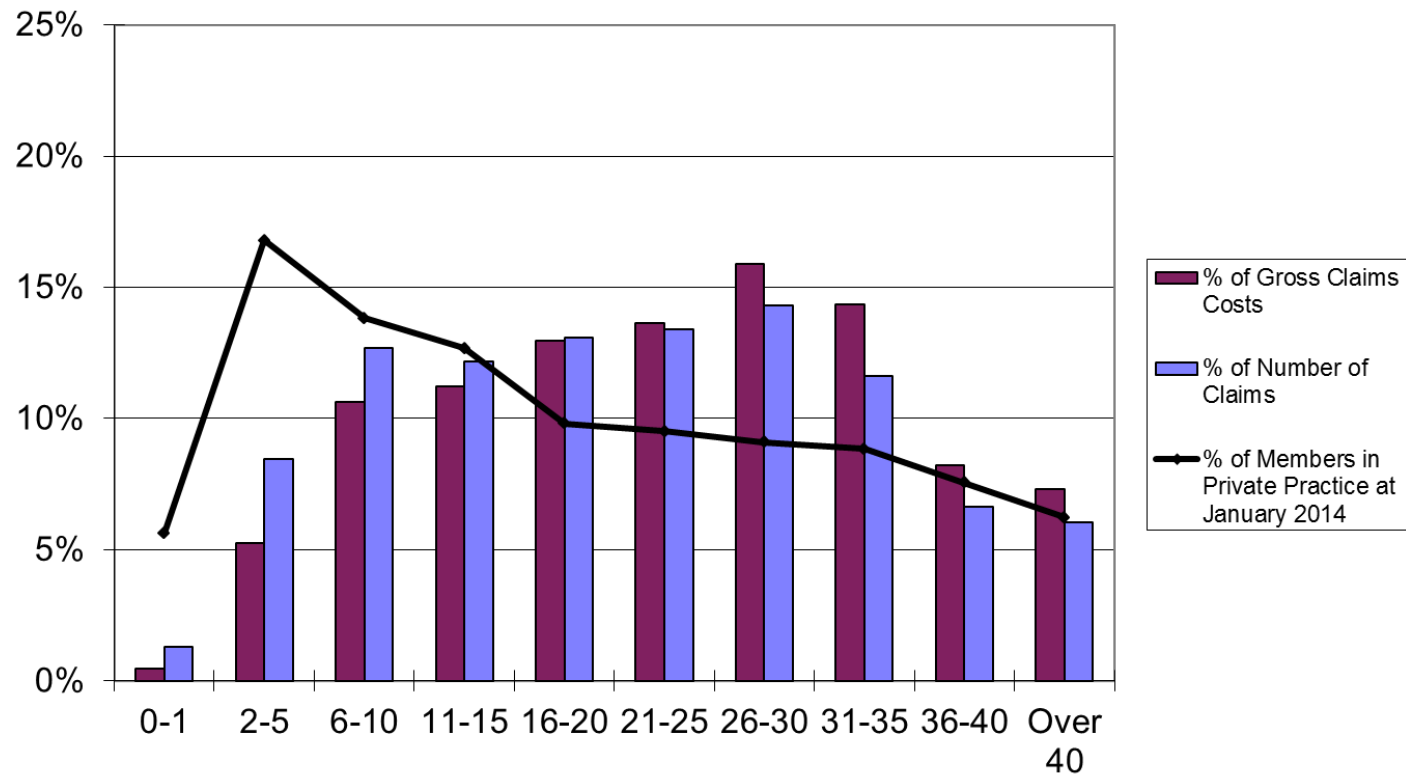
## Distribution of Claims by Firm Size



## Appendix “B”

## Distribution of Claims by Years Since Date of Call

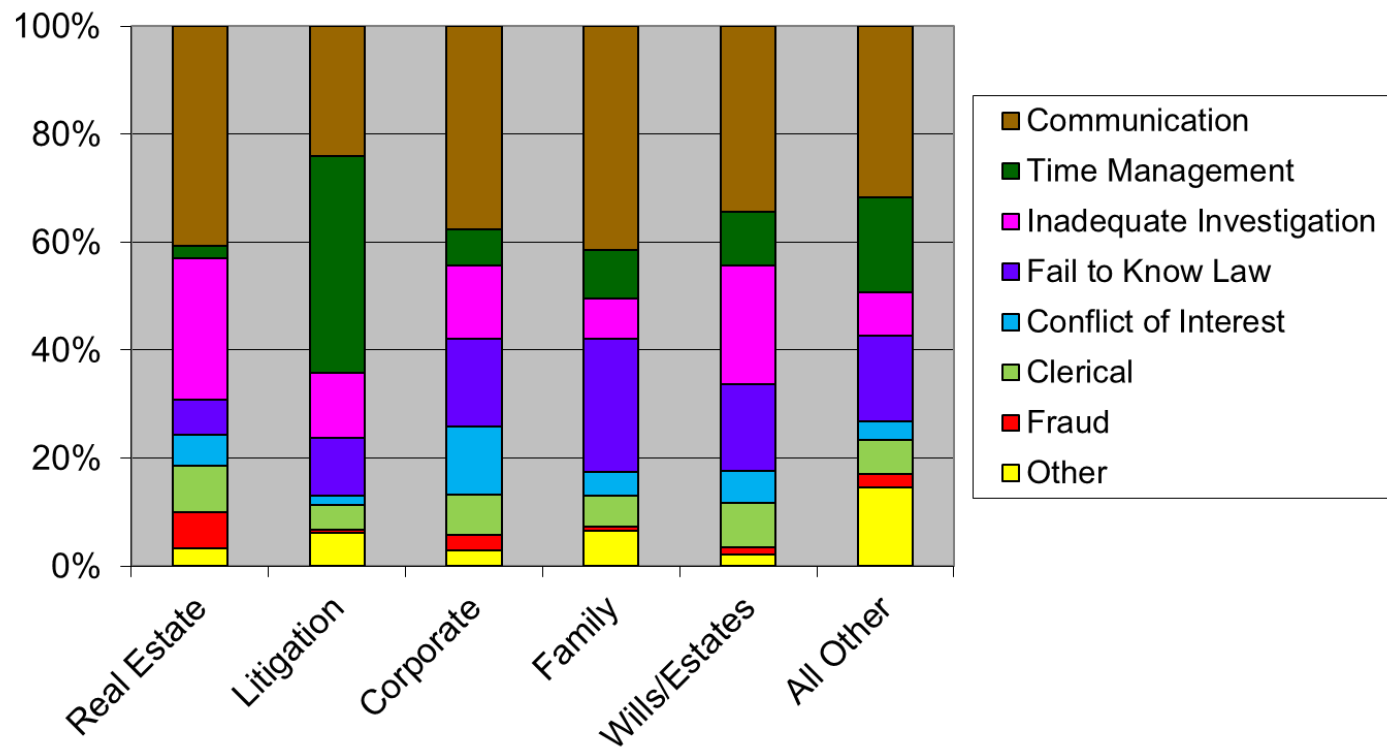
Distribution of Claims by Years since Date of Call (2000-2013)



## Appendix "B"

## Claims Causes by Reported Claims Count and Area of Law

### Claim Causes by Reported Claims Count and Area of Law (2001 to 2013)





**Communications:** Communication-related errors (including poor communication, not keeping clients informed or failing to obtain client consent) are the biggest causes of claims in all areas of law (except litigation where it is the #2 cause) and in firms of all sizes. While the most numerous claims, they are at the same time the most easily prevented. Lawyers can reduce their exposure to these types of claims by controlling client expectations, actively communicating with the client at all stages of a matter, documenting advice and instructions and confirming in writing what work was done on a matter at each step along the way.

**Time management:** These kinds of claims include failing to ascertain a deadline, failing to calendar the deadline, and failing to react to the deadline even when it was known. These lapses often become claims when a limitation period ends up being missed or an action is administratively dismissed due to failing to move the litigation forward appropriately. There are also claims resulting from procrastination when a lawyer lets files that require work languish for extended periods of time. Time management claims are heavily concentrated in the litigation field, as it is so reliant on deadlines. They are also high in the intellectual property area. Practice management software and tickler systems can help prevent these claims, as can lawyers building in more time cushions so that they aren't undone by unexpected delays.

**Inadequate investigation:** Modern technology and busy practices may be behind the tendency of lawyers to give quick legal advice without taking extra time to dig deeper or ask appropriate questions on a client's matter. LAWPRO has seen a big increase in these types of claims in real estate, litigation and will/estates areas of law. High-volume real estate practices often mean lawyers don't have enough time to ask the clients about their plans for the property, and as a result don't do the necessary searches or obtain the proper title insurance.

**Failure to know/apply the law:** These claims result from a lawyer not having sufficient or current knowledge of the relevant law on a matter in which he or she is working. Extensive federal and provincial legislation, as well as voluminous case law, help make this the second-most-common type of claim in family law. This category also includes failing to know or appreciate the consequences of tax law in corporate/commercial matters. Lawyers can best avoid this type of claim by sticking to the law they know best and not "dabbling" in other areas.

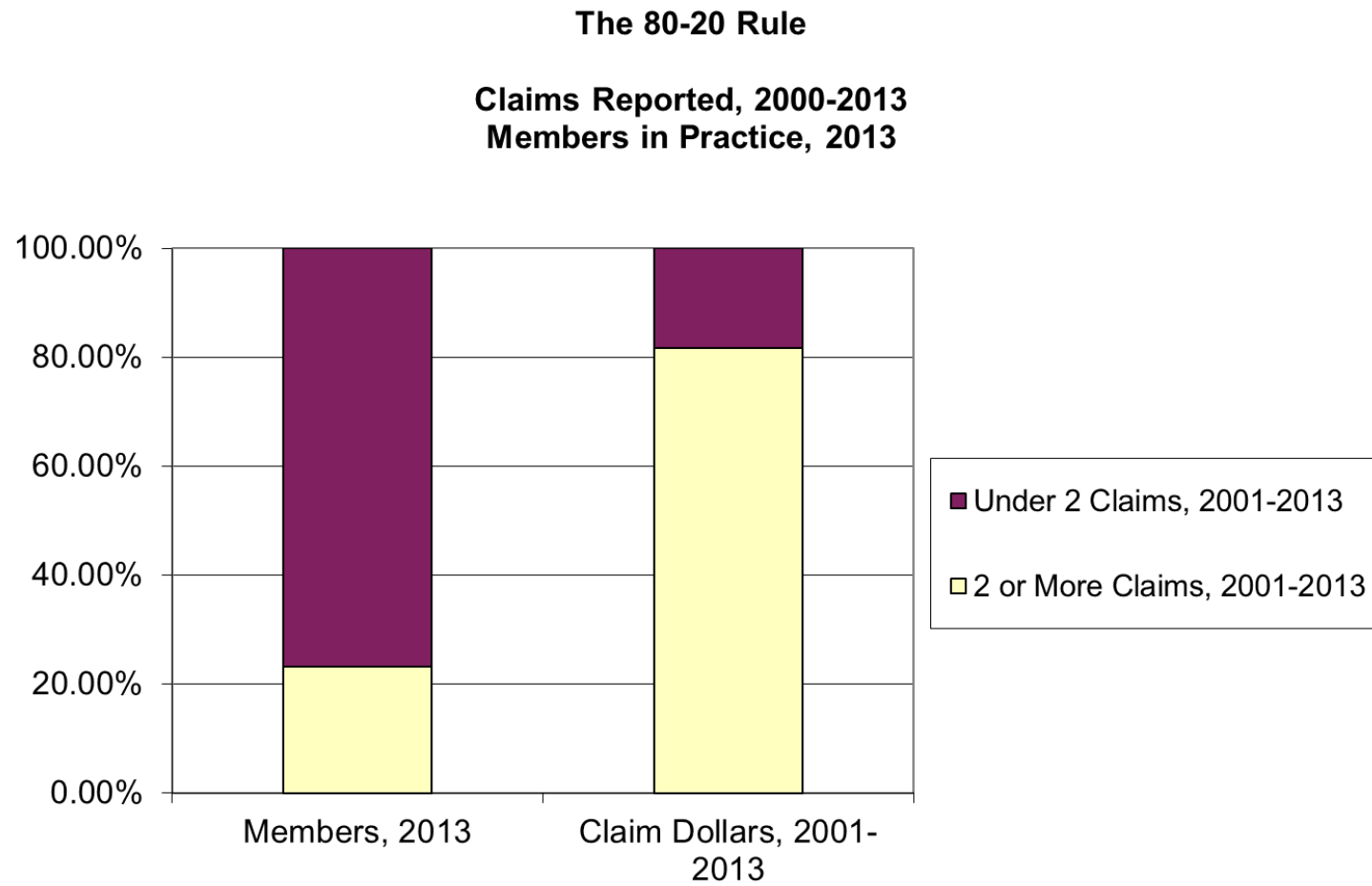
**Conflict of interest:** There are two types of conflict claims: the first arises when conflicts occur between multiple current or past clients represented by the same lawyer or firm. The second is a conflict that arises when a lawyer has a personal interest in the matter. As they regularly act for multiple clients/entities, real estate and corporate commercial lawyers experience proportionately more conflicts claims than other areas of law, while litigators have a relatively low rate of conflicts claims.

**Clerical errors:** These types of errors include things such as simple clerical mistakes, errors in mathematical calculation, work delegated to an employee or outsider that isn't checked and failures to file documents. As important as delegation is to the efficient functioning of a law firm, lawyers need to take the time to review the work as they are ultimately responsible for it.

**Fraud:** Fraud continues to be a significant and costly problem for LAWPRO. Lawyers are reporting attempted frauds to LAWPRO on a daily basis. Fraudsters are successfully duping lawyers and law clerks, and it's not just real estate lawyers who are being targeted. Litigation, business and family law lawyers are the regular targets of bad cheque scams involving debt collections, spousal support payments and business loans. Through our efforts, Ontario lawyers are clearly more aware of frauds, but ever more sophisticated frauds mean lawyers must continue to keep their guard up.

## Appendix "B"

## The 80-20 Rule



## Appendix “C”

TAB 2

## Premium Rating Examples

## Premium Rating Examples (In Dollars)

	1995	2000**	2005**	2010***	2013***to 2015***
<b>Base premium</b>	\$5,600	\$3,150	\$2,625	\$2,950	<b>\$3,350</b>
<b>Examples:</b>					
<b>1. Sole Practitioner Practising Real Estate Law</b> - \$10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	\$5,600*	\$2,714	\$2,228	\$3,054	<b>\$3,274</b>
<b>2. Firm Practitioner Practising Real Estate Law</b> - \$25,000 defence & indemnity deductible - \$250,000 Mandatory Innocent Party cover - early e-filing of application	\$6,000*	\$2,956	\$2,497	\$3,206	<b>\$3,406</b>
<b>3. New Lawyer Practising in Association</b> - first year in practice discount - \$250,000 Mandatory Innocent Party cover - \$10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	\$3,900*	\$1,704	\$1,428	\$1,724	<b>\$1,599</b>
<b>4. Criminal Lawyer (sole practitioner)</b> - Restricted Areas of Practice discount - \$10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	\$5,600*	\$1,454	\$1,178	\$1,474	<b>\$1,349</b>
<b>5. Part-time Lawyer (in association)</b> - Part-time Practitioner discount - \$1,000,000 Optional Innocent Party cover - \$10,000 defence & indemnity deductible	\$6,000* <sup>†</sup>	\$2,153	\$1,877	\$2,048	<b>\$1,923</b>
<b>6. Firm Practitioner with 1 Claim</b> - claim history levy surcharge - \$5,000 defence & indemnity deductible - \$250,000 Mandatory Innocent Party cover	\$8,500*	\$5,900	\$5,375	\$5,700	<b>\$6,100</b>
<b>7. Sole Practitioner with 2 Claims</b> - claims history levy surcharge - \$5,000 defence & indemnity deductible	\$10,600*	\$8,150	\$7,625	\$7,950	<b>\$8,350</b>

\* Subject to a \$6,000 defence and indemnity deductible (adjusted to \$7,500 in the case of an insured with one previous claim, or \$8,500 in the case of two previous claims).

<sup>†</sup> Subject to \$250,000 Innocent Party cover only, additional limits not available.

<sup>‡</sup> Members are also required to pay a \$25 levy for each civil litigation or real estate transaction not otherwise excluded.

\*\* Members are also required to pay a \$50 levy for each civil litigation or real estate transaction not otherwise excluded.

\*\*\* \$65 per real estate transaction and \$50 per civil litigation transaction. Premium for the Real Estate Practice Coverage Option was also applied and is included in the calculated premium amounts for these years.

Appendix “D”

TAB 2

LAWPRO Vision, Mission & Values

A vertical rectangular graphic with a light yellow background and a purple border. It contains the LawPRO logo at the top, followed by sections for 'Our vision', 'Our mission', and 'Our values'. Each value section includes a bold statement and a list of descriptive points.

**LAWPRO®**

**Our vision**  
To be regarded as the preferred insurer in all markets and product lines in which we do business.

**Our mission**  
To be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession.

**Our values**

*Professionalism*  
**Individually and as a team, we hold ourselves to the highest professional standards.**  
We deliver programs and services known for quality and cost-effectiveness, and for being practical, helpful and relevant.  
We demand the best of ourselves every day and in everything we do.

*Innovation*  
**We foster a climate in which creativity, innovation and change can flourish.**  
We share ideas, skills and knowledge and encourage continual learning.  
We value teamwork and collaboration, and the diverse strengths and perspectives of others.

*Integrity*  
**We act with the highest levels of integrity in all of our interactions and decisions.**  
We aim to always be consistent, fair, ethical and accountable.

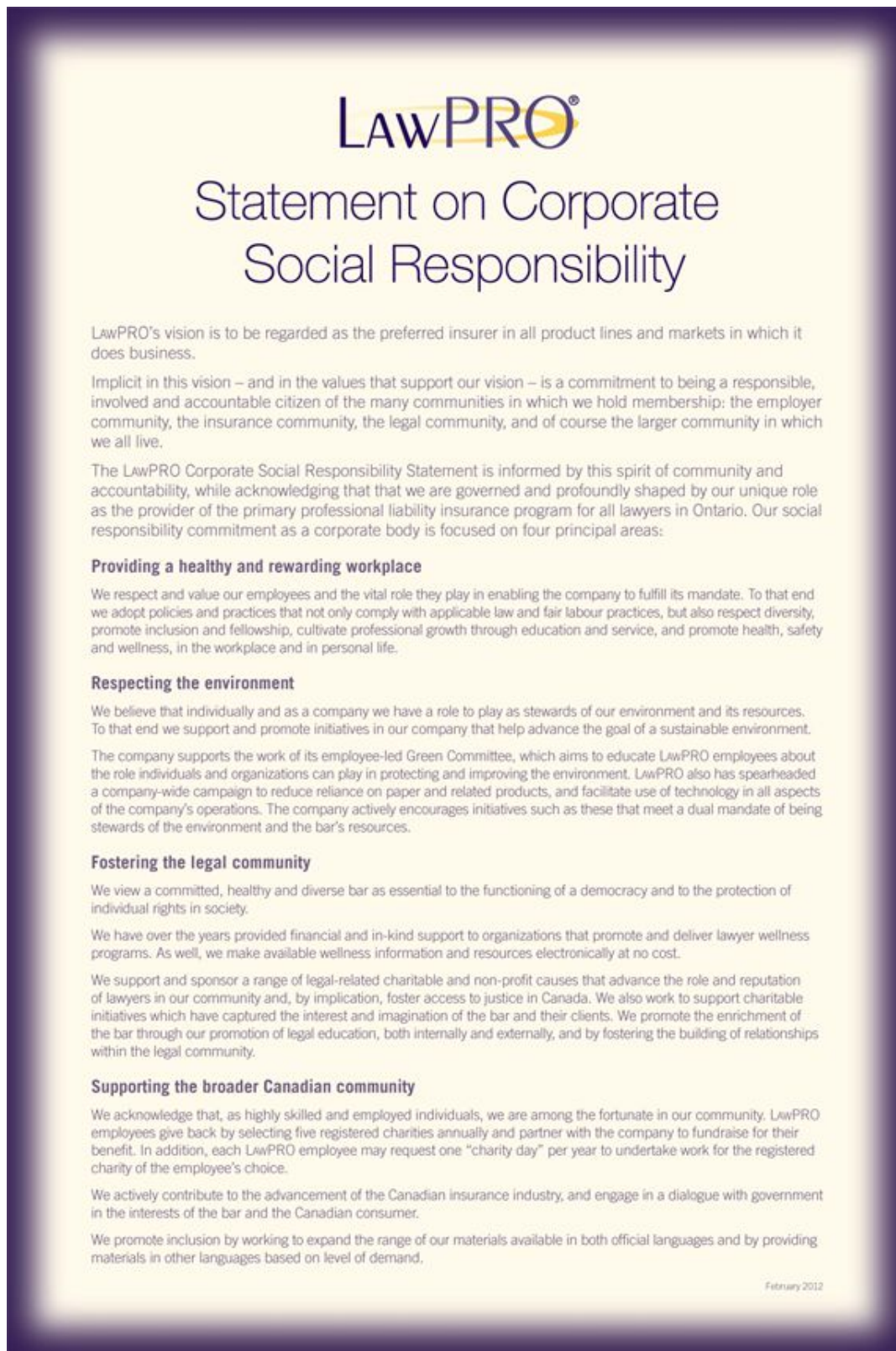
*Service*  
**We strive for excellence in customer service.**  
We share our knowledge, experience and expertise with our customers and with each other, so that together we can identify, prevent and solve problems.  
We take the time to listen and understand, so we can respond effectively and empathetically to our customers and to each other.  
We demonstrate courtesy and genuine respect for all.

*Leadership*  
**We try to make the world a better place, and to that end lend our energy and expertise to many communities.**

## Appendix “E”

TAB 2

## LawPRO Statement on Corporate Social Responsibility



The image shows a document titled "LawPRO Statement on Corporate Social Responsibility". The document is framed by a dark purple border. At the top, the LawPRO logo is displayed in blue and yellow. Below the logo, the title "Statement on Corporate Social Responsibility" is written in a large, dark blue serif font. The main body of the document is in a smaller, dark blue serif font. It begins with a paragraph about LawPRO's vision, followed by a paragraph about its commitment to being a responsible citizen. Then, it states that the statement is informed by a spirit of community and accountability. The document is organized into four principal areas, each with a bold heading: "Providing a healthy and rewarding workplace", "Respecting the environment", "Fostering the legal community", and "Supporting the broader Canadian community". Each area has a paragraph of text describing the company's commitment and actions. At the bottom right, the date "February 2012" is printed.

**LawPRO®**

## Statement on Corporate Social Responsibility

LawPRO's vision is to be regarded as the preferred insurer in all product lines and markets in which it does business.

Implicit in this vision – and in the values that support our vision – is a commitment to being a responsible, involved and accountable citizen of the many communities in which we hold membership: the employer community, the insurance community, the legal community, and of course the larger community in which we all live.

The LawPRO Corporate Social Responsibility Statement is informed by this spirit of community and accountability, while acknowledging that that we are governed and profoundly shaped by our unique role as the provider of the primary professional liability insurance program for all lawyers in Ontario. Our social responsibility commitment as a corporate body is focused on four principal areas:

**Providing a healthy and rewarding workplace**

We respect and value our employees and the vital role they play in enabling the company to fulfill its mandate. To that end we adopt policies and practices that not only comply with applicable law and fair labour practices, but also respect diversity, promote inclusion and fellowship, cultivate professional growth through education and service, and promote health, safety and wellness, in the workplace and in personal life.

**Respecting the environment**

We believe that individually and as a company we have a role to play as stewards of our environment and its resources. To that end we support and promote initiatives in our company that help advance the goal of a sustainable environment.

The company supports the work of its employee-led Green Committee, which aims to educate LawPRO employees about the role individuals and organizations can play in protecting and improving the environment. LawPRO also has spearheaded a company-wide campaign to reduce reliance on paper and related products, and facilitate use of technology in all aspects of the company's operations. The company actively encourages initiatives such as these that meet a dual mandate of being stewards of the environment and the bar's resources.

**Fostering the legal community**

We view a committed, healthy and diverse bar as essential to the functioning of a democracy and to the protection of individual rights in society.

We have over the years provided financial and in-kind support to organizations that promote and deliver lawyer wellness programs. As well, we make available wellness information and resources electronically at no cost.

We support and sponsor a range of legal-related charitable and non-profit causes that advance the role and reputation of lawyers in our community and, by implication, foster access to justice in Canada. We also work to support charitable initiatives which have captured the interest and imagination of the bar and their clients. We promote the enrichment of the bar through our promotion of legal education, both internally and externally, and by fostering the building of relationships within the legal community.

**Supporting the broader Canadian community**

We acknowledge that, as highly skilled and employed individuals, we are among the fortunate in our community. LawPRO employees give back by selecting five registered charities annually and partner with the company to fundraise for their benefit. In addition, each LawPRO employee may request one "charity day" per year to undertake work for the registered charity of the employee's choice.

We actively contribute to the advancement of the Canadian insurance industry, and engage in a dialogue with government in the interests of the bar and the Canadian consumer.

We promote inclusion by working to expand the range of our materials available in both official languages and by providing materials in other languages based on level of demand.

February 2012




**LAWPRO®**  
Lawyers' Professional Indemnity Company  
Assurance LawPRO®

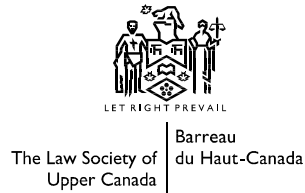
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F (416) 599-8341 / 1-800-286-7639  
E-MAIL: SERVICE@LAWPRO.CA  
[WWW.LAWPRO.CA](http://WWW.LAWPRO.CA)

 [AvoidAclaim.com](http://AvoidAclaim.com)

 [LawPRO](https://www.linkedin.com/company/lawpro)

 [@LawPRO](https://twitter.com/LawPRO)  
[@practicePRO](https://twitter.com/practicePRO)  
[@TitlePLUSCanada](https://twitter.com/TitlePLUSCanada)

 [LawPRO insurance](https://www.facebook.com/LawPROinsurance)  
[TitlePLUS Home Buying  
Guide – Canada](https://www.facebook.com/TitlePLUSHomeBuyingGuide)



**TAB 3**

**Report to Convocation  
September 24, 2014**

---

**Tribunal Committee**

**Committee Members**

Raj Anand (Chair)  
Janet Leiper (Vice-Chair)  
Larry Banack  
Jack Braithwaite  
Christopher Bredt  
Robert Burd  
Cathy Corsetti  
Adriana Doyle  
Lee Ferrier  
Alan Gold  
Dow Marmur  
Barbara Murchie  
Linda Rothstein  
Mark Sandler  
Baljit Sikand  
Peter Wardle

**Purpose of Report: Decision  
Information**

**Prepared by the Policy Secretariat  
(Sophia Sperdakos 416-947-5209)**

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Notices Posted on Tribunal Website [TAB 3.4](#)



## **COMMITTEE PROCESS**

1. The Committee met on September 11, 2014. Committee members Raj Anand (Chair), Janet Leiper (Vice-Chair), Christopher Bredt, Robert Burd, Adriana Doyle, Dow Marmur, Barbara Murchie, Linda Rothstein and Peter Wardle attended. Tribunal Chair David Wright and staff members David Draper, Grace Knakowski, Lisa Mallia and Sophia Sperdakos also attended.

**TAB 3.1**

**FOR DECISION**

**AMENDMENT TO RULE 22 OF THE RULES OF PRACTICE AND  
PROCEDURE**

**MOTION**

2. That Convocation approve the amendment to Rule 22 of the Hearing Division Rules of Practice and Procedure in English and French, set out in the Motion at [TAB 3.1.1: Motion Rule 22.7](#).

**Issue for Consideration**

3. To ensure the ongoing efficient operation of the Tribunal, amendment to Rule 22.7 of the Hearing Division Rules is proposed to require licensees to prepare and provide a pre-hearing conference memorandum. Under the current Rule only the Law Society is required to do so. See [TAB 3.1.2 Current Rule 22.07](#).

**Rationale**

4. Part of the Tribunal reform process includes greater use of processes designed to assist in early and fair resolution of matters. This includes the more effective use of pre-hearing conferences.
5. Under current Rule 22.07 of the Hearing Division Rules of Practice and Procedure only the Law Society must file a pre-hearing conference memorandum setting out the facts on which it relies and its position on the issues in the proceeding.
6. Requiring both parties to provide memoranda will greatly enhance the process by,
  - a. making more efficient use of pre-hearing conferences;
  - b. assisting a licensee to engage in the process and consider his or her position on the issues at an earlier point in time;
  - c. narrowing the issues; and
  - d. where there is licensee counsel, enabling him or her to better address client expectations.

7. In the development of the 2009 Hearing Panel Rules there was some discussion about amending the Pre-Hearing Conference Rule to require all parties to file memoranda, but the Rules were undergoing their first major revision and it was determined not to proceed with such a change at that time.

### **Key Issues and Considerations**

8. As part of implementation of this amendment, the Tribunal will ensure that any change is well-communicated to parties and to representatives who appear before the Tribunal. This will include ensuring that those conducting pre-hearing conferences are aware that some licensees, particularly unrepresented licensees, may require leeway in meeting the requirement. In addition, the panelist scheduling the pre-hearing conference or the Registrar has authority to waive the requirement.
9. Implementation will likely have an overall positive effect on the Tribunal's operation, as requiring licensees' preparation of pre-hearing conference memorandum should result in a more effectively managed proceeding and more efficient use of resources.

**TAB 3.1.1**

THE LAW SOCIETY OF UPPER CANADA  
  
**LAW SOCIETY TRIBUNAL  
RULES OF PRACTICE AND PROCEDURE  
(applicable to proceedings before the Hearing Division)  
MADE UNDER  
SECTION 61.2 OF THE *LAW SOCIETY ACT***

MOTION TO BE MOVED AT THE MEETING OF CONVOCAION ON SEPTEMBER 24, 2014

MOVED BY

SECONDED BY

THAT the rules of practice and procedure ("the Rules") applicable to proceedings before the Hearing Division, made by Convocation on March 12, 2014, and amended by Convocation on May 22, 2014 be further amended as follows:

1. Rule 22.07 of the English version of the Rules be revoked and the following substituted:

**Pre-Hearing Conference Memoranda**

**22.07** (1) Each party shall prepare a pre-hearing conference memorandum containing a statement of the facts the party relies upon and its position on the issues in the proceeding.

(2) A pre-hearing conference memorandum is without prejudice and only for the purpose of the pre-hearing. It is not retained by the Tribunal Office, does not form part of the record of proceeding and may not be referred to or relied upon in the proceeding or in any other proceeding.

(3) Each party's memorandum shall be sent by e-mail to the other parties and to the person conducting the pre-hearing conference. If the licensee does not have access to e-mail, the memorandum may be sent by regular mail. The Law Society's memorandum must be received by the person conducting the pre-hearing conference at least seven days prior to the pre-hearing conference. The licensee's memorandum must be received by the person conducting the prehearing conference at least two days prior to the pre-hearing conference.

(4) The requirement to file a pre-hearing conference memorandum may be waived by the panelist scheduling the pre-hearing conference or by the Registrar, if the preparation of the memorandum would not be practical or of assistance in the circumstances. A request to

waive this requirement shall be made, together with reasons in support, no later than one week after the prehearing conference is scheduled, absent exceptional circumstances.

2. Rule 22.07 of the French version of the Rules be revoked and the following substituted:

**Mémoire de conférence préparatoire à l'audience**

22.07 (1) Chaque partie prépare un mémoire de conférence préparatoire à l'audience contenant un exposé des faits sur lesquels la partie se fonde ainsi que sa position sur les questions en litige.

(2) Un mémoire de conférence préparatoire à l'audience est rédigé sous toutes réserves et ne sert qu'aux fins de la conférence. Il n'est pas conservé par le greffe du Tribunal, ne fait pas partie du registre des délibérations et ne peut pas être mentionné dans l'instance ni dans toute autre instance.

(3) Le mémoire de chaque partie est envoyé par courriel aux autres parties et à la personne présidant la conférence. Si le titulaire de permis n'a pas accès à un courriel, le mémoire peut être envoyé par la poste. Le mémoire du Barreau doit être reçu par la personne présidant la conférence au moins sept jours avant celle-ci. Le mémoire du titulaire de permis doit être reçu par la personne présidant la conférence au moins deux jours avant celle-ci.

(4) Le membre de la formation qui fixe la conférence ou la greffière peut dispenser de l'obligation de déposer un mémoire de conférence préparatoire à l'audience s'il est jugé que la préparation du mémoire ne serait ni pratique ni utile dans les circonstances. Une demande de dispense de cette obligation accompagnée des motifs à l'appui de celle-ci doit être faite au plus tard une semaine après la fixation de la date de la conférence, à moins de circonstances exceptionnelles.

TAB 3.1.2

**CURRENT RULE 22/07 HEARING DIVISION RULES OF PRACTICE AND PROCEDURE  
(ENGLISH)**

**Preparation for pre-hearing conference**

**22.07** (1) The Law Society shall prepare a pre-hearing conference memorandum and provide a copy of the memorandum to the other parties and to the panelist or other person conducting the prehearing conference at least seven days before the pre-hearing conference.

**Non-application of subrule (1)**

- (2) Subrule (1) does not apply if,
- (a) a panel directs the parties to a proceeding to attend at a pre-hearing conference,
  - (b) a member of the panel that gave the direction will conduct the pre-hearing conference, and
  - (c) the pre-hearing conference will be conducted immediately after the direction has been given.

**CURRENT RULE 22/07 HEARING DIVISION RULES OF PRACTICE AND PROCEDURE  
(FRENCH)**

**Préparation de la conférence préparatoire à l'audience**

**22.07** (1) Le Barreau prépare un mémoire et le remet aux autres parties et à la personne, notamment le membre de la formation, qui préside la conférence préparatoire à l'audience au moins sept jours avant la tenue de celle-ci.

**Non-application du paragraphe (1)**

- (2) Le paragraphe (1) ne s'applique pas si les conditions suivantes sont réunies :
- (a) une formation ordonne aux parties à une instance de se présenter à une conférence préparatoire à l'audience;
  - (b) un membre de la formation qui a donné l'ordre présidera la conférence préparatoire à l'audience;
  - (c) la conférence préparatoire à l'audience suivra immédiatement l'ordre.

**TAB 3.2**

**FOR DECISION**

**ADJUDICATOR PERFORMANCE DEVELOPMENT PROCESS**

**MOTION**

10. That Convocation approve the Tribunal Chair's proposal for the adjudicator performance development process, set out at [TAB 3.2.1: Performance Development Proposal](#).

**SUMMARY**

**Issue for Consideration**

11. In adopting the Tribunal Committee's June 2012 Report, Convocation approved the introduction of an evaluation process for adjudicator re-appointment, to be developed by the Tribunal Chair and approved by Convocation. The Committee has now considered the Tribunal Chair's proposal and recommends it to Convocation.

**Rationale**

12. As part of the approval of the enhanced adjudicative model, Convocation sought to ensure effective adjudication. One of the components of this was the development and implementation of an evaluation process for adjudicators for appointment and re-appointment to the Hearing and Appeal Divisions. The evaluation proposal was to be recommended by the Tribunal Chair and approved by Convocation.
13. The 2012 Report stated that an evaluation process would "be used to assist adjudicators to improve and determine who should be re-appointed." Although the 2012 Report set out possible factors to be considered as part of the evaluation process, it also made it clear that because the evaluation process is a complex one the Chair should have authority to develop an incremental approach.
14. Approving the evaluation process and implementing it prior to the 2015 lawyer benchers election is necessary to ensure the seamless operation of the Tribunal. This approach will allow re-elected benchers who have been determined eligible for re-appointment to adjudicate hearings immediately after the election. This will avoid a potential shortage of available and experienced adjudicators.
15. In addition, benchers who are not running for re-election or who are not re-elected may wish to apply for non-bencher adjudicator positions on the Tribunal, making it important for their evaluation to have taken place.

16. Finally, since the process is also designed to provide feedback to adjudicators to foster ongoing improvement and development it is important that it be undertaken as early and regularly as possible.

### **Key Issues and Considerations**

17. Performance evaluation is a time-consuming and complex process. The more intense the methodology the more time-consuming it can be. The incremental approach that is proposed balances the 2012 Report's commitment to evaluation with the need to ensure that the Tribunal Chair has time to devote to all the numerous components of the adjudicative model in the early years of its implementation.
18. The Chair's proposal is a fairly iterative process. The formal assessment piece will not be the only opportunity for feedback and improvement, but it is important that the Tribunal Chair after careful consideration and discussion with the adjudicators, be able to make the recommendations he deems appropriate as Tribunal Chair and provide these to Convocation who will then decide whether to approve the recommendations.
19. Adjudicators had the opportunity to provide input on the proposal over the summer.





## CHAIR'S PROPOSAL FOR PERFORMANCE DEVELOPMENT SYSTEM SEPTEMBER 2014

### BUILDING BLOCKS FOR PERFORMANCE DEVELOPMENT

A performance development system must be built on a foundation of established expectations for all adjudicators and a strong tribunal culture. We are establishing that foundation at the Law Society Tribunal in multiple ways, in particular through the development and definition of: (i) Core Values (see [TAB 3.2.1.1](#)); (ii) Application for Appointment Form with acknowledged standards, availability expectations and hearing preparation requirements ([TAB 3.2.1.2](#)); and (iii) a detailed Tribunal Member - Position Description approved by the Tribunal Committee that details the responsibilities of panel members, authors and chairs (see [TAB 3.2.1.3](#)).

### PROPOSAL FOR FIRST PHASE OF IMPLEMENTATION

The Tribunal Chair has recommended that for an initial two-year period, the evaluation system be focused primarily on performance development and self-evaluation. This proposal involves a less evaluative approach than was contemplated in the report. However, given the importance of adjudicative independence, the primary responsibility of adjudicators to guide their own continuous improvement, the size and part-time nature of the Tribunal and the change to structure and culture recognized by the report, the Tribunal Chair's view is that it is preferable to begin with this self-directed approach.

The proposal is as follows:

- No less than six months before his or her appointment expires, each adjudicator who seeks reappointment shall submit an Application for Reappointment, together with a completed Performance Development Form. Notice of this requirement will be sent to each adjudicator one month before the form is due, and a reminder will be sent a week before the due date. A draft of the form is attached as [TAB 3.2.1.4](#). It requires the adjudicator to write several sentences about his or her performance and goals for development in relation to each of the applicable "duties and competencies" in the Position Description, make general comments on his or her work at the Tribunal and identify goals for professional development during the upcoming two-year term. To ensure that the self-assessment process becomes an integral part of the Tribunal, if an adjudicator does not complete the self-evaluation form by the deadline, he or she will not be eligible for re-appointment, absent exceptional circumstances.
- Each adjudicator seeking reappointment will meet with the Tribunal Chair to discuss his or her Form and the Chair's feedback, and the Chair will add general comments. The discussion will focus in most cases on individual and Tribunal goals for continuous improvement and opportunities for the adjudicator to build his or her skills and knowledge.

- If, following the discussion at the performance development meeting, the Tribunal Chair has concerns about the adjudicator's performance and/or commitment to continuous improvement that may lead to a recommendation that the adjudicator not be reappointed, the Chair will advise the adjudicator. In such cases, the Tribunal Chair will observe the adjudicator's work in one or more hearings and may formally review the adjudicator's decisions and reasons in light of the criteria set out in the Position Description. The Chair will offer support to the adjudicator to assist in meeting the standards set out in the Position Description and may discuss a professional development plan that could include training, shadowing of other adjudicators and support in reason and order preparation.
- As recognized in our core values, performance evaluation and development is a continuous process. The Tribunal Chair and Vice-Chairs may discuss adjudicators' performance outside the formal performance development process, and will address particular concerns as they arise.

## **REVIEW**

All current adjudicators' terms expire within the next two years, and each adjudicator will complete one performance development form and meeting during the first phase of implementation. By June 2016, the Tribunal Chair will seek feedback from adjudicators and prepare a report on the first phase, which will include recommendations for any changes or enhancements based on experience.

## LAW SOCIETY TRIBUNAL | Mission Statement & Core Values | 18-Jan-2014

### Who We Are

The Law Society Tribunal is an independent adjudicative tribunal within the Law Society of Upper Canada, consisting of staff and appointed adjudicators. Adjudicators include benchers and other lawyer, paralegal and lay appointees.

### Mission Statement

The Law Society Tribunal processes, hears and decides regulatory cases about Ontario lawyers and paralegals in a manner that is fair, just and in the public interest.

### Core Values

- *Fairness:* We will be fair and impartial in our processes and proceedings, treating all with respect, courtesy and dignity.
- *Quality:* We strive for excellence, acting with dedication and professionalism. We aim for continuous improvement, valuing diverse perspectives. We commit to an atmosphere that enables all to perform at their best.
- *Transparency:* We will act in a manner that bears the closest scrutiny. Our decisions, rules, processes and policies will be available to licensees and the public, accessible and easily understandable.
- *Timeliness:* We are guided by the importance of timely resolution of all matters. We will schedule hearing and continuation dates expeditiously and complete written reasons promptly.

**LAW SOCIETY TRIBUNAL  
APPLICATION FOR APPOINTMENT**

I hereby apply for appointment to the Law Society Hearing Division.

I agree to:

- act in accordance with the core values of the Law Society Tribunal;
- comply with the Adjudicator Code of Conduct;
- be available for at least 10 days per year of hearings;
- hold dates committed to hearings absent exceptional circumstances;
- prioritize my availability for the scheduling of early continuation dates and panel deliberations;
- prepare for hearings by reviewing all materials filed in advance;
- prepare reasons I have agreed to author within 60 days, or, if I am not the author, review and comment on drafts promptly;
- attend and actively participate in all required adjudicator training and education and maintain my knowledge of the *Law Society Act*, Tribunal rules and jurisprudence;
- actively participate in the evaluation of my performance by the Chair;
- promote the effective administration of the Tribunal through collaboration with Tribunal staff;
- comply with all policies and guidelines of the Law Society Tribunal.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_



TAB 3.2.1.3

## MEMBER – POSITION DESCRIPTION

### INTRODUCTION

The Law Society Tribunal is an independent adjudicative tribunal within the Law Society of Upper Canada. As regulator of the legal and paralegal professions, the Law Society of Upper Canada governs Ontario's lawyers and paralegals in the public interest. Members of the Tribunal hear and make independent decisions about Ontario lawyers and paralegals. They apply legislation, policies, jurisprudence and rules and act in accordance with the mission and core values of the Tribunal.

Members work under the leadership of the Chair. They are expected to uphold and embody the Tribunal's core values of fairness, quality, transparency and timeliness. Members may be assigned by the Chair or, in the absence of the Chair, a Vice-Chair, to carry out their adjudicative responsibilities as a single adjudicator or as a member of a hearing or appeal panel, pre-hearing conference or proceeding management conference adjudicator.

All members, with the exception of the Chair, are part-time and remunerated on a per diem basis. Reasonable expenses are reimbursed.

### APPOINTMENT AND REAPPOINTMENT

Members are appointed to the Tribunal by Convocation on recommendation of the Chair. Elected and appointed benchers are eligible to be appointed to an initial term by virtue of their position. Appointee adjudicators are appointed following a competitive process, and must have adjudicative experience. Ability to conduct hearings in English and French is an asset.

Reappointment by Convocation of all members for subsequent terms is based on the recommendation of the Chair following a formal performance evaluation, based on the competencies and duties set out in this position description.

### KEY COMPETENCIES AND DUTIES

#### 1. Fairness and Collegiality

- Acts with impartiality and balance, maintaining an open mind at all times;
- Acts with dedication, professionalism and collegiality;
- Values diversity and upholds the right to equal treatment without discrimination under the *Human Rights Code* throughout the adjudicative process;
- Acts in accordance with the principles of procedural fairness;
- Maintains decorum and professional conduct at all times, inside and outside the hearing room;

- Engages in respectful and courteous interactions with hearing participants, staff, and other Tribunal members;
- Employs active listening techniques, seeking clarification, reflecting understanding of others' views, and valuing diverse perspectives.

## **2. Quality and Continuous Improvement:**

- Understands and applies administrative law principles; the *Law Society Act*; Ontario Regulation 167/07; the *Statutory Powers Procedure Act*; Rules of Professional Conduct; Paralegal Rules of Conduct; Rules of Practice and Procedure; and other relevant law, rules, practice directions and jurisprudence;
- Attends and actively participates in all required adjudicator training and education programs;
- Participates actively in performance assessment by the Chair with commitment to continuous development of adjudicative skills;
- Reflects on experiences and is open to feedback, striving for continuous improvement;
- Works to promote quality and consistency in the Tribunal's jurisprudence.

## **3. Transparency**

- Complies with all policies and guidelines of the Law Society Tribunal;
- Adheres to the Law Society Adjudicator Code of Conduct, and manages issues of reasonable apprehension of bias or conflict of interest, identifying potential conflicts at the earliest opportunity;
- Respects and promotes the independence of the Law Society Tribunal;
- Determines transparency issues involving access to a hearing, non-public treatment of materials and publication bans with an understanding of the relevant principles and rules;
- Acts in a manner that bears the closest scrutiny.

## **4. Timeliness**

- Collaborates with Tribunal staff to promote effective administration of Tribunal processes;
- Is regularly available for hearings throughout the calendar year and holds the time committed, absent exceptional circumstances;
- Balances the need to be prompt and decisive with consideration of the views and positions of others;
- Prepares for proceedings by reviewing all materials sent in advance;
- Prioritizes the scheduling of continuation dates.

**5. As a panel member in a hearing or appeal:**

- Reaches procedural rulings, findings of fact, and decisions that are balanced, reflect a solid grasp of the issues, evidence and submissions advanced; and interpret the relevant law, rule or jurisprudence;
- Participates actively in panel deliberations, works collegially with other panel members to share views, knowledge and expertise, and considers and is open to the feedback of others;
- Listens actively and takes detailed notes of the hearing;
- Asks questions where appropriate, respecting the principles of procedural fairness;
- Aims for consensus among panel members where possible, while respecting the value of dissenting or concurring reasons where panel members have differing views.

**6. When assigned as a panel chair:**

- Promotes the effective use of hearing time through skillful and fair management of the hearing process, the application of the *Rules of Practice and Procedure* and principles of evidence;
- Balances control of the hearing with openness to the parties' positions and concerns;
- Consults with other panel members and concisely and clearly conveys the panel's procedural rulings;
- Ensures that hearings start at the time set and all scheduled hearing time is used until the matter is concluded, absent extenuating circumstances;
- Promotes prompt continuation dates and the accurate estimate of further hearing time;
- Ensures that all panel members' views are heard and valued in deliberations and promotes consensus where possible;
- Ensures that written reasons are prepared as appropriate;
- Ensures that the Tribunal's core values of fairness, quality, transparency and timelines are demonstrated throughout the process

**7. When authoring reasons:**

- Prepares reasons that are clear, concise, well organized and fully justify the decision;
- Prepares reasons using the Tribunal reasons template, minimizing typographical and grammatical errors in drafts;
- Prepares reasons within the established timeline, absent extenuating circumstances;
- Considers and incorporates the comments and views of other members of the panel;
- Participates in colleague reasons review before releasing reasons and considers suggestions made by the reviewer.

**8. When assigned to conduct pre-hearing conferences or proceeding management conferences:**

- In pre-hearing conferences, assists the parties in reaching joint submissions and/or agreed statements of facts, offers opinions on the merits of a case, the applicable law, rules and jurisprudence;
- Actively case manages the matter to ensure issues are defined early, timelines are set to deal with pre-hearing issues, and the matter is ready for a hearing in a timely manner;
- Promotes consistency of procedural approaches within the Tribunal;
- Where appropriate, monitors cases to ensure preliminary issues are resolved or determined without delay and the hearing can proceed on the dates set.



**ADJUDICATOR PERFORMANCE DEVELOPMENT**

Name of Adjudicator:		Date Self-Evaluation submitted:	
Date of End of Term:		Date of Meeting with the Chair:	
<b>1. FAIRNESS AND COLLEGIALITY</b>			
<b>KEY COMPETENCIES AND DUTIES</b>		<b>ADJUDICATOR SELF-EVALUATION</b>	
<ul style="list-style-type: none"> <li>• Acts with impartiality and balance, maintaining an open mind at all times;</li> <li>• Acts with dedication, professionalism and collegiality;</li> <li>• Values diversity and upholds the right to equal treatment without discrimination under the Human Rights Code throughout the adjudicative process;</li> <li>• Acts in accordance with the principles of procedural fairness;</li> <li>• Maintains decorum and professional conduct at all times, inside and outside the hearing room;</li> <li>• Engages in respectful and courteous interactions with hearing participants, staff, and other Tribunal members;</li> <li>• Employs active listening techniques, seeking clarification, reflecting understanding of others' views, and valuing diverse perspectives.</li> </ul>			
<b>2. QUALITY AND CONTINUOUS IMPROVEMENT</b>			
<b>KEY COMPETENCIES AND DUTIES</b>		<b>ADJUDICATOR SELF-EVALUATION</b>	
<ul style="list-style-type: none"> <li>• Understands and applies administrative law principles; the Law Society Act; Ontario Regulation 167/07; the Statutory Powers Procedure Act; Rules of Professional Conduct; Paralegal Rules of Conduct; Rules of Practice and Procedure; and other relevant law, rules, practice directions and jurisprudence;</li> <li>• Attends and actively participates in all required adjudicator training and education programs;</li> <li>• Participates actively in self-evaluation and performance development with commitment to continuous development of adjudicative skills;</li> <li>• Reflects on experiences and is open to feedback, striving for continuous improvement;</li> <li>• Works to promote quality and consistency in the Tribunal's jurisprudence.</li> </ul>			
<b>3. TRANSPARENCY</b>			
<b>KEY COMPETENCIES AND DUTIES</b>		<b>ADJUDICATOR SELF-EVALUATION</b>	
<ul style="list-style-type: none"> <li>• Complies with all policies and guidelines of the Law Society Tribunal;</li> <li>• Adheres to the Law Society Adjudicator Code of Conduct, and manages issues of reasonable apprehension of bias or conflict of interest, identifying potential conflicts at the earliest opportunity;</li> </ul>			

<ul style="list-style-type: none"> <li>• Respects and promotes the independence of the Law Society Tribunal;</li> <li>• Determines transparency issues involving access to a hearing, non-public treatment of materials and publication bans with an understanding of the relevant principles and rules;</li> <li>• Acts in a manner that bears the closest scrutiny.</li> </ul>	
<b>4. TIMELINESS</b>	
<b>KEY COMPETENCIES AND DUTIES</b>	<b>ADJUDICATOR SELF-EVALUATION</b>
<ul style="list-style-type: none"> <li>• Collaborates with Tribunal staff to promote effective administration of Tribunal processes;</li> <li>• Is regularly available for hearings throughout the calendar year and holds the time committed, absent exceptional circumstances;</li> <li>• Balances the need to be prompt and decisive with consideration of the views and positions of others;</li> <li>• Prepares for proceedings by reviewing all materials sent in advance;</li> <li>• Prioritizes the scheduling of continuation dates.</li> </ul>	
<b>5. AS A PANEL MEMBER IN A HEARING OR APPEAL:</b>	
<b>KEY COMPETENCIES AND DUTIES</b>	<b>ADJUDICATOR SELF-EVALUATION</b>
<ul style="list-style-type: none"> <li>• Reaches procedural rulings, findings of fact, and decisions that are balanced, reflect a solid grasp of the issues, evidence and submissions advanced; and interpret the relevant law, rule or jurisprudence;</li> <li>• Participates actively in panel deliberations, works collegially with other panel members to share views, knowledge and expertise, and considers and is open to the feedback of others;</li> <li>• Listens actively and takes detailed notes of the hearing;</li> <li>• Asks questions where appropriate, respecting the principles of procedural fairness;</li> <li>• Aims for consensus among panel members where possible, while respecting the value of dissenting or concurring reasons where panel members have differing views.</li> </ul>	
<b>6. WHEN ASSIGNED AS A PANEL CHAIR (IF APPLICABLE):</b>	
<b>KEY COMPETENCIES AND DUTIES</b>	<b>ADJUDICATOR SELF-EVALUATION</b>
<ul style="list-style-type: none"> <li>• Promotes the effective use of hearing time through skillful and fair management of the hearing process, the application of the Rules of Practice and Procedure and principles of evidence;</li> <li>• Balances control of the hearing with openness to the parties' positions and concerns;</li> <li>• Consults with other panel members and concisely and clearly conveys the panel's procedural rulings;</li> </ul>	

**ADJUDICATOR PERFORMANCE DEVELOPMENT**

<ul style="list-style-type: none"> <li>• Ensures that hearings start at the time set and all scheduled hearing time is used until the matter is concluded, absent extenuating circumstances;</li> <li>• Promotes prompt continuation dates and the accurate estimate of further hearing time;</li> <li>• Ensures that all panel members' views are heard and valued in deliberations and promotes consensus where possible;</li> <li>• Ensures that written reasons are prepared as appropriate;</li> <li>• Ensures that the Tribunal's core values of fairness, quality, transparency and timelines are demonstrated throughout the process.</li> </ul>	
<b>7. WHEN AUTHORIZING REASONS ( IF APPLICABLE ):</b>	
<b>KEY COMPETENCIES AND DUTIES</b>	<b>ADJUDICATOR SELF-EVALUATION</b>
<ul style="list-style-type: none"> <li>• Prepares reasons that are clear, concise, well organized and fully justify the decision;</li> <li>• Prepares reasons using the Tribunal reasons template, minimizing typographical and grammatical errors in drafts;</li> <li>• Prepares reasons within the established timeline, absent extenuating circumstances;</li> <li>• Considers and incorporates the comments and views of other members of the panel;</li> <li>• Participates in colleague reasons review before releasing reasons and considers suggestions made by the reviewer.</li> </ul>	
<b>8. WHEN ASSIGNED TO CONDUCT PRE-HEARING CONFERENCES OR PROCEEDING MANAGEMENT CONFERENCES ( IF APPLICABLE ):</b>	
<b>KEY COMPETENCIES AND DUTIES</b>	<b>ADJUDICATOR SELF-EVALUATION</b>
<ul style="list-style-type: none"> <li>• In pre-hearing conferences, assists the parties in reaching joint submissions and/or agreed statements of facts, offers opinions on the merits of a case, the applicable law, rules and jurisprudence;</li> <li>• Actively case manages the matter to ensure issues are defined early, timelines are set to deal with pre-hearing issues, and the matter is ready for a hearing in a timely manner;</li> <li>• Promotes consistency of procedural approaches within the Tribunal;</li> <li>• Where appropriate, monitors cases to ensure preliminary issues are resolved or determined without delay and the hearing can proceed on the dates set.</li> </ul>	



## ADJUDICATOR PERFORMANCE DEVELOPMENT

ADJUDICATOR GOALS FOR PROFESSIONAL DEVELOPMENT	
ADJUDICATOR'S GENERAL COMMENTS	
CHAIR'S COMMENTS	
ADJUDICATOR'S SIGNATURE	CHAIR'S SIGNATURE
<i>Date</i>	<i>Date</i>

**TAB 3.3**

**FOR INFORMATION**

**TRIBUNAL QUARTERLY STATISTICS**

20. The Tribunal's quarterly reports for the first and second quarters of 2014 are set out at [TAB 3.3.1: 2014 Q1 Final](#) and [TAB 3.3.2: 2014 Q2 Final](#) for information.
21. Ongoing collection and reporting of Tribunal operational statistics enable the Tribunal to monitor issues, needs and implementation of the new model. They enable the Committee and Convocation to track processes and statistics.

Law Society  
Tribunal  
Statistics

2014

January 1 to March 31

**First Quarter  
Report**

**Law Society Tribunal Statistics  
First Quarter Report (January 1 – March 31, 2014)**

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**Law Society Tribunal Statistics**  
**First Quarter Report (January 1 – March 31, 2014)**

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**FILES OPENED**

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	<b>38 (48)<sup>1</sup></b>				<b>38 (48)</b>
Lawyer	28				28
Paralegal	10				10
<b>Hearing Files</b>	<b>36 (41)</b>				<b>36 (41)</b>
Lawyer	26				26
Paralegal	10				10
<b>Appeal Files</b>	<b>2 (7)</b>				<b>2 (7)</b>
Lawyer	2				2
Paralegal	0				0

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<sup>1</sup> Numbers in parentheses are 2013 figures.



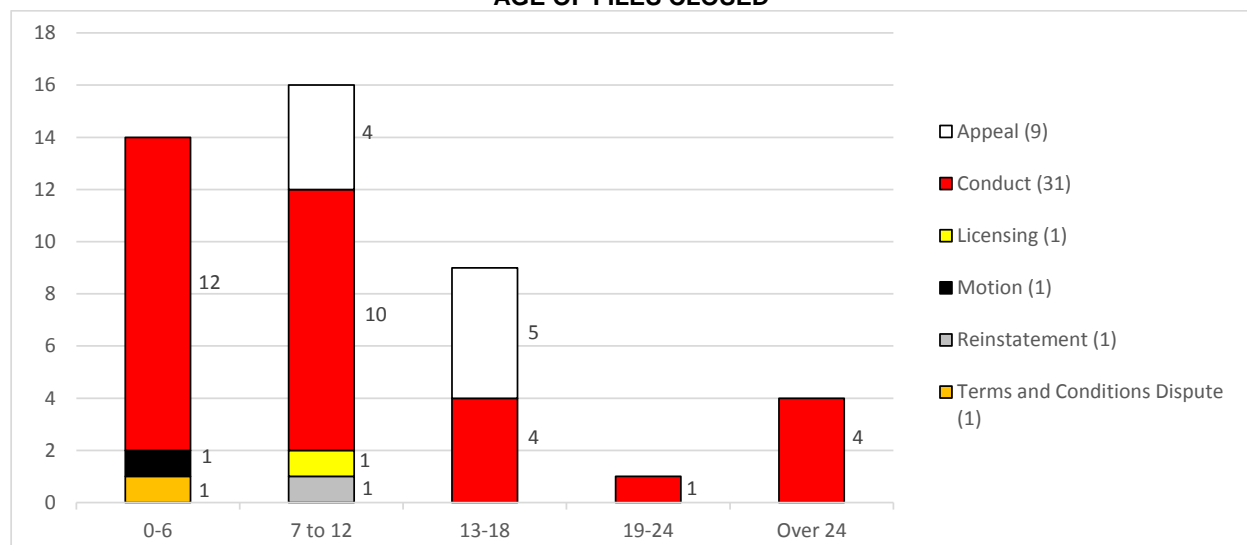
**Law Society Tribunal Statistics**  
**First Quarter Report (January 1 – March 31, 2014)**

**FILES CLOSED**

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or anytime prior.

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	<b>44 (31)</b>				<b>44 (31)</b>
Lawyer	32				32
Paralegal	12				12
<b>Hearing Files</b>	<b>35 (26)</b>				<b>35 (26)</b>
Lawyer	24				24
Paralegal	11				11
<b>Appeal Files</b>	<b>9 (5)</b>				<b>9 (5)</b>
Lawyer	8				8
Paralegal	1				1

**AGE OF FILES CLOSED**



Law Society Tribunal Statistics  
First Quarter Report (January 1 – March 31, 2014)

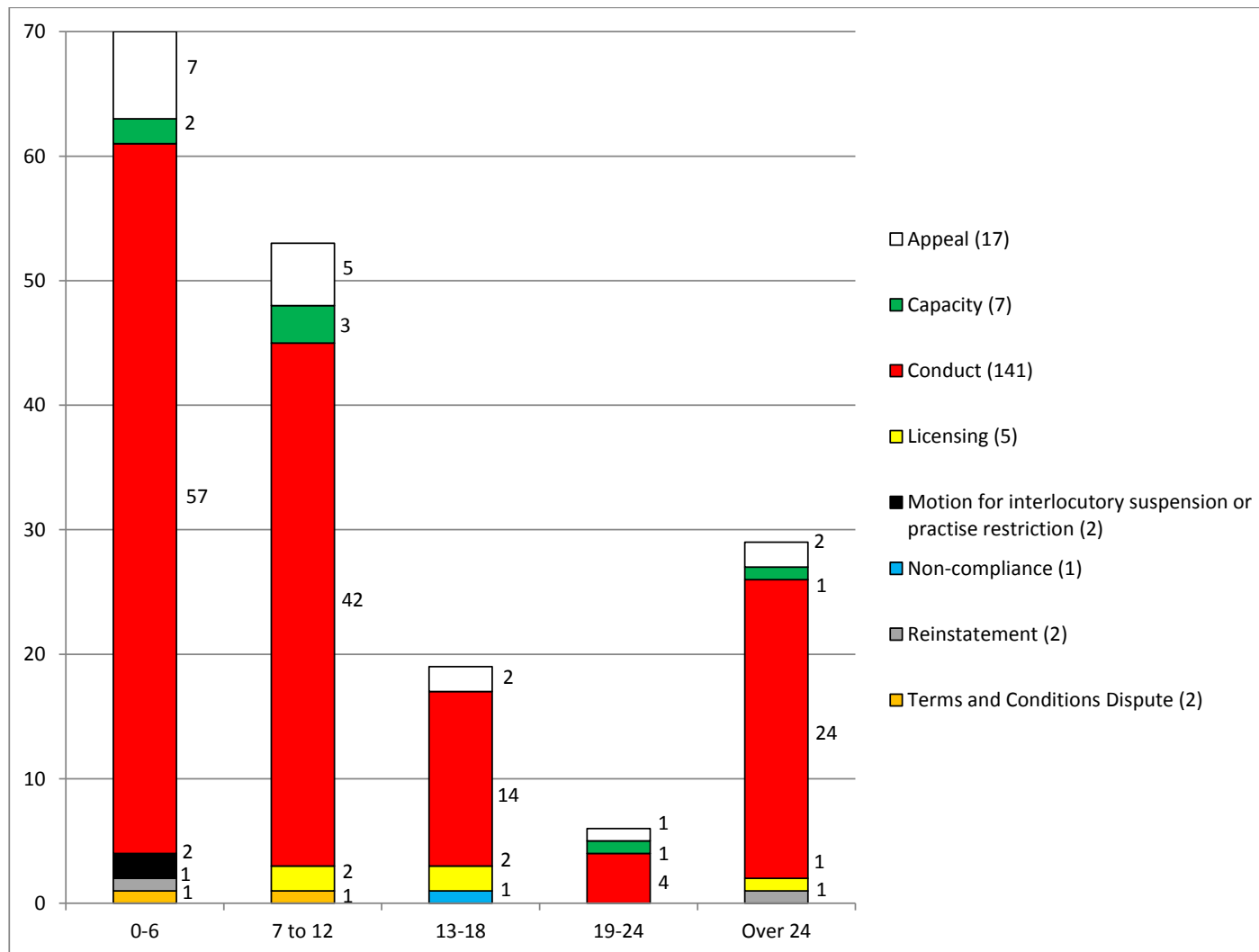
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## OPEN FILES AT QUARTER END

	Q1	Q2	Q3	Q4
<b>Total Files</b>	<b>177 (173)</b>			
Lawyer	149			
Paralegal	28			
<b>Hearing Files</b>	<b>160 (146)</b>			
Lawyer	133			
Paralegal	27			
<b>Appeal Files</b>	<b>17 (27)</b>			
Lawyer	16			
Paralegal	1			

Law Society Tribunal Statistics  
First Quarter Report (January 1 – March 31, 2014)

OPEN FILES BY AGE



**Law Society Tribunal Statistics**  
**First Quarter Report (January 1 – March 31, 2014)**

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**OPEN FILES BY AGE – OVER 24 MONTHS**

1. File A, a reinstatement application, was filed in April 2000, but the licensee did not pursue the application until February 2008. The applicant has not yet filed materials. A further proceeding management conference (“PMC”) is scheduled for October 2014. Age of file: 168 months.
2. File B, a conduct application, was filed in March 2007. The hearing panel heard a number of motions and began hearing the merits in 2009. A new hearing panel commenced hearings in May 2011 and heard several motions. The hearing on the merits occurred in October 2012. The panel's decision on finding was released in March 2013. A penalty hearing occurred in September and written submissions were provided in October. The panel reserved its decision. The licensee filed a motion in December 2013, which was heard in writing. The panel reserved its decision in January 2014. Age of file: 85 months.
3. File C, a conduct application, was filed in May 2009. Several motions were heard. The hearing on the merits concluded in December 2012. The panel's decision was released in October 2013. Cost submissions were received in November 2013. The panel reserved. Age of file: 59 months.
4. File D, a conduct application, was filed in May 2009. Several motions were heard. The hearing on the merits concluded in December 2012. The panel's decision was released in October 2013. Cost submissions were received in November 2013. The panel reserved. Age of file: 59 months.
5. File E, a licensing application, was filed in June 2009. Several motions were heard. The hearing on the merits commenced in July 2011 and dates are scheduled into July 2014. Age of file: 57 months.
6. File F, a conduct application, was filed in September 2009. At the request of the parties, the hearing on the merits commenced in April 2011. The notice of application was dismissed in April 2013. The licensee filed a motion for costs in October 2013. The motion commenced in January 2014. Further dates are scheduled for May 2014. Age of file: 55 months.
7. File G, a conduct application, was filed in January 2010. The hearing on the merits commenced in November 2010 and concluded in June 2012. A hearing on penalty and costs occurred in April 2013. The panel's decision on penalty and costs was released in June 2013. A reprimand is to be administered. The licensee appealed the decision. The appeal was heard in February 2014 and the panel reserved. Age of file: 51 months.
8. File H, an appeal, was filed in March 2010. The parties appeared before the appeal management conference (“AMC”) numerous times and a motion was heard. The appeal hearing commenced in July 2012 and continued in September 2013. Written submissions were received in December 2013. The panel reserved its decision. Age of file: 48 months.
9. File I, a conduct application, was filed in May 2010. The hearing commenced in March 2011. A motion to quash the proceedings was filed in January 2012 and heard in March and April 2012. The panel delivered its decision on the motion in November 2012 recusing themselves from the hearing and received submissions on costs. The panel's decision on costs was delivered in March 2013. In April 2013, the matter returned to the PMC and the licensee filed a motion for a stay of the proceedings pending the outcome of a court matter. The motion was dismissed in December 2013 and the hearing commenced in February 2014. Continuation dates are scheduled into October 2014. Age of file: 46 months.
10. File J, a conduct application, was filed in October 2010. Several motions were heard. The hearing on the merits commenced in July 2012. The panel made a finding in September 2012 and penalty submissions were scheduled to be heard in January 2013 but a motion to dismiss

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the notice of application was filed. The motion was heard in April 2013 and the panel's decision denying the motion was released in June 2013. The licensee filed a motion in January 2014 which is scheduled to be heard in April 2014. Age of file: 41 months.

11. File K, a capacity application, was filed in November 2010. Several motions have been heard. Two further motions were filed in May 2013 and heard in June 2013. The matter was determined in January 2014 with written reasons to follow. Age of file: 40 months.
12. File L, a conduct application, was filed in December 2010. The hearing commenced in March 2011. Several motions were filed and dealt with in 2011 and 2012. The panel made a finding of professional misconduct in June 2012 and written reasons were released in January 2013. The panel requested written submissions on penalty. A penalty hearing date is scheduled for May 2014. Age of file: 40 months.
13. File M, a conduct application, was filed in March 2011. Several motions were heard. The hearing on the merits commenced in August 2013 and continued in October 2013. The panel reserved its decision. Age of file: 37 months.
14. File N, a conduct application, was filed in March 2011. The initial hearing dates were vacated due to a change in representation. The hearing on the merits commenced in February 2012 and continued in August 2012. Written submissions were filed in October and December 2012 and January 2013. The panel's decision on finding was released in July 2013. A penalty hearing occurred in December 2013 and the panel reserved. Age of file: 37 months.
15. File O, a conduct application, was filed in March 2011. The commencement of the hearing was delayed pending the outcome of a related court matter. The hearing commenced in October 2012 and continued in January 2013. The panel's decision on finding was released in May 2013. A penalty hearing occurred in October 2013. The panel reserved. Age of file: 37 months.
16. File P, an appeal, was filed in September 2011. Several motions were filed by both parties. The appeal hearing and a motion for fresh evidence commenced in December 2013 and concluded in January 2014. The panel reserved its decision. Age of file: 31 months.
17. File Q, a conduct application, was filed in September 2011. Earlier scheduled dates were vacated as another application was commenced before the hearing dates for the first application. The files were joined in March 2013. The hearing commenced in October 2013 and further dates are scheduled in April 2014. Age of file: 30 months.
18. File R, a conduct application, was filed in September 2011. The hearing commenced in March 2012. Earlier scheduled dates were vacated as other applications were commenced prior to the hearing dates scheduled for the first application. The Law Society brought a motion to join this matter with three others (Files U, W and Y) that was heard and granted in March 2012. The panel also ordered an interim suspension in March 2012 pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013. Further dates are scheduled in June 2014. Age of file: 30 months.
19. File S, a conduct application, was filed in September 2011. Both parties filed motions, which were heard in 2012. The hearing on the merits commenced in March 2013 and continued through to September 2013. The panel reserved its decision. Age of file: 30 months.
20. File T, a conduct application, was filed in October 2011. Several motions were heard. A non-compliance proceeding was commenced in November 2012. A motion was brought to join the matters. That motion was heard and granted in January 2013. The final submissions on penalty were made in September 2013. The panel reserved. Age of file: 26 months.

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21. File U, a conduct application, was filed in November 2011. The Law Society brought a motion to join this matter with three others (Files R, W and Y) that was heard and granted in March 2012. The hearing for this file commenced in March 2012. The panel ordered an interim suspension at that time pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013. Further dates are scheduled in June 2014. Age of file: 28 months.
22. File V, a conduct application, was filed in November 2011. The licensee is subject to an interlocutory suspension order. The hearing commenced in September 2012 and continued until July 2013. The panel reserved its decision. Age of file: 28 months.
23. File W, a conduct application, was filed in December 2011. The Law Society brought a motion to join this matter with three others (Files R, U and Y) that was heard and granted in March 2012. The hearing for this file commenced in March 2012. The panel ordered an interim suspension at that time pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013. Further dates are scheduled in June 2014. Age of file: 28 months.
24. File X, a conduct application, was filed in January 2012. The licensee brought a motion to dismiss the application in February 2012. The motion was heard in July 2013 and dismissed in August 2013. The licensee commenced an application for judicial review after receiving the reasons for decision in November 2013. The Divisional Court quashed the application for judicial review in March 2014. The hearing is scheduled to commence in April 2014. Age of file: 27 months.
25. File Y, a conduct application, was filed in February 2012. The Law Society brought a motion to join this matter with three others (Files R, U and W) that was heard and granted in March 2012. The hearing for this file commenced in July 2012. The hearing continued with dates in 2012 and 2013. Further dates are scheduled in June 2014. Age of file: 26 months.
26. File Z, a conduct application, was filed in February 2012. The hearing was initially scheduled to commence in November 2012 however the licensee successfully sought an adjournment. The hearing commenced in March 2013 and continued in May 2013. The panel reserved its decision. A penalty hearing occurred in October 2013 and written submissions were received in November 2013 and January 2014. The panel is reserved. Age of file: 25 months.
27. File AA, a conduct application, was filed in February 2012. The hearing commenced in December 2012 and continued in January and April 2013. The matter was determined in April 2013 with written reasons to follow. Age of file: 25 months.
28. File BB, a conduct application, was filed in February 2012. The hearing commenced in November 2012 and continued in January 2013. Written submissions were received in February and March 2013. The panel reserved its decision. A penalty hearing is scheduled for April 2014. Age of file: 25 months.
29. File CC, a conduct application, was filed in February 2012. The file was before the PMC throughout 2012 and into 2013. The hearing commenced in December 2013 and is scheduled to continue in April 2014. Age of file: 24 months.

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**SUMMARY<sup>2</sup> FILES OPENED AND CLOSED<sup>3</sup>**

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Opened</b>	<b>8 (9)</b>				<b>8 (9)</b>
Lawyer	3				3
Paralegal	5				5
<b>Total Closed</b>	<b>12 (7)</b>				<b>12 (7)</b>
Lawyer	8				8
Paralegal	4				4

**OPEN SUMMARY FILES AT QUARTER END**

	Q1	Q2	Q3	Q4
<b>Total Files</b>	<b>21 (23)</b>			
Lawyer	14			
Paralegal	7			

<sup>2</sup> A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with Rules of Practice and Procedure R.11.01 (2). These files are heard by a single adjudicator.

<sup>3</sup> This is a subset of the information provided in the charts: “Files Opened” on page 3 and “Files Closed” on page 4.

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**NUMBER OF LAWYERS AND PARALEGALS BEFORE THE TRIBUNAL**

	Q1	Q2	Q3	Q4	Yearly Total
	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals
<b>PMC</b>	<b>68 (52)</b>				<b>68 (52)</b>
Lawyers	57				57
Paralegals	11				11
<b>Hearing Division</b>	<b>65 (50)</b>				<b>65 (50)</b>
Lawyers	51				51
Paralegals	14				14
<b>AMC</b>	<b>5 (11)</b>				<b>5 (11)</b>
Lawyers	4				4
Paralegals	1				1
<b>Appeal Division</b>	<b>13 (7)</b>				<b>13 (7)</b>
Lawyers	13				13
Paralegals	0				0



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**NUMBER OF FILES AND FREQUENCY BEFORE THE TRIBUNAL**

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal.

	Q1		Q2		Q3		Q4		Yearly Total	
	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered
<b>PMC</b>	<b>73 (55)</b>	<b>119 (91)</b>							<b>73 (55)</b>	<b>119 (91)</b>
Lawyer	61	93							61	93
Paralegal	12	26							12	26
<b>Hearing Division</b>	<b>76 (56)</b>	<b>111 (72)</b>							<b>76 (56)</b>	<b>111 (72)</b>
Lawyer	61	89							61	89
Paralegal	15	22							15	22
<b>AMC</b>	<b>5 (11)</b>	<b>11 (13)</b>							<b>5 (11)</b>	<b>11 (13)</b>
Lawyer	4	9							4	9
Paralegal	1	2							1	2
<b>Appeal Division</b>	<b>13 (7)</b>	<b>13 (9)</b>							<b>13 (7)</b>	<b>13 (9)</b>
Lawyer	13	13							13	13
Paralegal	0	0							0	0

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**First Quarter Report (January 1 – March 31, 2014)**

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**TOTAL HEARINGS SCHEDULED AND VACATED**

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. Reasons for vacated hearings are noted on pages 14 - 15. The number of hearing calendar days scheduled is noted on page 15.

	Q1	Q2	Q3	Q4	Cumulative
<b>Hearing Division hearings scheduled<sup>4</sup></b>	<b>121 (82)</b>				<b>121 (82)</b>
Lawyer	99				99
Paralegal	22				22
<b>All Hearing Division hearing time vacated</b>	<b>29 (14) 24% (17%)</b>				<b>29 (14) 24% (17%)</b>
Lawyer	28				28
Paralegal	1				1
<b>Some Hearing Division hearing time vacated</b>	<b>9 (8) 7% (10%)</b>				<b>9 (8) 7% (10%)</b>
Lawyer	8				8
Paralegal	1				1
<b>Appeal Division hearings scheduled<sup>5</sup></b>	<b>15 (14)</b>				<b>15 (14)</b>
Lawyer	14				14
Paralegal	1				1
<b>All Appeal Division hearing time vacated</b>	<b>1 (1) 7% (7%)</b>				<b>1 (1) 7% (7%)</b>
Lawyer	1				1
Paralegal	0				0

<sup>4</sup> This includes proceeding management conference motion hearings.

<sup>5</sup> This includes appeal management conference motion hearings.

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**REASON FOR VACATED HEARINGS<sup>6</sup>**

<b>All hearing time vacated</b>	<b>Q1<sup>7</sup></b>		<b>Q2</b>		<b>Q3</b>		<b>Q4</b>	
	<b>L<sup>8</sup></b>	<b>P</b>	<b>L</b>	<b>P</b>	<b>L</b>	<b>P</b>	<b>L</b>	<b>P</b>
Party / counsel / representative unavailable / ill	8							
Counsel / representative newly retained / to be retained	5							
Party to obtain / provide additional evidence	4							
Witness unavailable	4							
Seized panel member unavailable / ill	2							
Agreed statement of facts ("ASF") expected / signed	1							
Counsel / representative removed from record		1						
Licensee is subject of other conduct / court matters	1							
Request to have applications heard together	1							

<b>Some hearing time vacated</b>	<b>Q1</b>		<b>Q2</b>		<b>Q3</b>		<b>Q4</b>	
	<b>L</b>	<b>P</b>	<b>L</b>	<b>P</b>	<b>L</b>	<b>P</b>	<b>L</b>	<b>P</b>
ASF expected / signed	2							
Party / counsel / representative unavailable / ill	2							
Hearing completed ahead of time estimated	1							
Party to bring motion	1							
Party to obtain / provide additional evidence	1							
Witness unavailable		1						

<sup>6</sup> A hearing may have been vacated for more than one reason.

<sup>7</sup> This column represents the number of times the reason resulted in a vacated hearing.

<sup>8</sup> L = lawyer, P = paralegal.

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**CALENDAR DAYS SCHEDULED AND VACATED**

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted on page 16.

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of available calendar days</b>	<b>62 (61)</b>				<b>62 (61)</b>
<b>Hearing Division calendar days scheduled</b>	<b>60 (55)</b>				<b>60 (55)</b>
<b>Hearing Division calendar days vacated</b>	<b>4 (3) 7% (5%)</b>				<b>4 (3) 7% (5%)</b>
<b>Appeal Division calendar days scheduled</b>	<b>18 (15)</b>				<b>18 (15)</b>
<b>Appeal Division calendar days vacated</b>	<b>1 (1) 6% (7%)</b>				<b>1 (1) 6% (7%)</b>

**Law Society Tribunal Statistics**  
**First Quarter Report (January 1 – March 31, 2014)**

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**REASON FOR AND RESULTING VACATED CALENDAR DAYS**

<b>Reason</b>	<b>Q1<sup>9</sup></b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Witness unavailable	3-3			
AMC not required	1-1			
ASF expected / signed	1-1			
Hearing completed ahead of time estimated	1-1			
Licensee counsel newly retained / to retain counsel	1-1			
Motion abandoned	1-1			
Seized panel member unavailable / ill	1-1			

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<sup>9</sup> The first figure in this column represents the number of times a panel accepted this reason. The second figure represents the resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported on page 15 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

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**First Quarter Report (January 1 – March 31, 2014)**

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**PARTIES' ADJOURNMENT REQUESTS**

The following table lists the number of adjournment requests to the Law Society Tribunal in this quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter.

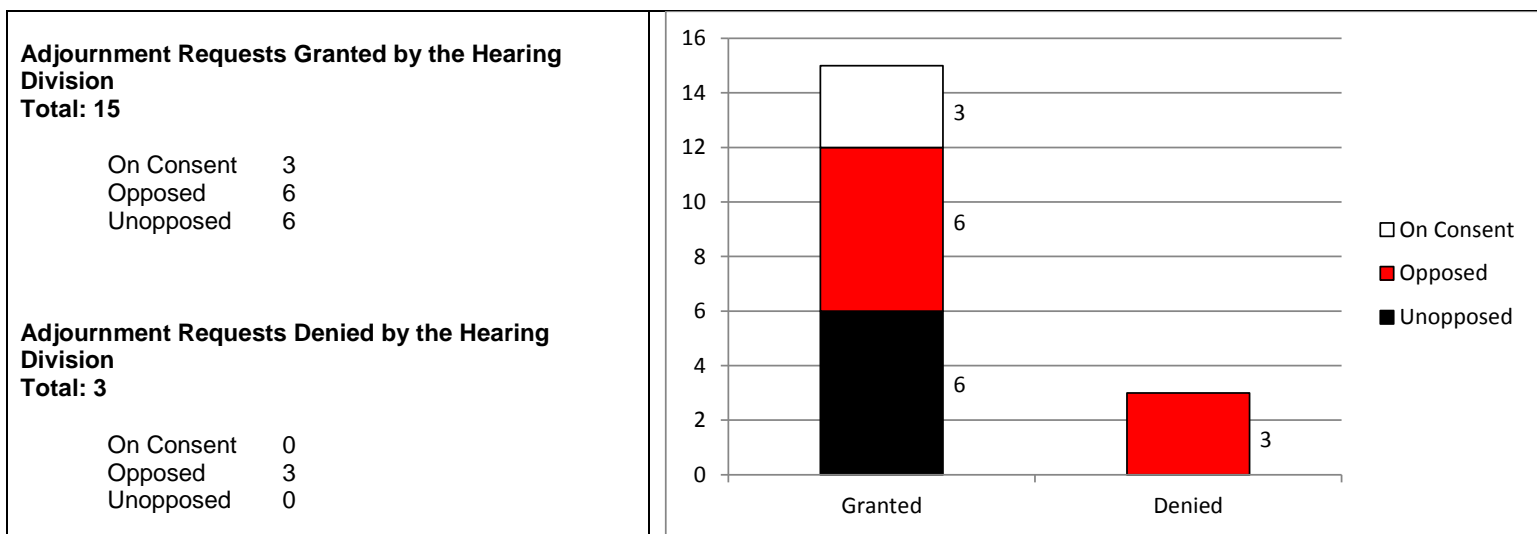
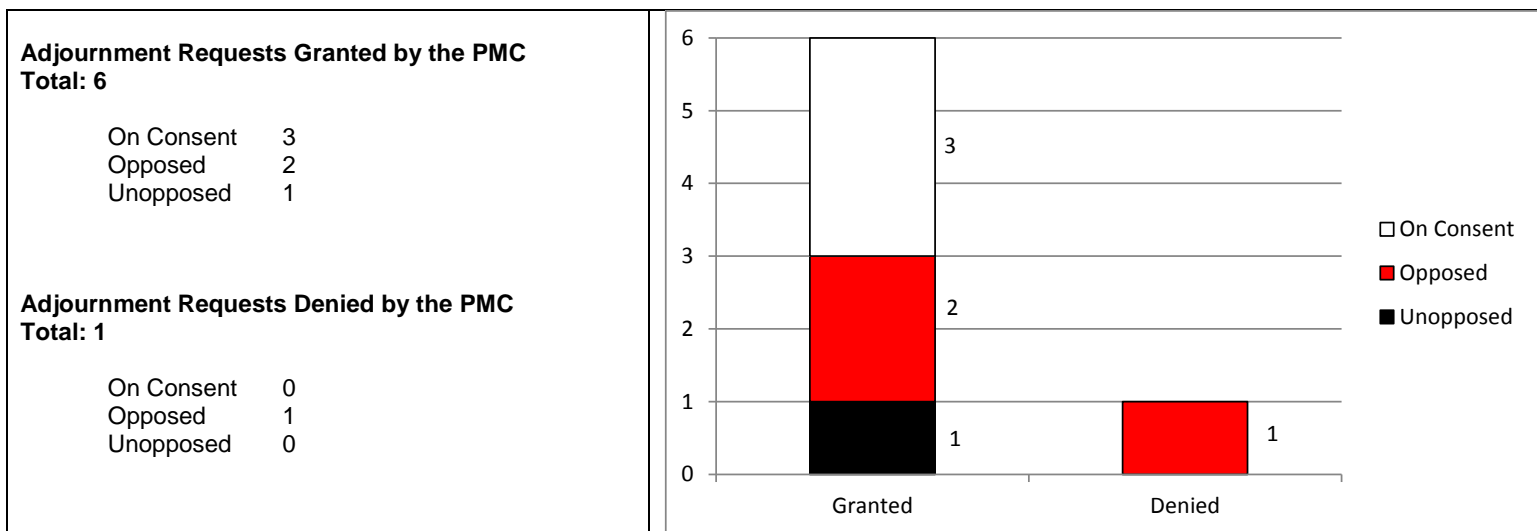
Adjournment request made to		Requests								
		Q1 <sup>10</sup>		Q2		Q3		Q4		Cumulative
		L	P	L	P	L	P	L	P	
PMC	Granted	6 (4)	0 (1)							6 (5)
	Denied	1 (1)	0 (1)							1 (2)
Hearing Division	Granted	15 (6)	2 (0)							17 (6)
	Denied	3 (2)	1 (0)							4 (2)
AMC	Granted	0 (1)	1 (0)							1 (1)
	Denied	0 (0)	0 (0)							0 (0)
Appeal Division	Granted	0 (0)	0 (0)							0 (0)
	Denied	0 (0)	0 (0)							0 (0)

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<sup>10</sup> L = lawyer, P = paralegal.

**Law Society Tribunal Statistics**  
**First Quarter Report (January 1 – March 31, 2014)**

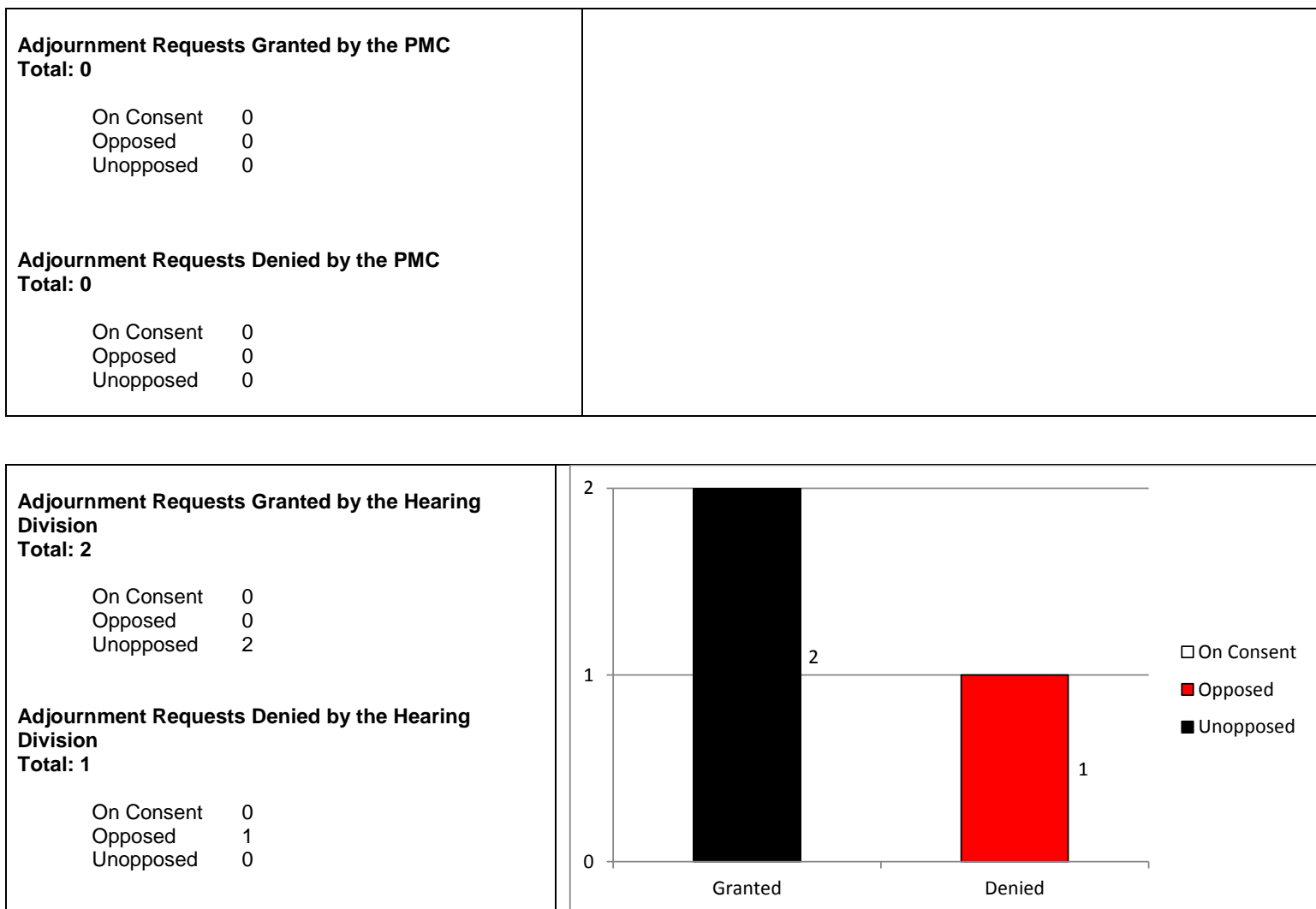
**PARTIES' POSITION ON ADJOURNMENT REQUESTS (LAWYER MATTERS)**



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**PARTIES' POSITION ON ADJOURNMENT REQUESTS (PARALEGAL MATTERS)**





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TRIBUNAL REASONS PRODUCED AND PUBLISHED<sup>11</sup>

	Q1	Q2	Q3	Q4	Cumulative
<b>Written reasons produced</b>	<b>39 (41)</b>				<b>39 (41)</b>
Lawyer	31				31
Paralegal	8				8
<b>Written reasons published</b>	<b>41 (37)</b>				<b>41 (37)</b>
Lawyer	35				35
Paralegal	6				6
<b>Oral reasons produced</b>	<b>35 (20)</b>				<b>35 (20)</b>
Lawyer	30				30
Paralegal	5				5
<b>Oral reasons published</b>	<b>21 (16)</b>				<b>21 (16)</b>
Lawyer	17				17
Paralegal	4				4

<sup>11</sup> The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

Law Society  
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April 1 to June 30

**Second Quarter  
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**Law Society Tribunal Statistics  
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**FILES OPENED**

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	38 (48)	<b>33 (41)<sup>1</sup></b>			<b>71 (89)</b>
Lawyer	28	27			55
Paralegal	10	6			16
<b>Hearing Files</b>	36 (41)	<b>25 (38)</b>			<b>61 (79)</b>
Lawyer	26	22			48
Paralegal	10	3			13
<b>Appeal Files</b>	2 (7)	<b>8 (3)</b>			<b>10 (10)</b>
Lawyer	2	5			7
Paralegal	0	3			3

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<sup>1</sup> Numbers in parentheses are 2013 figures.

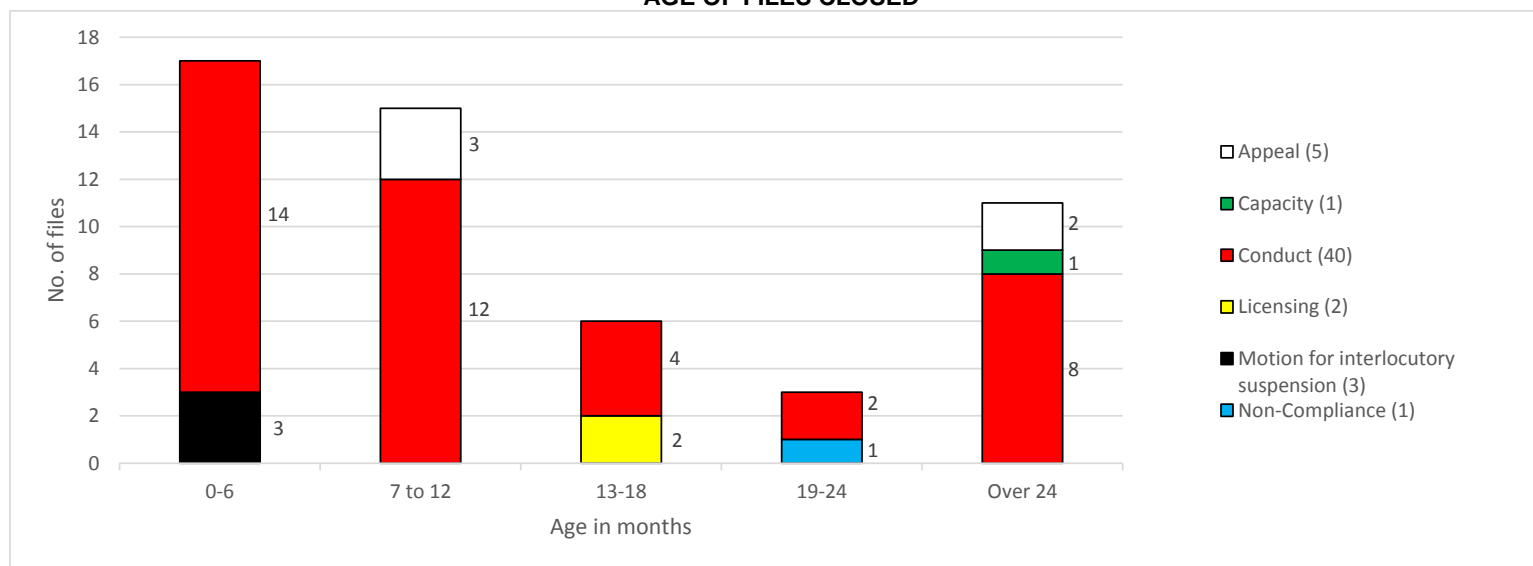
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**FILES CLOSED**

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or anytime prior.

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Files</b>	<b>44 (31)</b>	<b>52 (38)</b>			<b>96 (69)</b>
Lawyer	32	41			73
Paralegal	12	11			23
<b>Hearing Files</b>	<b>35 (26)</b>	<b>47 (34)</b>			<b>82 (60)</b>
Lawyer	24	36			60
Paralegal	11	11			22
<b>Appeal Files</b>	<b>9 (5)</b>	<b>5 (4)</b>			<b>14 (9)</b>
Lawyer	8	5			13
Paralegal	1	0			1

**AGE OF FILES CLOSED**



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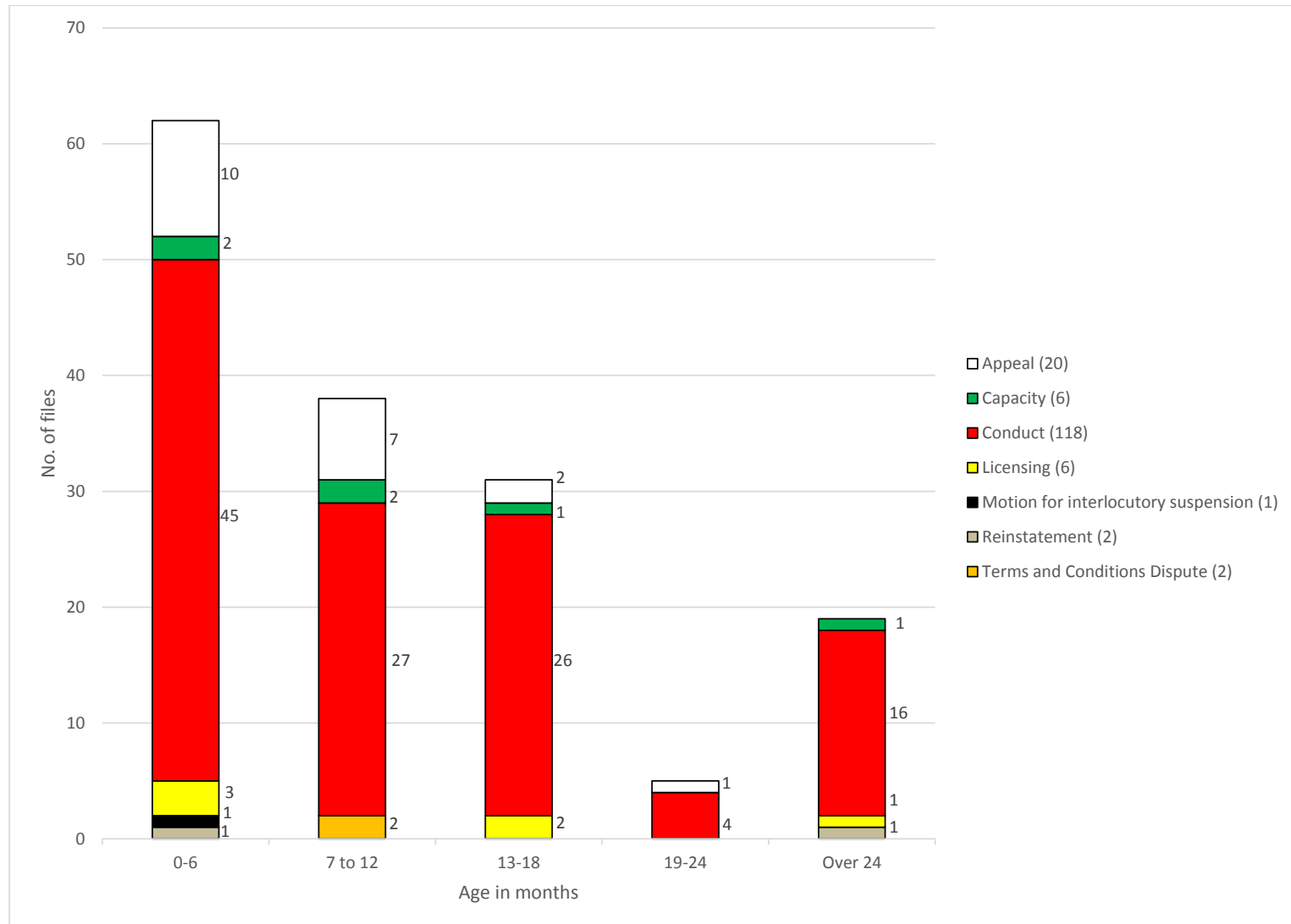
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## OPEN FILES AT QUARTER END

	Q1	Q2	Q3	Q4
<b>Total Files</b>	<b>179 (173)</b>	<b>155 (179)</b>		
Lawyer	150	132		
Paralegal	29	23		
<b>Hearing Files</b>	<b>162 (146)</b>	<b>135 (153)</b>		
Lawyer	134	116		
Paralegal	28	19		
<b>Appeal Files</b>	<b>17 (27)</b>	<b>20 (26)</b>		
Lawyer	16	16		
Paralegal	1	4		

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**OPEN FILES BY AGE**



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**OPEN FILES BY AGE – OVER 24 MONTHS**

1. File A, a reinstatement application, was filed in April 2000, but the licensee did not pursue the application until February 2008. The applicant has not yet filed materials. A further proceeding management conference (“PMC”) is scheduled for October 2014. Age of file: 171 months.
2. File B, a licensing application, was filed in June 2009. Several motions were heard. The hearing on the merits commenced in July 2011 and concluded in July 2014. The panel reserved its decision. Age of file: 61 months.
3. File C, a conduct application, was filed in September 2009. At the request of the parties, the hearing on the merits commenced in April 2011. The notice of application was dismissed in April 2013. The licensee filed a motion for costs in October 2013. The motion commenced in January 2014. Further dates are scheduled for September 2014. Age of file: 58 months.
4. File D, a conduct application, was filed in January 2010. The hearing on the merits commenced in November 2010 and concluded in June 2012. A hearing on penalty and costs occurred in April 2013. The panel’s decision on penalty and costs was released in June 2013. A reprimand is to be administered. The licensee appealed the decision. The appeal was heard in February 2014 and the panel reserved. Age of file: 54 months.
5. File E, a conduct application, was filed in May 2010. The hearing commenced in March 2011. A motion to quash the proceedings was filed in January 2012 and heard in March and April 2012. The panel delivered its decision on the motion in November 2012 recusing themselves from the hearing and received submissions on costs. The panel’s decision on costs was delivered in March 2013. In April 2013, the matter returned to the PMC and the licensee filed a motion for a stay of the proceedings pending the outcome of a court matter. The motion was dismissed in December 2013 and the hearing commenced in February 2014. Continuation dates are scheduled into October 2014. Age of file: 50 months.
6. File F, a conduct application, was filed in October 2010. Several motions were heard. The hearing on the merits commenced in July 2012. The panel made a finding in September 2012 and penalty submissions were scheduled to be heard in January 2013 but a motion to dismiss the notice of application was filed. The motion was heard in April 2013 and the panel’s decision denying the motion was released in June 2013. The hearing resumed and concluded in July 2014. The panel reserved its decision on penalty and costs. Age of file: 45 months.
7. File G, a conduct application, was filed in December 2010. The hearing commenced in March 2011. Several motions were filed and dealt with in 2011 and 2012. The panel made a finding of professional misconduct in June 2012 and written reasons were released in January 2013. The panel requested written submissions on penalty. A penalty hearing was held in May 2014. The panel reserved its decision. Age of file: 43 months.
8. File H, a conduct application, was filed in March 2011. The initial hearing dates were vacated due to a change in representation. The hearing on the merits commenced in February 2012 and continued in August 2012. Written submissions were filed in October and December 2012 and January 2013. The panel’s decision on finding was released in July 2013. A penalty hearing occurred in December 2013 and the panel’s decision was released in May 2014. Submissions on costs were received in June 2014. The panel reserved. Age of file: 40 months.
9. File I, a conduct application, was filed in September 2011. The hearing commenced in March 2012. Earlier scheduled dates were vacated as other applications were commenced prior to the hearing dates scheduled for the first application. The Law Society brought a motion to join this matter with three others (Files K, M, and O) that was heard and granted in March 2012. The panel also ordered an interim suspension in March 2012 pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013 and concluded in June 2014. The panel reserved its decision. Age of file: 33 months.



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10. File J, a conduct application, was filed in September 2011. Both parties filed motions, which were heard in 2012. The hearing on the merits commenced in March 2013 and continued through to September 2013. The panel reserved its decision. Age of file: 33 months.
11. File K, a conduct application, was filed in November 2011. The Law Society brought a motion to join this matter with three others (Files I, M, and O) that was heard and granted in March 2012. The hearing for this file commenced in March 2012. The panel ordered an interim suspension at that time pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013 and concluded in June 2014. The panel reserved its decision. Age of file: 31 months.
12. File L, a conduct application, was filed in November 2011. The licensee is subject to an interlocutory suspension order. The hearing commenced in September 2012 and continued until July 2013. The panel reserved its decision. Age of file: 31 months.
13. File M, a conduct application, was filed in December 2011. The Law Society brought a motion to join this matter with three others (Files I, K and O) that was heard and granted in March 2012. The hearing for this file commenced in March 2012. The panel ordered an interim suspension at that time pending the conclusion of the hearing. The hearing continued with dates in 2012 and 2013 and concluded in June 2014. The panel reserved its decision. Age of file: 31 months.
14. File N, a conduct application, was filed in January 2012. The licensee brought a motion to dismiss the application in February 2012. The motion was heard in July 2013 and dismissed in August 2013. The licensee commenced an application for judicial review after receiving the reasons for decision in November 2013. The Divisional Court quashed the application for judicial review in March 2014. The hearing commenced in April 2014 and concluded in June 2014. The panel reserved its decision. Age of file: 29 months.
15. File O, a conduct application, was filed in February 2012. The Law Society brought a motion to join this matter with three others (Files I, K and M) that was heard and granted in March 2012. The hearing for this file commenced in July 2012. The hearing continued with dates in 2012 and 2013 and concluded in June 2014. The panel reserved its decision. Age of file: 29 months.
16. File P, a conduct application, was filed in February 2012. The hearing was initially scheduled to commence in November 2012 however the licensee successfully sought an adjournment to obtain the assistance of counsel. The hearing commenced in March 2013 and continued in May 2013. The panel reserved its decision. A penalty hearing occurred in October 2013 and written submissions were received in November 2013 and January 2014. The panel's reasons and order were released in April 2014. The panel is awaiting cost submissions. Age of file: 28 months.
17. File Q, a conduct application, was filed in February 2012. The file was before the PMC throughout 2012 and into 2013. The hearing commenced in December 2013 and continued in April 2014. A continuation date is set for July 2014. Age of file: 24 months.
18. File R, a capacity application, was filed in May 2012. The Law Society filed a motion that was heard and granted in December 2012. Hearing dates are to be set.
19. File S, a conduct application, was filed in May 2012. A motion was heard in September 2012 and a pre-hearing conference and hearing date on the merits were set. The licensee provided an undertaking not to practice until the end of the conduct proceedings. A further PMC is scheduled in July 2014.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

**SUMMARY<sup>2</sup> FILES OPENED AND CLOSED<sup>3</sup>**

	Q1	Q2	Q3	Q4	Cumulative
<b>Total Opened</b>	<b>8 (9)</b>	<b>8 (5)</b>			<b>16 (14)</b>
Lawyer	3	7			10
Paralegal	5	1			6
<b>Total Closed</b>	<b>12 (7)</b>	<b>12 (11)</b>			<b>24 (18)</b>
Lawyer	8	8			16
Paralegal	4	4			8

**OPEN SUMMARY FILES AT QUARTER END**

	Q1	Q2	Q3	Q4
<b>Total Files</b>	<b>21 (23)</b>	<b>17 (17)</b>		
Lawyer	14	13		
Paralegal	7	4		

<sup>2</sup> A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with Rules of Practice and Procedure R.11.01 (2). These files are heard by a single adjudicator.

<sup>3</sup> This is a subset of the information provided in the charts: “Files Opened” on page 3 and “Files Closed” on page 4.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**NUMBER OF LAWYERS AND PARALEGALS BEFORE THE TRIBUNAL**

The yearly total of the “No of Lawyers / Paralegals” will not equal the sum of the “No of Lawyers / Paralegals” in Q1 and Q2 because the yearly total counts lawyers and paralegals that appeared in more than one quarter only once.

	Q1	Q2	Q3	Q4	Yearly Total
	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals	No. of Lawyers / Paralegals
<b>PMC</b>	<b>68 (52)</b>	<b>43 (78)</b>			<b>81 (96)</b>
Lawyers	57	35			68
Paralegals	11	8			13
<b>Hearing Division</b>	<b>65 (50)</b>	<b>56 (58)</b>			<b>98 (87)</b>
Lawyers	51	43			75
Paralegals	14	13			23
<b>AMC</b>	<b>5 (11)</b>	<b>3 (7)</b>			<b>7 (15)</b>
Lawyers	4	3			6
Paralegals	1	0			1
<b>Appeal Division</b>	<b>13 (7)</b>	<b>8 (10)</b>			<b>19 (15)</b>
Lawyers	13	5			16
Paralegals	0	3			3

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**NUMBER OF FILES AND FREQUENCY BEFORE THE TRIBUNAL**

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal. The yearly total of the “No. of Files” will not equal the sum of the “No. of Files” in Q1 and Q2 because the yearly total counts files that appeared in more than one quarter only once.

	Q1		Q2		Q3		Q4		Yearly Total	
	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered	No. of Files	No. of Times Files Considered
<b>PMC</b>	73 (55)	119 (91)	46 (83)	77 (162)					89 (102)	196 (253)
Lawyer	61	93	37	55					75	148
Paralegal	12	26	9	22					14	48
<b>Hearing Division</b>	76 (56)	111 (72)	67 (65)	88 (93)					114 (96)	199 (165)
Lawyer	61	89	54	66					90	155
Paralegal	15	22	13	22					24	44
<b>AMC</b>	5 (11)	11 (13)	3 (7)	5 (9)					7 (15)	16 (22)
Lawyer	4	9	3	5					6	14
Paralegal	1	2	0	0					1	2
<b>Appeal Division</b>	13 (7)	13 (9)	8 (11)	9 (12)					19 (16)	22 (21)
Lawyer	13	13	5	6					16	19
Paralegal	0	0	3	3					3	3

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**TOTAL HEARINGS SCHEDULED AND VACATED**

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. Reasons for vacated hearings are noted on pages 13 - 14. The number of hearing calendar days scheduled is noted on page 15.

	Q1	Q2	Q3	Q4	Cumulative
<b>Hearing Division hearings scheduled<sup>4</sup></b>	121 (82)	<b>96 (107)</b>			<b>217 (189)</b>
Lawyer	99	69			168
Paralegal	22	27			49
<b>All Hearing Division hearing time vacated</b>	29 (14) 24% (17%)	<b>15 (23)</b> <b>16% (22%)</b>			<b>44 (37)</b> <b>20% (20%)</b>
Lawyer	28	10			38
Paralegal	1	5			6
<b>Some Hearing Division hearing time vacated</b>	9 (8) 7% (10%)	<b>17 (10)</b> <b>18% (9%)</b>			<b>26 (18)</b> <b>12% (10%)</b>
Lawyer	8	15			23
Paralegal	1	2			3
<b>Appeal Division hearings scheduled<sup>5</sup></b>	15 (14)	<b>9 (16)</b>			<b>24 (30)</b>
Lawyer	14	6			20
Paralegal	1	3			4
<b>All Appeal Division hearing time vacated</b>	1 (1) 7% (7%)	<b>0 (2)</b> <b>0% (13%)</b>			<b>1 (3)</b> <b>4% (10%)</b>
Lawyer	1	0			1
Paralegal	0	0			0

<sup>4</sup> This includes proceeding management conference motion hearings.

<sup>5</sup> This includes appeal management conference motion hearings.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

**REASON FOR VACATED HEARINGS<sup>6</sup>**

All hearing time vacated	Q1		Q2 <sup>7</sup>		Q3		Q4	
	L	P	L <sup>8</sup>	P	L	P	L	P
Party / counsel / representative unavailable / ill	8		5					
Counsel / representative newly retained / to be retained	5		2	1				
Party to obtain / provide additional evidence	4							
Witness unavailable	4			1				
Seized panel member unavailable / ill	2		3					
Hearing completed ahead of time estimated			2					
Agreed statement of facts ("ASF") expected / signed	1							
Counsel / representative removed from record		1						
Licensee is subject of other conduct / court matters	1							
Request to have applications heard together	1							
Parties requested more time to prepare			1					
Licensing application abandoned			1					

<sup>6</sup> A hearing may have been vacated for more than one reason.

<sup>7</sup> This column represents the number of times the reason resulted in a vacated hearing.

<sup>8</sup> L = lawyer, P = paralegal.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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Some hearing time vacated	Q1		Q2		Q3		Q4	
	L	P	L	P	L	P	L	P
ASF expected / signed	2		4					
Party / counsel / representative unavailable / ill	2		2	1				
Hearing completed ahead of time estimated	1		5	1				
Counsel unprepared			2					
Party to bring motion	1							
Party to obtain / provide additional evidence	1							
Witness unavailable		1						
Seized panel member unavailable / ill			1					
License revoked in another proceeding			1					

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**CALENDAR DAYS SCHEDULED AND VACATED**

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted on page 16.

	Q1	Q2	Q3	Q4	Cumulative
<b>Number of available calendar days</b>	62 (61)	<b>63</b> (64)			<b>125</b> (125)
<b>Hearing Division calendar days scheduled</b>	60 (55)	<b>62</b> (59)			<b>122</b> (114)
<b>Hearing Division calendar days vacated</b>	4 (3) 7% (5%)	<b>4</b> (7) <b>7%</b> (12%)			<b>8</b> (10) <b>7%</b> (9%)
<b>Appeal Division calendar days scheduled</b>	18 (15)	<b>13</b> (11)			<b>31</b> (26)
<b>Appeal Division calendar days vacated</b>	1 (1) 6% (7%)	<b>0</b> (1) <b>0%</b> (10%)			<b>1</b> (2) <b>3%</b> (8%)



**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**REASON FOR AND RESULTING VACATED CALENDAR DAYS**

<b>Reason</b>	<b>Q1<sup>9</sup></b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Witness unavailable	3-3			
AMC not required	1-1			
ASF expected / signed	1-1			
Hearing completed ahead of time estimated	1-1	1-1		
Licensee counsel newly retained / to retain counsel	1-1			
Motion abandoned	1-1			
Seized panel member unavailable / ill	1-1			
Counsel unprepared		2-3		

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<sup>9</sup> The first figure in this column represents the number of times a panel accepted this reason. The second figure represents the resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported on page 15 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

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**PARTIES' ADJOURNMENT REQUESTS**

The following table lists the number of adjournment requests to the Law Society Tribunal in this quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter.

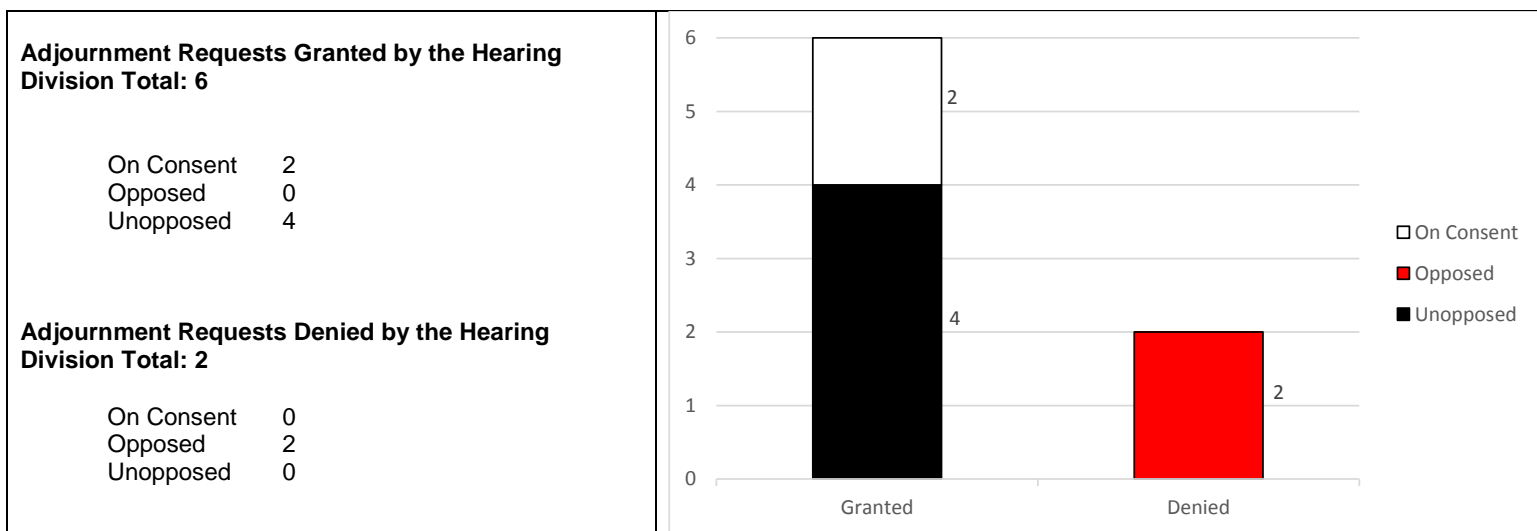
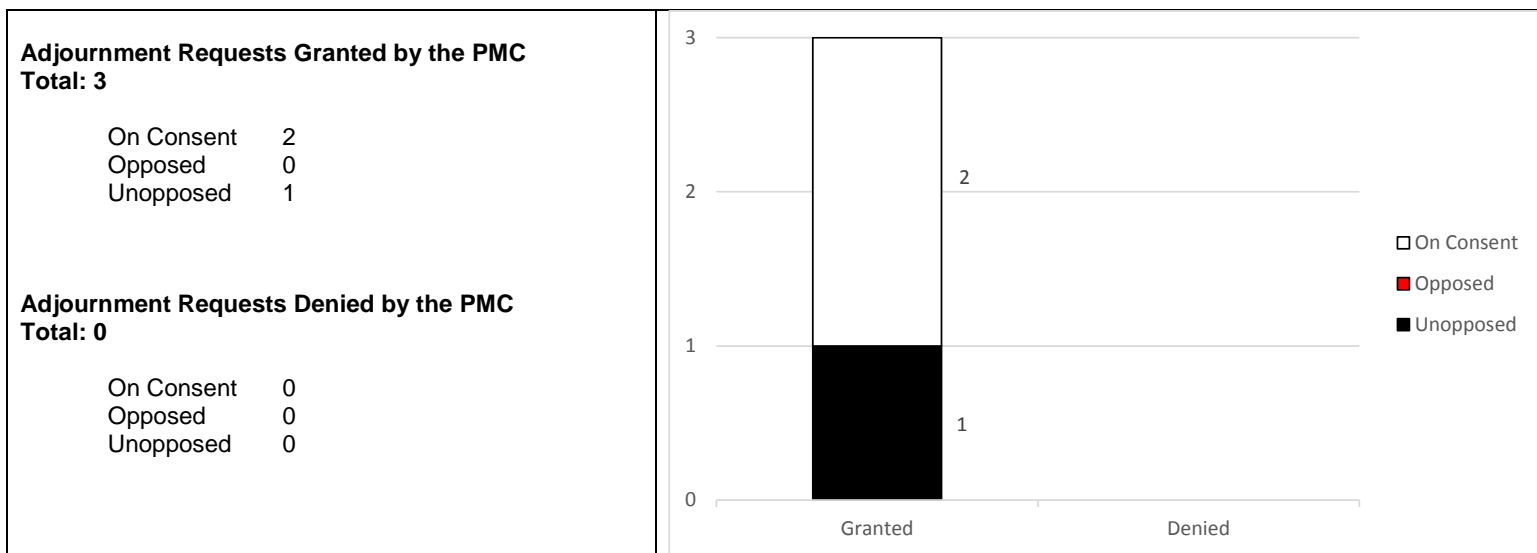
Adjournment request made to		Requests								
		Q1 <sup>10</sup>		Q2		Q3		Q4		Cumulative
		L	P	L	P	L	P	L	P	
PMC	Granted	6 (4)	0 (1)	3 (10)	0 (1)					9 (16)
	Denied	1 (1)	0 (1)	0 (0)	0 (0)					1 (2)
Hearing Division	Granted	15 (6)	2 (0)	6 (11)	3 (2)					26 (19)
	Denied	3 (2)	1 (0)	2 (0)	2 (1)					8 (3)
AMC	Granted	0 (1)	1 (0)	0 (0)	0 (0)					1 (1)
	Denied	0 (0)	0 (0)	0 (0)	0 (0)					0 (0)
Appeal Division	Granted	0 (0)	0 (0)	0 (0)	0 (0)					0 (0)
	Denied	0 (0)	0 (0)	0 (0)	0 (0)					0 (0)

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<sup>10</sup> L = lawyer, P = paralegal.

**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

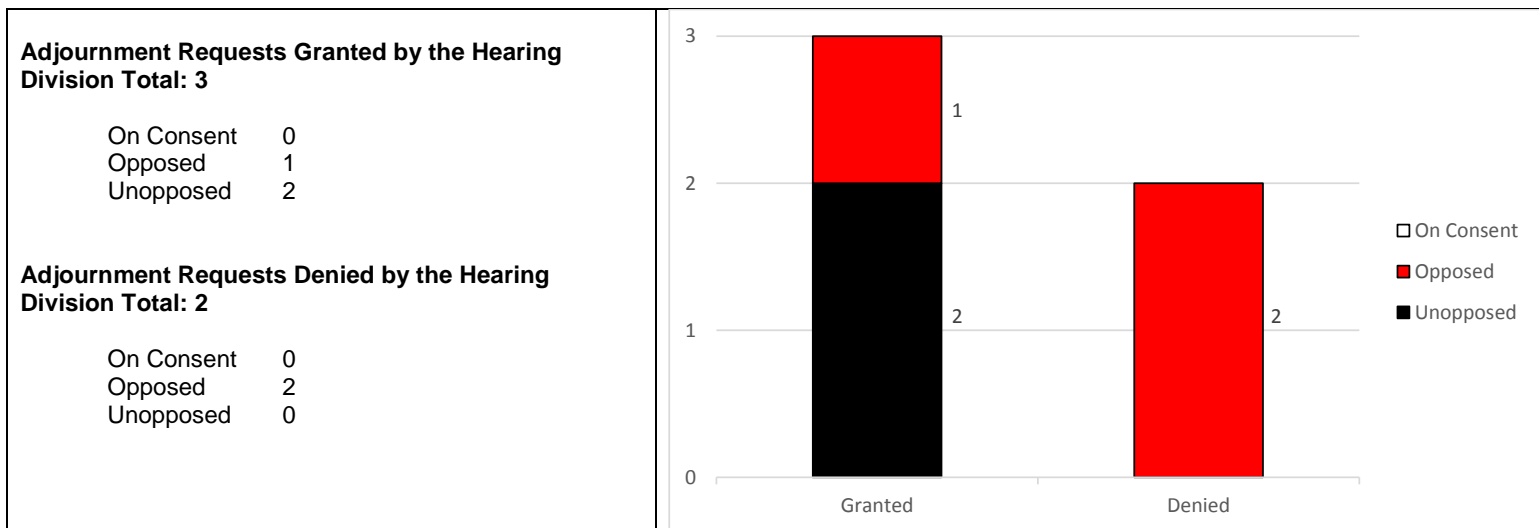
**PARTIES' POSITION ON ADJOURNMENT REQUESTS (LAWYER MATTERS)**



**Law Society Tribunal Statistics**  
**Second Quarter Report (April 1 – June 30, 2014)**

**PARTIES' POSITION ON ADJOURNMENT REQUESTS (PARALEGAL MATTERS)**

<p><b>Adjournment Requests Granted by the PMC</b>  <b>Total: 0</b></p> <p>On Consent     0  Opposed         0  Unopposed       0</p> <p><b>Adjournment Requests Denied by the PMC</b>  <b>Total: 0</b></p> <p>On Consent     0  Opposed         0  Unopposed       0</p>	
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Law Society Tribunal Statistics  
Second Quarter Report (April 1 – June 30, 2014)

TRIBUNAL REASONS PRODUCED AND PUBLISHED<sup>11</sup>

	Q1	Q2	Q3	Q4	Cumulative
<b>Written reasons produced</b>	39 (41)	55 (31)			94 (72)
Lawyer	31	48			79
Paralegal	8	7			15
<b>Written reasons published</b>	41 (37)	43 (36)			84 (73)
Lawyer	35	36			71
Paralegal	6	7			13
<b>Oral reasons produced</b>	35 (20)	14 (20)			49 (40)
Lawyer	30	8			38
Paralegal	5	6			11
<b>Oral reasons published</b>	21 (16)	1 (17)			22 (33)
Lawyer	17	0			17
Paralegal	4	1			5

<sup>11</sup> The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

## FOR INFORMATION

### NOTICES POSTED ON TRIBUNAL WEBSITE

#### SUMMARY

22. The Tribunal recently completed the transfer of information from the Law Society website to the new Tribunal website and has added Notices of Motion for Interlocutory Suspension or Restriction and Notices of Appeal to the other notices regularly published on the website.

#### Rationale

23. On the Law Society website Notices of Application and Notices of Referral for Hearing were posted, but Notices of Motion for Interlocutory Suspension or Restriction and Notices of Appeal were not.
24. The source of that practice was a policy passed by Convocation in January 2010 based on a report from the then Tribunals Committee. The Committee recommended expanding information to be posted on the Law Society website about proceedings consistent with other initiatives to “enhance and expand the openness, transparency and accountability of its processes, particularly its regulatory processes.”
25. The posting of these notices of proceedings is integral to the new adjudicative model’s commitment to effective, fair and transparent processes.
26. The Chair consulted with the Committee in the summer. The Committee consensus was that posting all information is appropriate and in keeping with the 2012 Report and the spirit of the 2010 Report.
27. The addition of these notices is in keeping with the principle of transparency that the public is able to easily locate information about Law Society proceedings.



Tab 4

## **Report to Convocation September 24, 2014**

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

#### **Committee Members**

**Julian Falconer, Chair**

**Janet Leiper, Chair**

**Susan Hare, Vice-Chair and Special Liaison with the Access to Justice Committee**

**Beth Symes, Vice-Chair**

**Constance Backhouse**

**Peter Festeryga**

**Avvy Go**

**Howard Goldblatt**

**Jeffrey Lem**

**Marian Lippa**

**Dow Marmur**

**Barbara Murchie**

**Judith Potter**

**Susan Richer**

#### **Purposes of Report: Decision and Information**

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

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Equity Director's Report

Human Rights Monitoring Group – Information about Interventions

Public Education Equality and Rule of Law Series Calendar 2014



## COMMITTEE PROCESS

1. The Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones (the "Committee") met on September 11, 2014. Committee members Julian Falconer, Chair, Janet Leiper, Chair, Susan Hare, Vice-Chair and Special Liaison with the Access to Justice Committee, Beth Symes, Vice-Chair, Constance Backhouse, Peter Festeryga, Avvy Go, Howard Goldblatt, Jeffrey Lem, Marian Lippa, Dow Marmur, Barbara Murchie, Judith Potter and Susan Richer attended. Sandra Yuko Nishikawa, Chair of the Equity Advisory Group, also participated. Professor Fiona Kay, Queen's University, attended to make a presentation. Staff members Josée Bouchard, Ross Gower, Lisa Hall, Marisha Roman, Ekua Quansah, Roy Thomas and Grant Wedge also attended.

**TAB 4.1**

**FOR DECISION**

**HUMAN RIGHTS MONITORING GROUP REQUEST FOR INTERVENTIONS**

**Request to Convocation**

2. That Convocation approve the letters and public statements in the following cases:
  - a. Lawyer Intigam Aliyev – Azerbaijan – letters of intervention and public statement presented at [TAB 4.1.1](#).
  - b. Lawyer Waleed Abu al-Khair – Saudi Arabia – letters of intervention and public statement presented at [TAB 4.1.2](#).

**SUMMARY**

**Rationale**

3. The request for interventions falls within the mandate of the Human Rights Monitoring Group (the “Monitoring Group”) to,
  - a. review information that comes to its attention about human rights violations that target members of the profession and the judiciary, here and abroad, as a result of the discharge of their legitimate professional duties;
  - b. determine if the matter is one that requires a response from the Law Society; and,
  - c. prepare a response for review and approval by Convocation.

**Key Issues and Considerations**

4. The Monitoring Group considered the following factors when making a decision about the case of the arrest and detention of human rights lawyer Intigam Aliyev:
  - a. there are no concerns about the quality of sources used for this report;
  - b. the Law Society of Upper Canada has not intervened in respect of human rights issues in Azerbaijan in the past;
  - c. the arrest and continued detention of Intigam Aliyev falls within the mandate of the Monitoring Group.
5. The Monitoring Group considered the following factors when making a decision about the case of the arrest, continued detention and severe sentencing of human rights lawyers Waleed Abu al-Khair:

- a. there are no concerns about the quality of sources used for this report;
- b. in the past, the Law Society of Upper Canada has condemned the persecution and ill-treatment of lawyers in Saudi Arabia, including Abdul Rahman al-Lahem, Sulaiman al-Rashudi, and Essam al-Basrawi;
- c. the arrest and continued detention of Waleed Abu al-Khair falls within the mandate of the Monitoring Group.

## DISCUSSION

### Azerbaijan – The Arrest And Detention of Human Rights Lawyer Intigam Aliyev

#### Sources of Information

6. The background information for this report was taken from the following sources:
- a. Council of Bars and Law Societies of Europe ("CCBE");<sup>1</sup>
  - b. Front Line Defenders;<sup>2</sup>
  - c. Lawyers for Lawyers ("L4L");<sup>3</sup> and,
  - d. Radio Free Europe / Radio Liberty ("RFE/RL").<sup>4</sup>

#### Background

7. The following information has been reported about Intigam Aliyev.

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1 The CCBE, founded in 1960, represents the bars and law societies of 32 European member States and 13 additional associate and observer countries. It acts as the liaison between the European Union and Europe's national bars, and law societies, representing more than 1 million European lawyers. The CCBE has been at the forefront of advancing the views of European lawyers and defending the legal principles upon which democracy and the rule of law are based.

2 Front Line Defenders is an international charitable organization, founded in Dublin in 2001, with the aim of protecting human rights defenders. The group promotes respect for the UN Declaration on Human Rights Defenders and maintains a special consultative status with the Economic and Social Council of the United Nations. Front Line Defenders also maintains partnership status with the Council of Europe and observer status with the African Commission on Human and Peoples' Rights.

3 L4L is an independent and non-political Dutch foundation seeking to promote the proper functioning of the rule of law. L4L provides financial, moral and/or legal support to oppressed lawyers and lawyers' organizations. The organization maintains contact and co-operates with the United Nations, the European Union, governments, embassies, universities, human rights organizations, as well as individual lawyers worldwide. L4L was granted Special Consultative status with the UN Economic and Social Council in July 2013.

4 RFE/RL is one of the most comprehensive media organizations in the world, producing radio, Internet and television programs in countries where a free press is either banned by the government or not fully established. RFE/RL broadcasts in 28 languages in 21 countries. RFE and RL were originally separate organizations, which were established at the beginning of the Cold War to transmit uncensored news and information to audiences behind the Iron Curtain. Initially, both RFE and RL were funded principally by the U.S. Congress through the Central Intelligence Agency. All CIA involvement ceased in 1971 and the two organizations were funded by Congressional appropriation through the Board for International Broadcasting. In 1976 the two corporations merged. In 1991, former Estonian President Lennart Meri nominated RFE/RL for the Nobel Peace Prize.

8. Intigam Aliyev is a prominent human rights lawyer in Azerbaijan and the head of the Legal Education Society, a human rights organization that provides legal support to low-income groups and non-governmental organizations.<sup>5</sup> Intigam Aliyev was awarded the Homo Homini human rights award in the Czech Republic in 2013.<sup>6</sup>
9. Reports indicate that Intigam Aliyev was summoned for interrogation in the Serious Crimes Investigation Prosecutor's Office in Baku on 8 August 2014, where he was subsequently charged with tax evasion, illegal enterprise, and abuse of official power.<sup>7</sup>
10. During his interrogation, Intigam Aliyev was allegedly asked to present evidence, as a witness, pertaining to a criminal case initiated by Azerbaijani authorities against a group of NGOs.<sup>8</sup> There is concern that the authorities were attempting to obtain confidential and/or privileged information relating to the case against the group of NGOs during the interrogation.
11. Later on 8 August 2014, the Nasimi District Court in Baku allegedly ordered Intigam Aliyev's pre-trial detention for three months. According to reports, he was then transferred to Baku Pre-Trial Detention Facility. His lawyer has appealed the ruling for pre-trial detention. Intigam Aliyev may face up to seven years in prison if convicted of the charges.<sup>9</sup>
12. On 9 August 2014, Intigam Aliyev circulated a statement through his lawyer denying the charges and criticizing the motives of his arrest as political rather than legal.<sup>10</sup> There are concerns that his arrest could be related to a recent speech he made at the Parliamentary Assembly of the Council of Europe, in which he criticized Azerbaijani authorities for human rights abuses, increasing numbers of political prisoners, and making less room for independent NGOs.<sup>11</sup> The European Court of Human Rights has also begun addressing complaints submitted with Intigam Aliyev's assistance.
13. The CCBE published a letter, sent from its President to President Ilham Aliyev of Azerbaijan, intervening in this matter. The letter properly draws attention to Article 16 and

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5 "Azerbaijan – Human rights defender Mr Intigam Aliyev in pre-trial detention while a group of NGOs' bank accounts are frozen", *Front Line Defenders* (12 August 2014), online:

<<http://www.frontlinedefenders.org/node/26850>> [FLD].

6 "Azerbaijani Rights Activist Jailed For Three Months", *RFE/RL* (8 August 2014), online:

<<http://www.rferl.org/content/azerbaijan-rights-activist-detain-intigam-aliyev/26520249.html>> [RFE/RL].

7 *Ibid.*

8 "Re: Concerns regarding human rights lawyer Mr Intigam Aliyev", *President of the CCBE* (Letter) (14 August 2014), online:

<[http://www.ccbe.eu/fileadmin/user\\_upload/NTCdocument/HR\\_letter\\_Azerbaijan1\\_1408349466.pdf](http://www.ccbe.eu/fileadmin/user_upload/NTCdocument/HR_letter_Azerbaijan1_1408349466.pdf)>

[CCBE]. The CCBE letter indicates that "on 5 August 2014 the court in Baku upheld the petition of the General Prosecutor's office and ruled to freeze the bank accounts of nine national NGOs and one international NGO, including bank accounts of the Legal Education Society and the Association of Lawyers in Azerbaijan."

9 *Ibid.*

10 *Ibid.*

11 "Intigam Aliyev: Azerbaijan", *Lawyers for Lawyers*, online:

<<http://www.advocatenvooradvocaten.nl/actions/intigam-aliyev/>>.

Article 23 of the United Nations *Basic Principles on the Role of Lawyers*.<sup>12</sup> Article 16 states that:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economics or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

14. RFE/RL reported that human rights defenders Rasul Jafarov, and Leyla and Arif Unus, were also arrested on similar charges.<sup>13</sup> The CCBE, Front Line Defenders, and Lawyers for Lawyers believe Intigam Aliyev's claim that his arrest was politically motivated. These groups are calling for his immediate release.

### **Saudi Arabia – The Arrest, Continued Detention and Severe Sentence of Human Rights Lawyer Waleed Abu Al-Khair**

#### **Sources of Information**

15. The background information for this report was taken from the following sources:
- a. Amnesty International;<sup>14</sup>
  - b. British Broadcasting Corporation ("BBC");<sup>15</sup>
  - c. Front Line Defenders;

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<sup>12</sup> United Nations, *Basic Principles on the Role of Lawyers*, 7 September 1990, online: <<http://www.refworld.org/docid/3ddb9f034.html>>.

<sup>13</sup> RFE/RL.

<sup>14</sup> Amnesty International is an independent and democratically-run organization. The movement's mission and policies, and its long-term directions, are all set by Amnesty members. Amnesty representatives from around the world gather every two years to set policy at the International Council Meeting (ICM). The Council also elects an International Executive Committee which ensures that the ICM's decisions are carried out. Where Amnesty International is formally organized in a particular country, such as in Canada, Amnesty members set policy and key priorities within the framework of the worldwide movement. Amnesty International's work is always being assessed by its members and staff in the light of changing world circumstances. When major changes in policy and approach are needed, Amnesty members make the final decision.

<sup>15</sup> The BBC, founded in 1922, is one of the world's most respected sources for news. It has been a global service since 1932.

- d. Gulf Centre for Human Rights ("GCHR"),<sup>16</sup>
- e. Human Rights Watch,<sup>17</sup> and,
- e. U.S. Department of State.<sup>18</sup>

## Background

16. The following information has been reported about Waleed Abu al-Khair.
17. Waleed Abu al-Khair is a prominent human rights lawyer, activist, and the founder and director of Monitor for Human Rights in Saudi Arabia.<sup>19</sup> Waleed Abu al-Khair was awarded the Olof Palme Memorial Fund Prize in 2012 for his work.<sup>20</sup>
18. On 4 October 2013, Saudi authorities arrested Waleed Abu al-Khair for hosting a weekly discussion group for reformists.<sup>21</sup> Reports indicate that he was brought before the Specialized Criminal Court in Riyadh on 6 October 2013, facing a number of charges, including "breaking allegiance to and disobeying the ruler", "disrespecting the authorities", "offending the judiciary", "inciting international organizations against the Kingdom" and "founding an unlicensed organization."<sup>22</sup>
19. On 29 October 2013, a different criminal court in Jeddah sentenced him to three months in prison on similar charges.<sup>23</sup> On 6 February 2014, the Court of Appeal upheld that sentence and conviction.<sup>24</sup>

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16 The GCHR was founded in 2011. It is an independent, non-profit NGO, with offices in Beirut and Copenhagen. The GCHR provides support and protection to human rights defenders working in the six Gulf Cooperation Council member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), and to those working in Iran, Iraq, Yemen and Syria. It receives guidance from an Advisory Board composed of regional and international human rights defenders, including academics and lawyers.

17 Human Rights Watch is a charitable organization that first began in 1978 with the creation of Helsinki Watch, which was designed to support citizens groups within the Soviet bloc to monitor government compliance with the 1975 Helsinki Accords. Related "Watch Committees" arose to address human rights abuses in the Americas, Asia, Africa, and the Middle East. In 1988, the organization formally adopted the all-inclusive "Human Rights Watch" name. In 1997, Human Rights Watch shared the Nobel Peace Prize for its efforts that contributed to banning landmines internationally. Human Rights Watch investigates abuses by using traditional on-the-ground fact-finding, supplemented by new technologies in fact-finding research, to defend the rights of people worldwide.

18 The U.S. Department of State, created in 1789, is the federal executive department responsible for the United States' international relations. The Department of State was the first executive department established.

19 "Saudi Arabia – Human rights lawyer Waleed Abu Al-Khair subjected to ill-treatment and imprisoned with criminals", Gulf Centre for Human Rights (21 July 2014), online: <<http://gc4hr.org/news/view/702>> [GCHR].

20 "Update – Saudi Arabia: Mr Waleed Abu Al-Khair receives lengthy prison sentence and travel ban", *Front Line Defenders* (7 July 2014), online: <<http://www.frontlinedefenders.org/node/26509>> [FLD].

21 "Saudi Arabia: Jailed for Hosting Discussion Group", *Human Rights Watch* (4 October 2013), online: <<http://www.hrw.org/news/2013/10/04/saudi-arabia-jailed-hosting-discussion-group>> [HRW].

22 "Saudi Arabia jails lawyer and human rights activist in ongoing crackdown on dissent", *Amnesty International* (16 April 2014), online: <<http://www.amnesty.org/en/news/saudi-arabia-waleed-abu-al-khair-2014-04-16>> [Amnesty].

23 *Amnesty*.

24 *Ibid*.

20. Reports indicate that after he served his sentence, Waleed Abu al-Khair was then detained on 15 April 2014 for “criticising and insulting the judiciary”; “assembling international organisations against the Kingdom”; “creating and supervising an unlicensed organisation, and contributing to the establishment of another”; and, “preparing and storing information that will affect public security.”<sup>25</sup> On 6 July 2014, the first instance Specialized Criminal Court in Jeddah sentenced Waleed Abu al-Khair to 15 years in prison, a 15 year ban on travel, and a fine of 200,000 Saudi riyal (almost CDN \$60,000).<sup>26</sup>
21. The U.S. Department of State has expressed its concern over the duration of the sentence, travel ban, and steep fine.<sup>27</sup> The organizations listed in this report believe that these charges are ‘trumped up’, and appear to be punishing peaceful activism.<sup>28</sup> A spokesperson for Human Rights Watch noted that the crackdown in Saudi Arabia “on peaceful human rights activists “makes a mockery of its membership in the UN Human Rights Council in Geneva, whose members are expected to promote and protect the very rights that Saudi authorities are trampling underfoot.”<sup>29</sup>
22. Furthermore, the GCHR brings forward additional concerns, noting that Waleed Abu al-Khair “is the only human rights defender in Buraiman prison and his ill-treatment and detention are in violation of the UN Convention of Civil and Political Rights as well as the UN Standard Minimum Rules for the Treatment of Prisoners in [...] section 8 (c) which states that ‘Persons imprisoned for debt and other civil prisoners shall be kept separate from persons imprisoned by reason of a criminal offence.’”<sup>30</sup>
23. The arrest, continued detention, and severe punishment of Waleed Abu al-Khair stands in contrast to Saudi Arabia’s responsibilities under international law, and as a current member of the United Nations Human Rights Council. Organizations are calling for his release and an end to the crackdown on human rights activists in Saudi Arabia.

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25 *FLD*.

26 *Ibid*.

27 U.S. Department of State, *Sentencing of Saudi Human Rights Lawyer Waleed Abu al-Khai* (Press Statement) (7 July 2014), online: <<http://www.state.gov/r/pa/prs/ps/2014/07/228840.htm>>.

28 “Saudi activist Waleed Abu al-Khair sentenced to prison”, *BBC* (7 July 2014), online: <<http://www.bbc.com/news/world-middle-east-28200195>> [*BBC*].

29 *Ibid*.

30 *GCHR*.

TAB 4.1.1

## PROPOSED LETTER OF INTERVENTION

### INTIGAM ALIYEV

His Excellency the President of Azerbaijan  
Ilham Aliyev  
Presidential Palace  
19 Istiqlaliyyat St,  
Baku AZ1066,  
Azerbaijan Republic

Your Excellency:

#### **Re: The arrest and continued detention of human rights lawyer Intigam Aliyev**

I write on behalf of the Law Society of Upper Canada\* to voice our grave concern over the case of Intigam Aliyev. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Intigam Aliyev is a prominent human rights lawyer in Azerbaijan and the head of the Legal Education Society, a human rights organization that provides legal support to low-income groups and non-governmental organizations. Mr. Aliyev was awarded the Homo Homini human rights award in the Czech Republic in 2013.

Reports indicate that Mr. Aliyev was summoned for interrogation in the Serious Crimes Investigation Prosecutor's Office in Baku on 8 August 2014, where he was subsequently charged with tax evasion, illegal enterprise, and abuse of official power.

During his interrogation, Mr. Aliyev was allegedly asked to present evidence, as a witness, pertaining to a criminal case initiated by Azerbaijani authorities against a group of non-governmental organizations. There is concern that the authorities were attempting to obtain confidential and/or privileged information relating to the case against the group of non-governmental organizations during the interrogation.

It was reported that, on 8 August 2014, the Nasimi District Court in Baku ordered Mr. Aliyev's pre-trial detention for three months. We understand that his lawyer has appealed the ruling for pre-trial detention. Reports indicate that Mr. Aliyev may face up to seven years in prison if convicted of the charges.

On 9 August 2014, Intigam Aliyev circulated a statement through his lawyer denying the charges and criticizing the motives of his arrest as political rather than legal. The Law Society of Upper Canada is concerned that his arrest could be related to a recent speech he made at the



Parliamentary Assembly of the Council of Europe, in which he criticized Azerbaijani authorities for human rights abuses, increasing numbers of political prisoners, and making less room for independent non-governmental organizations. The European Court of Human Rights has also begun addressing complaints submitted with Intigam Aliyev's assistance.

In concern over these reports, the Law Society of Upper Canada would like urges your Excellency to consider Articles 16 and 23 of the United Nations *Basic Principles on the Role of Lawyers*.

Article 16 states:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economics or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

The Law Society of Upper Canada is concerned that Intigam Aliyev's arrest and continued detention is evidence of mounting government pressure against human rights lawyers and defenders in Azerbaijan. There are reports that human rights defenders Rasul Jafarov, and Leyla and Arif Unus, were also arrested on similar charges.

The Law Society urges the government of the Republic of Azerbaijan to,

- a. release Intigam Aliyev immediately, as he is a prisoner of conscience;
- b. guarantee in all circumstances the physical and psychological integrity of Intigam Aliyev;
- c. provide Intigam Aliyev with regular access to his lawyer and family;
- d. guarantee all the procedural rights that should be accorded to Intigam Aliyev and other human rights lawyers and defenders in Azerbaijan;
- e. conduct a fair, impartial and independent investigation into any allegations of misconduct in the arrest and trial of Intigam Aliyev in order to identify all those responsible, bring them to trial and apply to them civil, penal and/or administrative sanctions provided by law;
- f. guarantee that adequate reparation would be provided to Intigam Aliyev if found to be a victim of abuses;

- g. put an end to all acts of harassment against Intigam Aliyev as well as other human rights lawyer and defenders in Azerbaijan;
- h. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

Yours very truly,

Janet E. Minor

Treasurer

*\*The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 6,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

*The mandate of the Law Society is to govern the legal profession in the public interest 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.*

cc:

Mr. Fikrat F. Mammadov  
Minister of Justice of the Republic of Azerbaijan  
AZ 1073, İnshaatchılar ave., 1  
Azerbaijan

Mr. Elmar Maharram oglu Mammadyarov  
Minister of Foreign Affairs of the Republic of Azerbaijan  
AZ 1009, Baku, Shikhali Qurbanov str. 4  
Azerbaijan

Mr. Ramil Huseynli, Chargé d'Affaires  
Embassy of the Republic of Azerbaijan to Canada  
275 Slater Street, Suite 1203  
Ottawa, ON, Canada  
K1P 5H9

Alex Neve, Secretary General, Amnesty International Canada

Mary Lawlor, Executive Director, Front Line Defenders

Vincent Forest, Head of European Union Office, Front Line Defenders

Kenneth Roth, Executive Director, Human Rights Watch

Adrie van de Streek, Executive Director, Lawyers for Lawyers

David F. Sutherland, Chair, Lawyers Rights Watch Canada

Yves Berthelot, President, Observatory for the Protection of Human Rights

Mr. Azer Tagiyev, President of the Azerbaijan Bar Association

Mr. Ali Mohammed Huseynli, Chairman, Azerbaijan Lawyers Confederation

Michael Frost, Special Rapporteur on the situation of human rights defenders, Office of the High Commissioner for Human Rights

Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights

Nicholas Fluck, President, The Law Society of England and Wales

## **Proposed Public Statement**

### **The Law Society of Upper Canada Expresses Grave Concerns about the Arrest and Ongoing Detention of Intigam Aliyev in Azerbaijan**

The Law Society of Upper Canada is gravely concerned about the arrest and ongoing detention of lawyer Intigam Aliyev in Azerbaijan.

Intigam Aliyev is a prominent human rights lawyer in Azerbaijan and the head of the Legal Education Society, a human rights organization that provides legal support to low-income groups and non-governmental organizations. Mr. Aliyev was awarded the Homo Homini human rights award in the Czech Republic in 2013.

Reports indicate that Mr. Aliyev was summoned for interrogation in the Serious Crimes Investigation Prosecutor's Office in Baku on 8 August 2014, where he was subsequently charged with tax evasion, illegal enterprise, and abuse of official power.

During his interrogation, Mr. Aliyev was allegedly asked to present evidence, as a witness, pertaining to a criminal case initiated by Azerbaijani authorities against a group of non-governmental organizations. There is concern that the authorities were attempting to obtain confidential and/or privileged information relating to the case against the group of non-governmental organizations during the interrogation.

It was reported that, on 8 August 2014, the Nasimi District Court in Baku ordered Mr. Aliyev's pre-trial detention for three months. His lawyer has appealed the ruling for pre-trial detention. Reports indicate that Mr. Aliyev may face up to seven years in prison if convicted of the charges.

On 9 August 2014, Intigam Aliyev circulated a statement through his lawyer denying the charges and criticizing the motives of his arrest as political rather than legal. The Law Society of Upper Canada is concerned that his arrest could be related to a recent speech he made at the Parliamentary Assembly of the Council of Europe, in which he criticized Azerbaijani authorities for human rights abuses, increasing numbers of political prisoners, and making less room for independent non-governmental organizations. The European Court of Human Rights has also begun addressing complaints submitted with Mr. Aliyev's assistance.

In concern over these reports, the Law Society of Upper Canada would like to remind the Government of the Republic of Azerbaijan of Articles 16 and 23 of the United Nations *Basic Principles on the Role of Lawyers*.

Article 16 states:

Governments shall ensure that lawyers (a) are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; (b) are able to travel and to consult with their clients freely both within their own country and abroad; and (c) shall not suffer, or be threatened with, prosecution or administrative, economics or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics.

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

The Law Society of Upper Canada is concerned that Intigam Aliyev's arrest and continued detention is evidence of mounting government pressure against human rights lawyers and defenders in Azerbaijan. There are reports that human rights defenders Rasul Jafarov, and Leyla and Arif Unus, were also arrested on similar charges.

The Law Society urges the government of the Republic Azerbaijan to,

- a. release Intigam Aliyev immediately, as he is a prisoner of conscience;
- b. guarantee in all circumstances the physical and psychological integrity of Intigam Aliyev;
- c. provide Intigam Aliyev with regular access to his lawyer and family;
- d. guarantee all the procedural rights that should be accorded to Intigam Aliyev and other human rights lawyers and defenders in Azerbaijan;
- e. conduct a fair, impartial and independent investigation into any allegations of misconduct in the arrest and trial of Intigam Aliyev in order to identify all those responsible, bring them to trial and apply to them civil, penal and/or administrative sanctions provided by law;
- f. guarantee that adequate reparation would be provided to Intigam Aliyev if found to be a victim of abuses;
- g. put an end to all acts of harassment against Intigam Aliyev as well as other human rights lawyer and defenders in Azerbaijan;
- h. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

*\*The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 6,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

*The mandate of the Law Society is to govern the legal profession in the public interest 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.*

### **Proposed Letter to Lawyers' Associations**

Dear [Name],

**Re: The arrest and continued detention of human rights lawyer Intigam Aliyev**

I write to inform you that on the advice of the Human Rights Monitoring Group\*, the Law Society of Upper Canada sent the attached letter to His Excellency Ilham Aliyev, President of Azerbaijan, expressing our deep concerns over reports of the arrest and continued detention of human rights lawyer Intigam Aliyev.

We would be very interested in hearing from you concerning the situation noted in the attached letter, whether your organization has intervened in this matter and whether we have any of the facts in the case wrong. Any further information you may have about the case would also be welcome.

Please forward any further correspondence to the attention of Josée Bouchard, Director, Equity, Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [jbouchar@lsuc.on.ca](mailto:jbouchar@lsuc.on.ca).

I thank you for your time and consideration.

Sincerely,

Paul Schabas  
Chair, Human Rights Monitoring Group

\* The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 6,000 paralegals in the province of Ontario, Canada. The Law Society is committed to preserving the rule of law and to the maintenance of an independent Bar. Due to this commitment, the Law Society established a Human Rights Monitoring Group ("Monitoring Group"). The Monitoring Group has a mandate to review information of human rights violations targeting, as a result of the discharge of their legitimate professional duties, members of the legal profession and the judiciary, in Canada and abroad. The Human Rights Monitoring Group reviews such information and determines if a response is required of the Law Society.

Letter to be sent to:

- Alex Neve, Secretary General, Amnesty International Canada
- Mary Lawlor, Executive Director, Front Line Defenders
- Vincent Forest, Head of European Union Office, Front Line Defenders
- Kenneth Roth, Executive Director, Human Rights Watch

- Adrie van de Streek, Executive Director, Lawyers for Lawyers
- David F. Sutherland, Chair, Lawyers Rights Watch Canada
- Yves Berthelot, President, Observatory for the Protection of Human Rights
- Mr. Azer Tagiyev, President of the Azerbaijan Bar Association
- Mr. Ali Mohammed Huseynli, Chairman, Azerbaijan Lawyers Confederation
- Michael Frost, Special Rapporteur on the situation of human rights defenders, Office of the High Commissioner for Human Rights
- Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights
- Nicholas Fluck, President, The Law Society of England and Wales



TAB 4.1.2

## PROPOSED LETTER OF INTERVENTION

### WALEED ABU AL-KHAIR

King Abdullah Bin Abdul Aziz Al-Saud  
The Custodian of the two Holy Mosques  
Office of His Majesty the King  
Royal Court  
Riyadh, Kingdom of Saudi Arabia

Your Majesty,

**Re: The arrest, continued detention, and severe punishment of human rights lawyer  
Waleed Abu al-Khair**

I write on behalf of the Law Society of Upper Canada\* to voice our grave concern over the case of Waleed Abu al-Khair. When serious issues of apparent injustice to lawyers and the judiciary come to our attention, we speak out.

Waleed Abu al-Khair is a prominent human rights lawyer, activist, and the founder and director of Monitor for Human Rights in Saudi Arabia. Mr. al-Khair was awarded the Olof Palme Memorial Fund Prize in 2012 for his work.

On 4 October 2013, Saudi authorities arrested Mr. al-Khair for hosting a weekly discussion group for reformists. Reports indicate that he was brought before the Specialized Criminal Court in Riyadh on 6 October 2013, facing a number of charges, including “breaking allegiance to and disobeying the ruler”, “disrespecting the authorities”, “offending the judiciary”, “inciting international organizations against the Kingdom” and “founding an unlicensed organization.”

Reports indicated that, on 29 October 2013, a different criminal court in Jeddah sentenced him to three months in prison on similar charges. On 6 February 2014, the Court of Appeal upheld that sentence and conviction.

Mr. al-Khair was then reportedly detained on 15 April 2014 for “criticising and insulting the judiciary”; “assembling international organisations against the Kingdom”; “creating and supervising an unlicensed organisation, and contributing to the establishment of another”; and, “preparing and storing information that will affect public security.” On 6 July 2014, the first instance Specialized Criminal Court in Jeddah sentenced Mr. al-Khair to 15 years in prison, a 15 year ban on travel, and a fine of 200,000 Saudi riyal.

The Law Society is aware that the U.S. Department of State has expressed its concern over the duration of the sentence, travel ban, and steep fine. There are also several well-known international organizations which maintain that the charges are 'trumped up', and are punishing peaceful activism. There are additional concerns, that Mr. al-Khair is the only human rights defender in Buraiman prison. There are reports that the nature of his detention amounts to ill-treatment and is in violation of the UN *Convention of Civil and Political Rights* as well as the UN *Standard Minimum Rules for the Treatment of Prisoners* in section 8 (c) which states that 'Persons imprisoned for debt and other civil prisoners shall be kept separate from persons imprisoned by reason of a criminal offence.'

The Law Society is deeply concerned about situations where lawyers are targeted in the legitimate exercise of their duties. As a current member of the UN Human Rights Council, Saudi Arabia should be aware of International human rights instruments, including the *Universal Declaration of Human Rights*, state that respect for humans rights are essential to advancing the rule of law. Article 16 of the *United Nations Basic Principles on the Role of Lawyers* states "governments shall ensure that lawyers are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; are able to travel and to consult with their clients freely; and shall not suffer, or be threatened with, prosecution or administrative, economic or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics". Article 18 states "lawyers shall not be identified with their clients or their clients' causes as a result of discharging their functions".

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

The Law Society urges the government of Saudi Arabia to,

- a. release Waleed Abu al-Khair immediately, as he is a prisoner of conscience;
- b. guarantee in all circumstances the physical and psychological integrity of Waleed Abu al-Khair;
- c. provide Waleed Abu al-Khair with regular access to his lawyer and families;
- d. guarantee all the procedural rights that should be accorded to Waleed Abu al-Khair, and other human rights defenders in Saudi Arabia;
- e. conduct a fair, impartial and independent investigation into any allegations of misconduct or ill-treatment in the arrest, detention, and sentencing of Waleed Abu al-Khair, in order to identify all those responsible, bring them to trial and apply to them civil, penal and/or administrative sanctions provided by law;
- f. guarantee that adequate reparation would be provided to Waleed Abu a-Khair if found to be a victim of abuses;

- g. put an end to all acts of harassment against Waleed Abu al-Khair, as well as other human rights defenders in Saudi Arabia;
- h. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

Yours very truly,

Janet E. Minor

Treasurer

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*The mandate of the Law Society is to govern the legal profession in the public interest 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.*

cc:

Dr. Mohammed bin Abdulkareem Al-Issa  
Minister of Justice of the Kingdom of Saudi Arabia  
University Street, Riyadh 11137  
Saudi Arabia

HRH Prince Saud Al-Faisal bin Abdulaziz Al-Saud  
Minister of Foreign Affairs of the Kingdom of Saudi Arabia  
Nasseriya Street, Riyadh 11124  
Saudi Arabia

Ambassador Luo Zhaohui  
The Royal Embassy of Saudi Arabia  
201 Sussex Drive  
Ottawa, ON, Canada

Alex Neve, Secretary General, Amnesty International Canada

Mary Lawlor, Executive Director, Front Line Defenders

Vincent Forest, Head of European Union Office, Front Line Defenders

Kenneth Roth, Executive Director, Human Rights Watch

Adrie van de Streek, Executive Director, Lawyers for Lawyers

David F. Sutherland, Chair, Lawyers Rights Watch Canada

Yves Berthelot, President, Observatory for the Protection of Human Rights

Michael Frost, Special Rapporteur on the situation of human rights defenders, Office of the High Commissioner for Human Rights

Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights

Nicholas Fluck, President, The Law Society of England and Wales

## **Proposed Public Statement**

### **The Law Society of Upper Canada Expresses Grave Concerns about the Arrest, Ongoing Detention, and Severe Sentence of Waleed Abu al-Khair in Saudi Arabia**

The Law Society of Upper Canada is gravely concerned about the arrest, ongoing detention, and severe sentence of lawyer Waleed Abu al-Khair in Saudi Arabia.

Waleed Abu al-Khair is a prominent human rights lawyer, activist, and the founder and director of Monitor for Human Rights in Saudi Arabia. Mr. al-Khair was awarded the Olof Palme Memorial Fund Prize in 2012 for his work.

On 4 October 2013, Saudi authorities arrested Mr. al-Khair for hosting a weekly discussion group for reformists. Reports indicate that he was brought before the Specialized Criminal Court in Riyadh on 6 October 2013, facing a number of charges, including “breaking allegiance to and disobeying the ruler”, “disrespecting the authorities”, “offending the judiciary”, “inciting international organizations against the Kingdom” and “founding an unlicensed organization.”

Reports indicated that, on 29 October 2013, a different criminal court in Jeddah sentenced him to three months in prison on similar charges. On 6 February 2014, the Court of Appeal upheld that sentence and conviction.

Mr. al-Khair was then reportedly detained on 15 April 2014 for “criticising and insulting the judiciary”, “assembling international organisations against the Kingdom”, “creating and supervising an unlicensed organisation, and contributing to the establishment of another”; and, “preparing and storing information that will affect public security.” On 6 July 2014, the first instance Specialized Criminal Court in Jeddah sentenced Mr. al-Khair to 15 years in prison, a 15 year ban on travel, and a fine of 200,000 Saudi riyal.

The Law Society is aware that the U.S. Department of State has expressed its concern over the duration of the sentence, travel ban, and steep fine. There are also several well-known international organizations which maintain that the charges are ‘trumped up’, and are punishing peaceful activism. There are additional concerns, that Mr. al-Khair is the only human rights defender in Buraiman prison. There are reports that the nature of his detention amounts to ill-treatment and is in violation of the UN *Convention of Civil and Political Rights* as well as the UN *Standard Minimum Rules for the Treatment of Prisoners* in section 8 (c) which states that ‘Persons imprisoned for debt and other civil prisoners shall be kept separate from persons imprisoned by reason of a criminal offence.’

The Law Society is deeply concerned about situations where lawyers are targeted in the legitimate exercise of their duties. As a current member of the UN Human Rights Council, Saudi Arabia should be aware of International human rights instruments, including the *Universal Declaration of Human Rights*, state that respect for humans rights are essential to advancing the rule of law. Article 16 of the *United Nations Basic Principles on the Role of Lawyers* states

"governments shall ensure that lawyers are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference; are able to travel and to consult with their clients freely; and shall not suffer, or be threatened with, prosecution or administrative, economic or other sanctions for any action taken in accordance with recognized professional duties, standards and ethics". Article 18 states "lawyers shall not be identified with their clients or their clients' causes as a result of discharging their functions".

Moreover, Article 23 states:

Lawyers like other citizens are entitled to freedom of expression, belief, association and assembly. In particular, they shall have the rights to take part in public discussion of matters concerning the law, the administration of justice and the promotion and protection of human rights and to join or form local, national or international organisations and attend their meetings, without suffering professional restrictions by reason of their lawful action or their membership in a lawful organisation.

The Law Society urges the government of Saudi Arabia to,

- a. release Waleed Abu al-Khair immediately, as he is a prisoner of conscience;
- b. guarantee in all circumstances the physical and psychological integrity of Waleed Abu al-Khair;
- c. provide Waleed Abu al-Khair with regular access to his lawyer and families;
- d. guarantee all the procedural rights that should be accorded to Waleed Abu al-Khair, and other human rights defenders in Saudi Arabia;
- e. conduct a fair, impartial and independent investigation into any allegations of misconduct or ill-treatment in the arrest, detention, and sentencing of Waleed Abu al-Khair, in order to identify all those responsible, bring them to trial and apply to them civil, penal and/or administrative sanctions provided by law;
- f. guarantee that adequate reparation would be provided to Waleed Abu a-Khair if found to be a victim of abuses;
- g. put an end to all acts of harassment against Waleed Abu al-Khair, as well as other human rights defenders in Saudi Arabia;
- h. ensure in all circumstances respect for human rights and fundamental freedoms in accordance with international human rights standards and international instruments.

*\*The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 6,000 paralegals in the province of Ontario, Canada. The Treasurer is the head of the Law Society.*

*The mandate of the Law Society is to govern the legal profession in the public interest 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.*

### Proposed Letter to Associations

Dear [Name],

**Re: The arrest, continued detention, and severe punishment of human rights lawyer Waleed Abu al-Khair**

I write to inform you that on the advice of the Human Rights Monitoring Group\*, the Law Society of Upper Canada sent the attached letter to His Majesty King Abdullah Bin Abdul Aziz Al-Saud, King of Saudi Arabia, expressing our deep concerns about Waleed Abu al-Khair's arrest, continued detention, and severe punishment.

We would be very interested in hearing from you concerning the situation noted in the attached letter, whether your organization has intervened in this matter and whether we have any of the facts in the case wrong. Any further information you may have about the case would also be welcome.

Please forward any further correspondence to the attention of Josée Bouchard, Director, Equity, Law Society of Upper Canada, 130 Queen St. West, Toronto, Ontario, Canada, M5H 2N6 or to [jbouchar@lsuc.on.ca](mailto:jbouchar@lsuc.on.ca).

I thank you for your time and consideration.

Sincerely,

Paul Schabas  
Chair, Human Rights Monitoring Group

\* The Law Society of Upper Canada is the governing body for more than 47,000 lawyers and 6,000 paralegals in the province of Ontario, Canada. The Law Society is committed to preserving the rule of law and to the maintenance of an independent Bar. Due to this commitment, the Law Society established a Human Rights Monitoring Group ("Monitoring Group"). The Monitoring Group has a mandate to review information of human rights violations targeting, as a result of the discharge of their legitimate professional duties, members of the legal profession and the judiciary, in Canada and abroad. The Human Rights Monitoring Group reviews such information and determines if a response is required of the Law Society.

Letter to be sent to:

- Alex Neve, Secretary General, Amnesty International Canada
- Mary Lawlor, Executive Director, Front Line Defenders
- Vincent Forest, Head of European Union Office, Front Line Defenders

- Kenneth Roth, Executive Director, Human Rights Watch
- Adrie van de Streek, Executive Director, Lawyers for Lawyers
- David F. Sutherland, Chair, Lawyers Rights Watch Canada
- Yves Berthelot, President, Observatory for the Protection of Human Rights
- Michael Frost, Special Rapporteur on the situation of human rights defenders, Office of the High Commissioner for Human Rights
- Gabriella Knaul, Special Rapporteur of the Human Council on the independence of judges and lawyers, Office of the United Nations High Commissioner for Human Rights
- Nicholas Fluck, President, The Law Society of England and Wales



**TAB 4.2**

## **REPORTS FOR INFORMATION**

Tab 4.2.1

**REPORT OF THE ACTIVITIES OF THE  
DISCRIMINATION AND HARASSMENT COUNSEL  
JANUARY 1 – JUNE 30, 2014**

24. Subsection 20 (1) (b) of By-Law 11, *Regulation of Conduct, Capacity and Professional Competence* provides that, unless the [Equity and Aboriginal Issues] Committee directs otherwise, the Discrimination and Harassment Counsel (the “DHC”) shall make a report to the Committee no later than September 1 in each year, upon the affairs of the Counsel during the period January 1 to June 30 of the immediately preceding year.
25. Subsection 20(2) of By-Law 11 provides “The Committee shall submit each report received from the Counsel to Convocation on the day following the deadline for the receipt of the report by the Committee on which Convocation holds a regular meeting”.
26. On September 11, 2014, the DHC Program presented to the Committee, pursuant to Subsection 20(1) (b) of By-Law 11, the *Report of the Activities of the Discrimination and Harassment Counsel for the Law Society of Upper Canada* for the period of January 1 to June 30, 2014 (**TAB 4.2.1.1**). The Committee submits the report to Convocation pursuant to Subsection 20(2) of By-Law 11.

**Tab 4.2.1.1**

**REPORT OF THE ACTIVITIES OF  
THE DISCRIMINATION AND HARASSMENT COUNSEL FOR  
THE LAW SOCIETY OF UPPER CANADA**

**For the period from January 1, 2014 to June 30, 2014**

**Prepared By Cynthia Petersen**

**Discrimination and Harassment Counsel  
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## **A. INTRODUCTION**

1. The Discrimination and Harassment Counsel (DHC) provides a range of services to individuals who have complaints or concerns about alleged discrimination or harassment by lawyers, articling students or paralegals.<sup>1</sup>
2. The complaints/concerns arise in a variety of contexts, such as clients who report that they have been subjected to sexual harassment by their lawyer or paralegal, lawyers who are experiencing workplace difficulties relating to a maternity leave, law firm employees with disabilities who confront discriminatory barriers to employment or challenges in obtaining appropriate workplace accommodation, and paralegals, articling students and lawyers who are experiencing discriminatory (eg. racist, sexist, homophobic) treatment by opposing counsel in their cases.
3. The DHC provides these individuals with confidential coaching, information, referrals to other agencies and resources,<sup>2</sup> informal mentoring, and general (nonlegal)<sup>3</sup> advice – some on an ongoing basis. The DHC also provides mediation services, described below.

## **B. SERVICES PROVIDED TO COMPLAINANTS**

4. Complainants who contact the DHC are advised of various avenues of recourse open to them, including (where applicable):
  - speaking to their union representative (if they are unionized and their complaint relates to their employment);
  - filing an internal complaint within their workplace;
  - making a complaint to the respondent licensee's employer (eg. the managing partner of a law firm);
  - filing an Application with the Human Rights Tribunal of Ontario;
  - filing a formal complaint of professional misconduct with the Law Society;
  - contacting the police (where criminal conduct is alleged); and
  - contacting a lawyer for legal advice regarding possible legal claims.
5. Complainants are provided with information about each of these options, including:
  - what (if any) costs might be involved in pursuing an option;
  - whether legal representation is required in order to pursue an option;

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<sup>1</sup> In order to fall within the mandate of the DHC Program, allegations of misconduct must be based on one or more of the prohibited grounds of discrimination listed in the Ontario *Human Rights Code* and/or the Law Society's codes of conduct for licensees. Personal harassment that is not based on any human rights grounds (eg. intimidation and bullying) does not fall within the mandate of the DHC Program.

<sup>2</sup> The DHC does not, however, provide a lawyer referral service.

<sup>3</sup> The DHC does not provide any legal advice or representation to complainants.

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- referral to resources on how to obtain legal representation (actual referrals to lawyers or paralegals are not made by the DHC);
- how to file a complaint, Application or report (eg. whether it can be done electronically, whether particular forms are required, etc.);
- the processes involved in each option (eg. investigation, conciliation, mediation, hearing, etc.);
- the general types of remedies that might be available in different *fora* (eg. compensatory remedies in contrast to disciplinary penalties, reinstatement to employment versus monetary damages, public interest remedies); and
- the existence of time limits for each avenue of redress (complainants are advised to seek legal advice with respect to precise limitation periods).

6. Complainants are advised that the options available to them are not mutually exclusive.
7. In some cases, upon request, strategic tips and/or coaching are provided to complainants about how to handle a situation without resort to a formal complaints process (eg. confronting the offender, documenting incidents, speaking to a mentor).
8. Some complainants are referred to other agencies/organizations (such as the ARCH or the Human Rights Legal Support Centre) or are directed to relevant resource materials available from the Law Society, the Ontario Human Rights Commission, or other organizations.

**(a) Mediation / Conciliation**

9. In addition to being advised about the above-noted options, where appropriate, complainants are offered the mediation or conciliation/intervention services of the DHC Program.
10. Whenever formal mediation is offered, the nature and purpose of mediation is explained, including that it is a confidential and voluntary process, that it does not involve any investigation or fact finding, and that the DHC acts as a neutral facilitator to attempt to assist the parties in negotiating the terms of a mutually satisfactory resolution of the complaint.
11. When a complainant opts for mediation, s/he is given the choice of contacting the respondent to propose the mediation or having the DHC contact the respondent to canvass his/her willingness to participate (written consent to contact the respondent licensee must be provided). If both parties are willing to participate, they are required to sign a mediation agreement (setting out the parameters of the mediation and ground rules) prior to entering into discussions with the DHC.

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12. Where informal conciliation/intervention services are offered, the complainant is advised that the DHC could contact the respondent confidentially and discuss the complainant's concerns, in the hope of achieving a resolution to the complaint. Where such an intervention occurs, both the complainant and respondent are advised that the DHC is not acting as the complainant's counsel or representative, but rather as a go-between to facilitate constructive dialogue between the parties. When a complainant requests such an intervention, written consent must be provided before the DHC contacts the respondent.
13. Some complainants decline the offer of the DHC's mediation and conciliation services, notwithstanding that the services are free, confidential, and in the case of formal mediation, subject to a mutual "without prejudice" undertaking by both parties. The reasons why complainants decline mediation are varied and include: complainants desiring to have a fact-finding investigation, complainants believing that the respondent will not participate in good faith, and complainants wanting to create a formal record of the respondent's misconduct through an adjudicative process.
14. During this reporting period, there were no formal in-person mediation sessions conducted by the DHC. One complainant requested mediation but the respondent was unwilling to participate. There were, however, a number of cases in which the DHC intervened informally as a conciliator, communicated with the parties involved and was able to assist them in reaching a mutually satisfactory resolution to the complainant's concerns.

#### **C. OVERVIEW OF NEW CONTACTS WITH THE DHC PROGRAM**

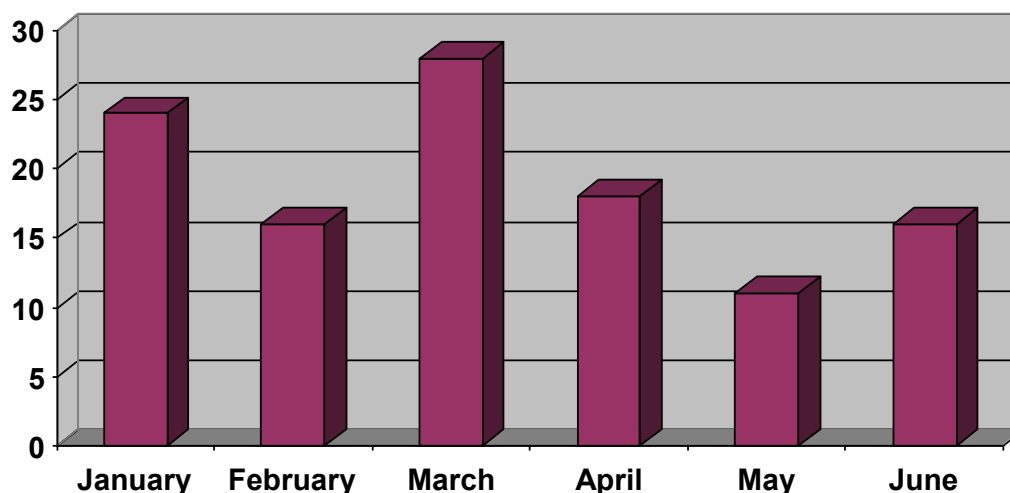
15. During this reporting period, 113 individuals contacted the DHC Program with a new matter.<sup>4</sup> This represents an average of 18.8 new contacts per month.

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<sup>4</sup> Individuals who had previously contacted the Program and who communicated with the DHC during this reporting period with respect to the same ongoing matter are not counted in this number. Individuals who had multiple communications with the DHC about the same matter are only counted once.

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16. The volume of new contacts with the Program was distributed as follows:



17. Of the 113 individuals who contacted the DHC, 62 (55%) used the telephone to make their initial contact and 48 (45%) used email. Three (3) individuals approached the DHC in person at events at which she (Cynthia Petersen) was speaking.
18. During this reporting period, two individuals were provided services in French.<sup>5</sup> The remaining clients of the Program were provided services in English.

#### **D. SUMMARY OF DISCRIMINATION AND HARASSMENT COMPLAINTS**

19. Of the 113 new contacts with the Program, 40 individuals made specific complaints of alleged discrimination or harassment by a lawyer or paralegal in Ontario. A total of 3 complaints were made against paralegals. The remaining 37 complaints were made against lawyers.
20. Two of the 3 complaints against paralegals were made by members of the public; the third complaint was made by another paralegal.
21. Of the 37 complaints against lawyers, 17 (46%) were made by members of the public and 20 (54%) were made by members of the legal profession (i.e., other lawyers, articling students and paralegals).

<sup>5</sup> Both of these francophone individuals made general inquiries. Neither of them was complaining about the conduct of a specific licensee.



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**(a) Complaints against Lawyers by Members of the Legal Profession**

22. In this reporting period, there were 20 complaints against lawyers by members of the legal profession. Thirteen (13) of these complaints were made by lawyers, 3 were made by articling students, 3 were made by paralegals and one was made by a paralegal candidate. All of the complainants were anglophone.<sup>6</sup>
23. Of the 20 complaints by members of the legal profession, 16 (80%) were made by women and 4 (20%) were made by men. The sole paralegal candidate complainant was female, 2 of the 3 paralegal complainants were female, and 2 of the 3 articling student complainants were female. Eleven of the 13 lawyer complainants were female.
24. Nine of the 20 complaints from members of the legal profession arose in the context of the complainants' employment. All three articling student complaints arose in the context of the complainants' employment, though one of the respondents was neither the complainant's employer nor her co-worker, but rather a lawyer who shared office space with her employer.
25. Four of the complaints by lawyers arose in the context of complainants who were receiving non-legal services from another licensed lawyer (i.e., the respondent lawyer worked for a public service provider).
26. Three of the complaints from members of the legal profession, including two complaints by paralegals, arose in the context of litigation and involved allegations of misconduct against opposing counsel.
27. Three of the complaints from members of the legal profession, including one complaint by a paralegal, involved allegations of misconduct against a lawyer with whom the complainant was professionally acquainted.
28. The sole complaint by a paralegal candidate arose in the context of the complainant's education (she was being instructed by the respondent lawyer).
29. There were 9 complaints based (in whole or in part) on disability:
  - A male lawyer whose employment was terminated alleged that the termination was discriminatory based on his disability.

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<sup>6</sup> By describing these individuals as "anglophone", I mean to convey that the complainants spoke English and sought services from the DHC in English, rather than French. For some of them, English was not their first language.

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- Two lawyers (one male and one female) each complained about harassment and discriminatory treatment from other lawyers who were providing them with a public service.
- Two female lawyers and one female articling student complained that their respective employers were failing or refusing to accommodate their disabilities.
- A female lawyer complained about employment discrimination based (in part) on her disability.
- A male articling student complained about workplace harassment by his principal based (in part) on his disability.
- A female paralegal candidate reported that one of her instructors (a licensed lawyer) was discriminating against her based on her disability.

30. There were 8 complaints based (in whole or in part) on sex:

- Five of these complaints included allegations of sexual harassment:
  - (i) A female articling student reported sexual harassment and sexual assault by a male lawyer with whom she was professionally acquainted.
  - (ii) A female paralegal complained about sexual harassment (offers of professional reward for sexual favours) by a male lawyer with whom she was professionally acquainted.
  - (iii) A female lawyer reported unwelcome sexual solicitation by a senior male partner in her law firm.
  - (iv) A female lawyer complained about inappropriate and unwelcome sexual remarks by a male opposing counsel.
  - (v) A male law student complained about unwelcome sexual remarks made by his male principal about one of his female colleagues (another articling student).
- A female lawyer complained about a sexist remark made by an opposing male counsel.
- Two female lawyers complained about employment discrimination based (in part) on gender.

31. There were 4 complaints based (in whole or in part) on race:

- A Black male paralegal complained about racial harassment by lawyers with whom he was professionally acquainted.
- A female lawyer complained about employment discrimination based (in part) on her race. (She did not identify her race.)
- A Black female paralegal complained about racial discrimination by opposing counsel in her case.

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- A female lawyer complained about racially derogatory remarks made by the opposing counsel in one of her cases.
32. There were two complaints based (in whole or in part) on ethnic origin:
- A female lawyer (a new Canadian with foreign credentials) complained about discrimination based (in part) on her ethnic origin by a lawyer who was providing her with a public service.
  - A female lawyer complained about systemic employment discrimination based on (in part) her ethnic origin.
  - There was one complaint based on gender identity.<sup>7</sup> A transsexual lawyer complained about discriminatory conduct from another lawyer who was providing her with a public service.
33. There was one complaint based (in part) on age. One female lawyer complained about discriminatory treatment based on age by a licensee who was providing her with a public service.
34. In summary, the number of complaints<sup>8</sup> by lawyers and articling students in which each of the following prohibited grounds of discrimination was raised are:
- disability 9
  - sex 8 (5 sexual harassment)
  - race 4
  - ethnic origin 2
  - gender identity 1
  - age 1

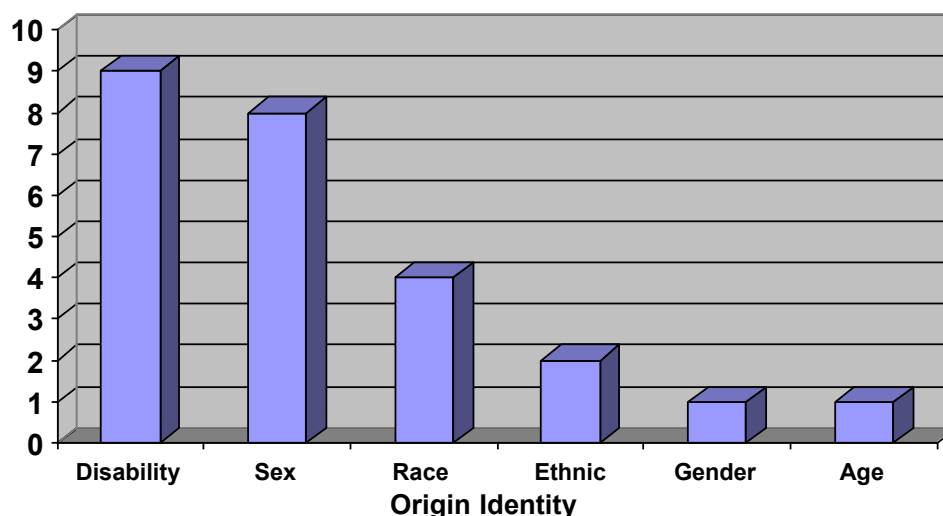
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<sup>7</sup> Historically, complaints based on gender identity have been counted as complaints based on sex. However, the Law Society's rules of conduct for licensees were recently amended to reflect amendments to the Ontario *Human Rights Code*, such that "gender identity" and "gender expression" are now separate enumerated grounds of discrimination, so complaints based on gender identity will be tracked separately.

<sup>8</sup> The total number exceeds 20 because some complaints involved multiple grounds of discrimination.

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### Grounds Raised in Complaints against Lawyers by Members of the Legal Profession



### **(b) Complaints against Lawyers by Members of the Public**

35. During this reporting period, there were 17 complaints against lawyers made by members of the public. All of the complainants were anglophone.<sup>9</sup>
36. Thirteen (13) of the public complaints (76%) were made by women and 4 (24%) were made by men.
37. Of the 17 public complaints:
- eleven (65%) involved clients complaining about their own lawyer, former lawyer, or a lawyer who they attempted to retain;
  - four (23%) involved litigants complaining about the conduct of opposing counsel in their cases;
  - one involved an employee complaining about lawyers in his workplace;
  - one involved a complaint about a lawyer with whom the complainant was personally acquainted.
38. There were 8 public complaints based (in whole or in part) on disability:
- Six of these were client complaints:

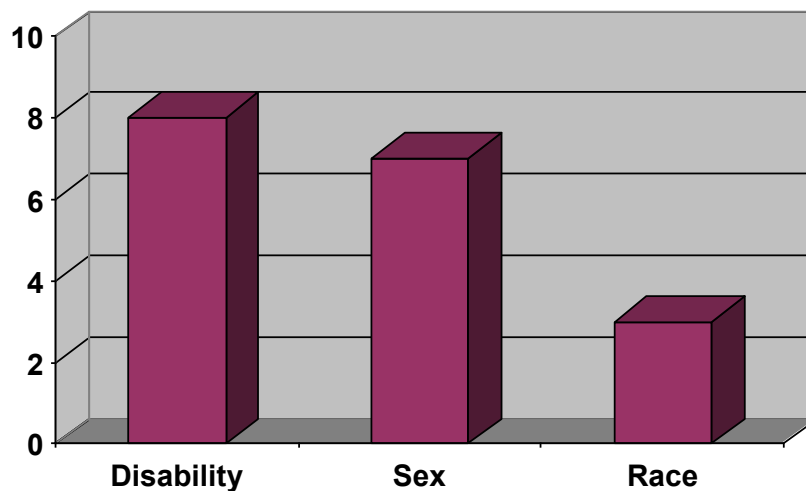
<sup>9</sup> See footnote 6 above.

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- (i) Five women complained about their respective lawyer's refusal or failure to accommodate their disabilities; in one case, the lawyer allegedly threatened to withdraw his services when the client insisted on accommodation;
    - (ii) A woman complained that her lawyer was discriminating against her and taking advantage of her based on her disability;
  - Two litigants (one male and one female) complained about harassment by opposing counsel in their respective cases based on their disabilities.
39. There were 7 public complaints based (in whole or in part) on sex:
- Five of these complaints involved allegations of sexual harassment:
    - (i) Three women complained about sexual harassment by their own respective (male) lawyers, including one complaint that included allegations of lewd comments and requests for sexual favours;
    - (ii) One woman complained about sexual harassment by a male lawyer who she was seeking to retain;
    - (iii) One woman complained about sexual harassment and stalking by her ex-husband (who is a licensee);
  - A female litigant complained about harassment by opposing counsel based (in part) on gender.
  - A male administrative assistant complained about gender-based employment discrimination by lawyers in his workplace (i.e., preferential treatment of female administrative assistants).
40. There were 3 public complaints based (in whole or in part) on race:
- A female client reported rude racially motivated comments made by her own counsel.
  - Two self-represented litigants (one male and one female) complained about racial discrimination by the opposing counsel in their respective cases.

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#### Grounds Raised in Public Complaints against Lawyers



#### **(c) Complaints against Paralegals**

41. During this reporting period, there were 3 complaints against paralegals.
42. Two of these complaints were made by members of the public, both of whom were litigants who alleged misconduct by the opposing paralegal in their respective cases. One woman alleged that the opposing paralegal made derogatory racist remarks about her. A self-represented male litigant alleged that the opposing paralegal in his case mocked his disability, as well as his wife's disability, and made disparaging ableist remarks about them.
43. One of the complaints against a paralegal was made by a female paralegal who alleged employment discrimination based on her age.

#### **E. GENERAL INQUIRIES**

44. Of the 113 new contacts with the DHC during this reporting period, 25 involved general inquiries. These contacts included:
  - inquiries by lawyers about how best to respond to unwelcome and/or offensive comments by co-workers and/or opposing counsel;
  - inquiries by law firms about how best to handle internal harassment complaints made by their employees;

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- inquiries by lawyers about their professional responsibilities relating to equity issues;
- inquiries by articling students and lawyers about their disclosure obligations (relating to such issues as a non-visible disability or pregnancy);
- questions about the scope of the DHC Program's mandate, the services offered by the DHC, and/or confidentiality; and
- inquiries about the Law Society's complaints process.

#### **F. MATTERS OUTSIDE THE DHC MANDATE**

45. During this reporting period, the DHC received 48 calls and/or emails relating to matters outside the Program's mandate.
46. These contacts included complaints about the conduct of judges and of lawyers licensed in other provinces. They also included numerous complaints about workplace harassment in which the respondent was not a licensee.
47. There were some complaints about Ontario licensees that did not fall within the program's mandate. These included allegations of incivility, some billing disputes (i.e., clients alleging that their lawyers were overcharging), and a few of alleged workplace harassment (eg. bullying and intimidation) in which there were no allegations based on prohibited grounds of discrimination.
48. An explanation of the DHC's mandate, role and duties was provided to each person who called with a matter outside the Program's mandate. Many of these individuals were referred to other agencies for assistance.
49. Although there are a significant number of these "outside mandate" contacts (about 8 per month or 2 per week on average during this reporting period), they typically do not consume much of the DHC's time or resources, since we do not assist these individuals beyond their first contact with the Program.

#### **G. PROMOTIONAL ACTIVITIES**

50. The LSUC maintains a bilingual website for the DHC Program.
51. Throughout this reporting period, periodic advertisements were placed (in English and French) in the *Ontario Reports* to promote the DHC Program.

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52. The DHC brochure was recently revised and update. French and English copies of the brochure will be circulated to legal clinics, community centres, law firms, government legal departments, and faculties of law.
53. The DHC continues to work closely with the Law Society's Director, Equity (Josée Bouchard) to design and deliver *Discrimination and Harassment Prevention* and *Violence Prevention* workshops to law firms across the province.

Two such workshops were presented during this reporting period. In addition to delivering important educational content, these workshops also serve as a useful opportunity to promote awareness of the Program's services.

54. During this reporting period, the DHC made a presentation about the DHC program and resources to the annual Law Union conference in Toronto (in March 2014). Ms. Petersen spoke on a panel entitled, "Looking Inward at the Lawyer and Paralegal Professions: Bullying, Discrimination, and Mental Health". Ms. Petersen also delivered the annual Thomas Feeney lecture at the Faculty of Law at the University of Ottawa (in March 2014), speaking on the topic of "Preventing and Responding to Discrimination and Harassment in the Legal Profession - Progress and Challenges." Both of these public presentations were well attended by large audiences and both resulted in subsequent new contacts with the DHC program from audience participants.



**Tab 4.2.2**

**EQUITY DIRECTOR'S REPORT**

27. The Director, Equity, presented her operational report to the Committee in September. The report is available online at <http://www.lsuc.on.ca/with.aspx?id=2147487014>.

Tab 4.2.3

## HUMAN RIGHTS MONITORING GROUP INFORMATION ABOUT INTERVENTIONS

28. Over the summer, the Human Rights Monitoring Group and the Treasurer approved the following cases. The letters of intervention and public statements are available online at <http://www.lsuc.on.ca/with.aspx?id=622>:
- a. Lawyer Salwa Bugaighis in Libya;
  - b. Lawyer Pu Zhiqiang in China;
  - c. Lawyer Tang Jingling and colleagues in China.
29. The mandate of the Human Rights Monitoring Group is,
- a. to review information that comes to its attention about human rights violations that target members of the profession and the judiciary, here and abroad, as a result of the discharge of their legitimate professional duties;
  - b. to determine if the matter is one that requires a response from the Law Society; and,
  - c. to prepare a response for review and approval by Convocation.
30. The mandate further states that where Convocation's meeting schedule makes such a review and approval impractical, the Treasurer may review such responses in Convocation's place and take such steps, as he or she deems appropriate. In such instances, the Human Rights Monitoring Group shall report on the matters at the next meeting of Convocation.
31. The above-mentioned cases were urgent and Convocation's meeting schedule made the review and approval impractical.
32. On September 3, 2014, the Law Society received the following message from Mr. Zumalacarregui, Coordinator of the Observatory for the Protection of Human Rights Defenders about the Law Society intervention regarding the assassination of lawyers Salwa Bugaighis. The Observatory Press Release is included at TAB 4.2.3.1.

*Dear Ms. Bouchard,*

*I hope this message finds you well.*

*I am writing to you in reply to the letter from The Law Society of Upper Canada which was sent in August the 12th.*

*First of all, the Observatory for the Protection of Human Rights defenders would like to thank you for your letter and for your involvement in this matter.*

*Regarding our involvement in the case of Salwa Bugaighis, I wanted to inform you that the Observatory issued a Press Release on the 27th of June. Please, find it attached to this e-mail.*

*I am afraid we do not have any further information about the case at this stage. However, I would like to use this opportunity to share with you the contact details of my colleague Mr. Currun Singh, OMCT's Human Rights Adviser for the MENA region, based in our Tripoli Office, who would be pleased to assist you if you had any further requests for information.*

Mr. Currun Singh  
[currun@gmail.com](mailto:currun@gmail.com)  
+218 91 155 7482

*I thank you for your time and consideration.*

*Sincerely,*

*Miguel Martin Zumalacarregui*

---

**Miguel Martín Zumalacárregui**

Coordinator

Observatory for the Protection of Human Rights Defenders

World Organisation Against Torture (OMCT)

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Twitter: <http://twitter.com/omctorg>



The Observatory  
for the Protection  
of Human Rights Defenders

## PRESS RELEASE - THE OBSERVATORY

### LIBYA: Outrage following the assassination of prominent lawyer and women activist Salwa Bouguiguis

**Geneva-Tripoli-Paris, June 27, 2014. *The World Organisation Against Torture (OMCT) and the International Federation for Human Rights (FIDH), within the framework of the Observatory for the Protection of Human Rights Defenders, strongly condemn the assassination of Ms. Salwa Bouguiguis, prominent Libyan human rights lawyer and women activist, in a context where human rights defenders, including lawyers, journalists, judges and public prosecutors, are continuously victims of reprisals in the country.***

On June 25, 2014, the day of the country's general election, Ms. **Salwa Bouguiguis**, a prominent Libyan lawyer and women human rights defender, was stabbed and shot through the head by five unknown hooded gunmen who broke into her home in Benghazi and injured a security guard with a live bullet. She was taken to hospital in critical condition, where she died shortly afterwards. Her husband, who was in the family home at the time of the attack, has remained missing since then. It is therefore feared that he was abducted by the same men who killed his wife.

Ms. Bouguiguis was a strong advocate for gender equality and women's political participation. She had also actively participated in Libya's 2011 revolution that overthrew the regime of Muammar Gaddafi. A former member of the National Transitional Council, she was since the Vice-President of the Preparatory Committee for National Dialogue in Libya.

Ms. Salwa Bouguiguis was killed hours after she had returned from voting in Wednesday's parliamentary election in Libya and called upon citizens to participate in the voting process. She published photos of herself at a polling station on her Facebook page. She also gave an interview to Libya's *Al-Nabaa* TV channel, in which she discussed the recent deterioration of security situation in Benghazi where civilians are affected by fighting between army units and militias.

***"We condemn in the strongest term the murder of Ms. Salwa Bouguiguis, which seeks to silence critical voices in the country", said today OMCT Secretary General Gerald Staberock. "At this critical juncture in Libya the independent voice of human rights defenders is ever more needed. We urge the authorities of Libya to open urgent, effective and transparent investigations into the shameful assassination of Ms. Bouguiguis. It is absolutely fundamental now to set an example in order to discourage further acts of violence against human rights defenders", he added.***

Since the 2011 revolution, the city of Benghazi has been a stronghold for militias, including jihadist groups, and the scene of attacks and assassinations targeting notably the military, police and judges.

The Observatory further recalls that this is not the first time that human rights defenders have been targeted in Libya, where they are increasingly victims of reprisals for denouncing human rights violations, including serious acts of violence, systematic harassment, intimidation, arbitrary detention, torture and defamation. To date all these crimes remain unpunished.

***"The judicial system in any country is essential in providing for the protection of human rights and civil liberties, and must be allowed to operate independently and free from the forceful coercion of outside actors", said FIDH President Karim Lahidji. "It should now ensure that the assassination of Ms. Salwa Bouguiguis does not remain unpunished", he added.***

The Observatory offers sincere condolences to the bereaved family and to Ms. Salwa Bouguiguis' friends and colleagues and urges the authorities in Libya to adopt urgent measures to protect human rights defenders and ensure that they are able to carry out their work without unjustified hindrances and fear of reprisals.

For more information, please contact:

- OMCT: Delphine Reculeau: +41 22 809 49 39
- FIDH: Audrey Couprie: +33 1 43 55 25 18



World Organisation Against Torture

**Tab 4.2.4**

**PUBLIC EDUCATION EQUALITY AND RULE OF LAW SERIES  
CALENDAR  
2014 - 2015**

**JOUR DES FRANCO-ONTARIENS ET DES FRANCO-ONTARIENNES –**

Date: September 24, 2014

Time and location: Convocation Hall (6:00 p.m. – 8:00 p.m.)

Conférencière : L'honorable Madeleine Meilleur, ministre déléguée aux Affaires  
francophones et procureure générale

In partnership with AJEFO & OBA

**AIDWYC WRONGFUL CONVICTION DAY**

Date: October 2, 2014

Time and location: CPD, Upper Barristers Lounge, 2:00 p.m. – 4:00 p.m.

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

In partnership with AIDWYC

**ASSOCIATION DES JURISTES D'EXPRESSION FRANÇAISE DE L'ONTARIO - 34TH  
ANNUAL CONFERENCE – DESTINATION DROIT!**

Dates : October 3 and 4, 2014

Location : Hôtel Radisson, Sudbury, Ontario

This is AJEFO's annual conference.

**WOMEN LAWYERS ASSOCIATION OF ONTARIO (WLAO) TREASURER & ATTORNEY  
GENERAL RECEPTION**

Date: October 22, 2014

Location Convocation Hall and Barristers Lounges

Details: **To be confirmed**

This is an event organized by WLAO. The Law Society is a partner.

**CANADIAN ASSOCIATION OF BLACK LAWYERS (CABL) ANNUAL FALL  
CONFERENCE & AGM**

Date: October 31, 2014

Location: Donald Lamont Learning Centre

This is an event organized by CABL. The Law Society is a partner.

## **LOUIS RIEL DAY**

Date: November 14 **or** 17, 2014 – TBC

Location: **TBC** – Donald Lamont Learning Centre, Convocation Hall & Barristers Lounges on hold

In partnership with the Métis Nation of Ontario

## **DAY OF REMEMBRANCE AND ACTION ON VIOLENCE AGAINST WOMEN**

Date: December 5, 2014

Location: Museum Room

Details: **TBC**

## **RULE OF LAW EVENT**

Date: December 10, 2014

Location: Convocation Hall

Details: **TBC**

## **BLACK HISTORY MONTH**

Date: February 10, 2015

Time and location: Panel – Donald Lamont Learning Centre, 4:00 p.m. – 6:00 p.m.

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

## **HUMAN RIGHTS AWARD PRESENTATION & RECEPTION**

Date: February 12, 2015

Location: Donald Lamont Learning Centre & Convocation Hall

## **INTERNATIONAL WOMEN'S DAY**

Date: March 5, 2015

Time and location: Donald Lamont Learning Centre (4:00 p.m. – 6:00 p.m.)

Convocation Hall (6:00 p.m. – 7:00 p.m.)

In partnership with WLAO, OBA, Barbara Schlifer Clinic and LEAF

## **LA JOURNÉE INTERNATIONALE DE LA FRANCOPHONIE**

Date: March 19, 2015

Location (**TBC**): Upper Barristers' Lounge & Convocation Hall on hold from 6:00 p.m. – 8:00 p.m.

Details: not yet available

In partnership with AJEFO and the OBA

### **HOLOCAUST REMEMBRANCE DAY**

Date **(TBC)**: April 14, 15 & 16, 2015 (on hold until confirmation received)  
Time & location: Donald Lamont Learning Centre (4:00 p.m. – 6:00 p.m.)  
Convocation Hall (6:00 p.m. – 8:00 p.m.)  
In partnership with B'nai Brith Canada

### **DIVERSE CAREERS FOR WOMEN IN LAW**

Date: May 7, 2015  
Time & location: Convocation Hall, **time to be confirmed**  
In partnership with WLAO

### **ASIAN AND SOUTH ASIAN HERITAGE MONTH**

Date: May 12, 14 or 19, 2015 – **to be confirmed**  
Time & location: Donald Lamont Learning Centre (4:00 p.m. – 8:00 p.m.)  
Convocation Hall (6:00 p.m. – 8:00 p.m.)  
In partnership with SABA, CASAL & FACL

### **ACCESS AWARENESS FORUM**

Date: June 4, 2015  
Donald Lamont Learning Centre (4:00 p.m. – 8:00 p.m.)  
In partnership with ARCH

### **NATIONAL ABORIGINAL HISTORY MONTH**

Date: June 19, 2015  
Time & location: Donald Lamont Learning Centre (4:00 p.m. – 6:00 p.m.)  
Convocation Hall (6:00 p.m. – 8:00 p.m.)  
In partnership with Truth & Reconciliation Commission

### **PRIDE WEEK**

Date: June 23, 2015  
Time & location: Donald Lamont Learning Centre (4:00 p.m. – 6:00 p.m.)  
Convocation Hall (6:00 p.m. – 8:00 p.m.)  
In partnership with OBA, SOGIC



Tab 5

## Report to Convocation September 24, 2014

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### Benchers Election Working Group

#### Working Group Members:

Derry Millar (Chair)  
Constance Backhouse  
Julian Falconer  
Janet Leiper  
Susan Richer  
James Scarfone

**Purpose of Report: Decision**

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



## AMENDMENTS TO BY-LAW 3 RESPECTING THE BENCHER ELECTION PROCESS

### Motion

1. That Convocation make the amendments to By-Law 3 [Benchers, Convocation and Committees] as set out in the motion at Tab 5.1 to implement its decision on June 26, 2014 respecting voting procedures for the lawyer benchers election and to make related clarifying amendments.

### Purpose of the Amendments

2. On June 26, 2014, Convocation approved amendments to the lawyer benchers election procedures to make the date for the Elections Officer's preparation of the polling list for the lawyer benchers election on or shortly after the second Friday in April in an election year.
3. A motion to amend By-Law 3<sup>1</sup> has been prepared to implement these decisions, and includes other minor amendments to reflect the online process for the election.
4. The motion to amend By-Law 3 is found at [Tab 5.1](#). [Tab 5.2](#) shows a blackline version of the amendments.

---

<sup>1</sup> By-Law 3 may be viewed at <http://www.lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147484279>

TAB 5.1

THE LAW SOCIETY OF UPPER CANADA

**BY-LAWS MADE UNDER SUBSECTIONS 62 (0.1) AND (1) OF THE LAW  
SOCIETY ACT  
BY-LAW 3  
[BENCHERS, CONVOCATION AND COMMITTEES]**

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON SEPTEMBER 24, 2014

MOVED BY

SECONDED BY

THAT By-Law 3 [Benchers, Convocation and Committees], made by Convocation on May 1, 2007 and amended by Convocation on June 28, 2007, September 20, 2007, November 22, 2007, June 26, 2008, April 30, 2009, September 24, 2009, September 24, 2009, February 25, 2010, May 27, 2010, June 8, 2010, October 28, 2010, November 9, 2010, November 25, 2010, January 27, 2011, November 24, 2011, April 26, 2012, September 27, 2012, September 25, 2013, February 27, 2014 and March 4, 2014, be further amended as follows:

1. **Subsection 2(3) of the English version of the By-Law is amended by striking out “fourth Friday in March” and substituting “first Friday in April”.**
2. **Subsection 2(3) of the French version of the By-Law is amended by striking out “le jour de l’élection” and substituting “le premier vendredi d’avril”.**
3. **Subsection 18(1) of the English version of the Bylaw is amended by striking out “first Monday after the first Friday” and substituting “second Friday”.**
4. **Subsection 18(1) of the French version of the Bylaw is amended by striking out “Le lundi qui suit immédiatement le premier vendredi” and substituting “Le deuxième vendredi”.**
5. **Section 21 of the English version of the By-law is revoked and the following substituted:**

**Election materials: publication**

21. As soon as practicable after the Elections Officer has prepared the polling list and the election materials required under section 19, the Elections Officer shall,
- (a) cause to be published in the *Ontario Reports* and on the Society's website a notice with respect to the election of benchers that includes details on when and how an elector may access available information about the candidates in the election of benchers and when and how an elector may vote in the election of benchers; and
  - (b) email the notice mentioned in clause (a) to every elector, to his or her business email address or, where the elector has no business email address, home email address, as indicated on the records of the Society.

**6. Section 21 of the French version of the By-law is revoked and the following substituted:**

**Trousse électorale: publication**

21. Le plus tôt possible après avoir dressé la liste électorale et la trousse électorale requise aux termes de l'article 19, la ou le responsable des élections:
- a) fait publier dans le Recueil de jurisprudence de l'Ontario et sur le site Web du Barreau un avis de l'élection des conseillères et des conseillers qui précise les modalités d'obtention des renseignements sur les candidats et les candidates à l'élection et les instructions de vote pertinentes;
  - b) envoie l'avis prévu à l'alinéa a) par courrier électronique à tous les électeurs à leur adresse électronique professionnelle ou, à défaut, à leur adresse électronique privée, telle qu'elle figure dans les registres du Barreau.

**7. Section 24 of the English version of the By-law is amended by striking out subsection (2).**

**8. Section 24 of the French version of the By-law is amended by striking out subsection (2).**

**BLACKLINE VERSION OF AMENDMENTS TO BY- LAW 3****Interpretation: reference to a day**

2. (1) In this Part, a reference to a day or time shall be a reference to a day or time in an election year.

**Same: commencement, etc. of event**

(2) In this Part, except where a contrary intention appears, if the day on which an event is to take place, commence or end falls on a holiday, the event shall take place, commence or end on the next day that is not a holiday.

**Same: residing in electoral region**

(3) For the purposes of this Part, an elector resides in an electoral region if his or her business address, or, where an elector does not have a business address, home address, as indicated on the records of the Society on the ~~fourth-first~~ Friday in ~~March~~April, is within the electoral region.

...

**LIST OF ELECTORS****Polling list**

18. (1) On or shortly after the ~~first Monday after the first Friday~~second Friday in April, the Elections Officer shall prepare a polling list.

**Same**

(2) The polling list shall include the names of all licensees whose licences are not suspended on the first Friday in April.

...

**Election materials: publication~~distribution~~**

21. (1) As soon as practicable after the Elections Officer has prepared the polling list and the election materials required under section 19, the Elections Officer shall ~~distribute to every person whose name appears on the polling list,~~

(a) ~~the election materials prepared under section 19~~cause to be published in the Ontario Reports and on the Society's website a notice with respect to the election of benchers that includes details on when and how an elector may access available information about the candidates in the election of benchers and when and how and an elector may vote in the election of benchers; and

(b) email the notice mentioned in clause (a) to every elector, to voting instructions.

**Means of distribution**

~~(2) — The distribution mentioned in subsection (1) may be done by email to a person's~~his or her business email address or, where the ~~person-elect~~person-elect has no business email address, ~~the person's~~home email address, as indicated on the records of the Society.

...

## COUNTING THE VOTES

### Elections Officer to cause counting of votes

24. ~~(1) —~~Beginning immediately after the deadline for casting election ballots on election day and proceeding thereafter for so long as necessary, the Elections Officer shall cause the votes for each candidate to be counted in accordance with sections 25 to 29.

### ~~Presence of electors~~

~~(2) — Any elector may be present at any place where and at any time when the votes for each candidate are being counted.~~



**TAB 6**

## **Report to Convocation September 24, 2014**

---

### **Professional Regulation Committee**

#### **Committee Members**

Malcolm Mercer (Chair)  
Paul Schabas (Vice-Chair)  
Susan Richer (Vice-Chair)  
Robert Armstrong  
John Callaghan  
John Campion  
Seymour Epstein  
Robert Evans  
Julian Falconer  
Patrick Furlong  
Carol Hartman  
Jacqueline Horvat  
Brian Lawrie  
Jeffrey Lem  
William C. McDowell  
Ross Murray  
Jan Richardson  
Heather J. Ross

**Purpose of Report: Decision and Information**

**Prepared by the Policy Secretariat  
(Margaret Drent (416-947-7613))**

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Professional Regulation Division Quarterly Report (April-June 2014).....	<a href="#">TAB 6.4</a>

## COMMITTEE PROCESS

1. The Professional Regulation Committee (“the Committee”) met on September 11, 2014. In attendance were Malcolm Mercer (Chair), Paul Schabas (Vice-Chair, by telephone), Susan Richer (Vice-Chair), Robert Armstrong, John Campion, John Callaghan, Robert Evans, Julian Falconer, Patrick Furlong, Carol Hartman, Jacqueline Horvat, Brian Lawrie, Jeffrey Lem, Ross Murray, Jan Richardson, and Heather Ross.
2. Staff members attending were Zeynep Onen, Grant Wedge, Jim Varro, Naomi Bussin, Eric Smith, and Margaret Drent.



## FOR INFORMATION

### ALTERNATIVE BUSINESS STRUCTURES WORKING GROUP

#### Summary

3. The Committee is providing for information a Discussion Paper on Alternative Business Structures (ABS) for the legal profession in Ontario, which will be published on the Law Society website and made available to the professions and others for comment. The discussion paper is at [Tab 6.1.1](#).

#### Rationale

4. In February 2014, Convocation considered a report from the Professional Regulation Committee through its ABS Working Group and approved a discussion with the professions regarding four possible options for alternative business structures. According to the report, notice and invitation to comment on the models would be provided to lawyers, paralegals and others on the Law Society's website and through the *Ontario Reports*.
5. ABS is a strategic priority identified in the 2011-2015 Work Plan (Business Structures and Law Firm Financing) and has been under review and study by the Working Group since 2012.

#### Discussion

6. The Discussion Paper is largely informational. It also identifies issues that have been raised pertaining to ABS. The objective is to provide information in order to support an ongoing discussion about the advisability of ABS by lawyers, paralegals and others.
7. The Working Group has been engaged in this discussion since 2013 both to share information and to identify issues, views and concerns about ABS in Ontario.
8. Following careful consideration of the information, views and opinions received as a result of the Discussion Paper, the Working Group plans to consider next steps in early 2015. Many organizations and associations have asked the Law Society for meetings to discuss ABS. Options for consideration at this point include further studies or surveys to find out more information, and to hold additional regional meetings or symposia to continue the discussion. Given the level of interest among lawyers and paralegals in continuing the discussions, it is the view of the Working Group that these engagements should continue.
9. It is important to note that any decision to pursue ABS as a direction in Ontario would likely require legislative amendment, by-law amendments and the development of structural amendments to the Society's regulatory model.

### **Stakeholder Engagement**

10. The Discussion Document will also be distributed to legal organizations and others who have indicated an interest in this subject.
11. Efforts will be made to accommodate in person meetings if requested by interested parties.

### **Additional Issues**

12. The Paralegal Standing Committee reviewed the Discussion Paper at its September 10, 2014, meeting, and was in agreement with the publication and distribution of the document.



**Tab 6.1.1**

**September 24, 2014**

## **ALTERNATIVE BUSINESS STRUCTURES AND THE LEGAL PROFESSION IN ONTARIO: A DISCUSSION PAPER**

---

### **ALTERNATIVE BUSINESS STRUCTURES WORKING GROUP**

#### **Working Group Members**

**Malcolm Mercer, Co-Chair**

**Susan McGrath, Co-Chair**

Constance Backhouse

Marion Boyd

Ross Earnshaw

Susan Elliott

Carol Hartman

Jacqueline Horvat

Brian Lawrie

Jeffrey Lem

Jan Richardson

James Scarfone

Alan Silverstein

Peter Wardle

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## 1.0 Purpose

**The Law Society of Upper Canada is seeking input from the public, the legal community and other interested parties on alternative business structures (ABS) as a means for delivering legal services in Ontario.**

**The Law Society is engaged in a process for full consideration of ABS, and this report constitutes a step in that process. The Law Society has not yet decided whether alternative business structures should be permitted in Ontario. This process will help it determine what actions to take, if any, on the issue. The Law Society is interested in hearing differing views on ABS, including challenging perspectives or approaches.**

This document provides context and background to help people understand what alternative business structures are and what allowing them would entail. It also solicits feedback to help the Law Society gather input.

At present, Ontario lawyers and paralegals are subject to restrictions on how to structure their practices. In this discussion paper, the Law Society is seeking views on whether it would be desirable to permit more variety in the forms of ownership and greater latitude in the delivery of legal services, including in association with non-legal professionals and service providers.

The Law Society is considering the ABS model in light of several factors, including apparent gaps in the provision of legal services, the increasing globalization of the legal profession, and advances in technology and developments abroad, that significantly affect how legal services can be delivered.

The level of interest and activity on ABS led the Law Society to create a working group to examine and report on the issue. This discussion is being undertaken at the direction of Convocation, the Law Society's governing body,<sup>1</sup> based on a recommendation of the Working Group to consider different options for how the delivery of legal services might be structured in the future.

On February 27, 2014, the Law Society's Working Group on ABS presented a report that discussed four possible new models for the delivery of legal services in Ontario. Those models, which form the basis for this discussion paper, fall into two categories: On the one hand there are businesses that provide legal services only, and on the other are businesses offering both legal and non-legal services.

There could be no restrictions on ownership of those businesses by people who are not legal professionals, or their ownership could be limited to keep it under 50%.

Any of these models, if adopted, could form the basis for structures that would be regulated by the Law Society for the delivery of legal services. Interested parties are encouraged to review the models and provide comment or suggest alternate models.

We are seeking feedback from as many people as possible, both inside and outside the legal profession, with a view to beginning a dialogue on the issue.

Comments should be sent to the Law Society by December 31, 2014 and may be submitted by email to [address to be provided] or by mail to:

ABS Discussion  
Policy Secretariat  
Law Society of Upper Canada  
Osgoode Hall  
130 Queen Street West  
Toronto, ON M5H 2N6

## 2. The current state of affairs

### 2.1 The Law Society's mandate

In Ontario, the Law Society of Upper Canada regulates the provision of legal services.

In carrying out its functions, duties and powers, the Law Society is required to have regard to certain duties including:<sup>2</sup>

- a duty to maintain and advance the cause of justice and the rule of law.
- a duty to act to facilitate access to justice for the people of Ontario.
- a duty to protect the public interest.

The *Law Society Act* further requires the Law Society to have regard to the principle that:

restrictions on who may provide particular legal services should be proportionate to the significance of the regulatory objectives sought to be realized.<sup>3</sup>

Except as permitted by Law Society bylaws, only individuals licensed by the Law Society may provide legal services or practise law.<sup>4</sup> Section 1(5) of the *Law Society Act* very broadly defines legal services as follows:

For the purposes of this Act, a person provides legal services if the person engages in conduct that involves the application of legal principles and legal judgment with regard to the circumstances or objectives of a person.

The Law Society determines the classes of licences that may be issued, the scope of authorized activities by class of licence, and the terms, conditions and restrictions imposed.<sup>5</sup>



## 2.2 Business structures now permitted for lawyers and paralegals

Only licensed lawyers and paralegals in sole practice or in firms owned and controlled by licensed legal professionals may provide legal services in Ontario<sup>6</sup>. These practices may only provide legal services and services that support or supplement legal services.

The Law Society currently permits lawyers and paralegals to provide legal services through the following business structures:

<b>Business Structure</b>	<b>Legislative or Rule Reference</b>
Sole proprietorship	<i>Rules of Professional Conduct</i> section 1.02, <i>Paralegal Rules of Conduct</i> , section 1.02
Partnership	<i>Rules of Professional Conduct</i> section 1.02, <i>Paralegal Rules of Conduct</i> , section 1.02
Limited liability partnership	<i>Partnerships Act</i> , section 44.2(a) <i>Law Society Act</i> , section 61.1
Professional corporation	<i>Business Corporations Act</i> , section 3.1(2)(a) <i>Law Society Act</i> , section 61.0.1
Multidisciplinary practice	<i>Law Society Act</i> , section 62(0.1)32, Law Society By-Law 7

The *Rules of Professional Conduct* prohibit direct or indirect fee-sharing with people who are not licensed legal professionals, other than in a multidisciplinary practice (MDP) and in inter-jurisdictional law firms. MDPs must be effectively controlled by licensed legal professionals and may only provide additional services that support or supplement the licensed activity. Fees may only be shared within an MDP with MDP partners who provide client services.

## 2.3 Challenges under the current system

In Ontario, clients seeking legal advice turn to practices and firms that are 100% owned by licensed lawyers and/or paralegals and that provide only legal services.

Anecdotally, Ontario lawyers and paralegals have said that their attempts to innovate have been hampered or prevented by the current requirements. For example:

- The ability to access new capital for technology is limited by restrictions on ownership of legal services firms, as they cannot bring technology experts in as partners, or raise funds through the capital markets.
- The ability to offer legal services together with other related services is limited by the restrictions on referral fees and fee-sharing, and the requirement to provide legal services through a professional corporation and not any other type of corporation.
- The ability to reward long-serving employees or to retain high-level managers who are not licensed lawyers or paralegals through partnership or ownership is limited by the restrictions on ownership.

## **2.4 Availability of unregulated legal services**

The Internet has changed the game – and the public's expectations – with regard to legal services.

There has been significant growth in unregulated legal service providers in Ontario and elsewhere. This growth provides evidence that there is a demand for services not being effectively supplied by traditional legal practices. That these innovations are happening outside traditional legal practices suggests that regulatory restrictions may be unduly constraining innovation. Allowing lawyers and paralegals to provide services directly with people outside the legal profession may stimulate innovation in the provision of legal services and result in a greater range of services for the public.

Permitting innovation must be balanced with appropriate regulatory oversight. Ontarians are not currently protected when they use unregulated services. From a consumer protection perspective, it is therefore preferable that new business structures providing legal services be regulated by the Law Society. This is not always feasible or possible. For example, some unregulated services are provided over the Internet from other jurisdictions.

### **3. Considering alternative business structures**

#### **3.1 What are alternative business structures?**

An alternative business structure, or ABS, is a broad term that includes any form of traditional law firm business structure, as well as alternative means of delivering legal services. These may include, for example:

- non-lawyer or non-paralegal investment or ownership of law firms, including equity financing;
- firms offering legal services together with other professionals offering other types of services; and
- firms offering an expanded range of products and services, such as do-it-yourself automated legal forms, as well as more advanced applications of technology and business processes.

The ABS model has been in place in New South Wales, Australia, since 2001 and in England and Wales since 2012. Some examples of ABS enterprises in other jurisdictions include:

- businesses providing legal services only, with part ownership by a long-term employee or spouse or a business or technology expert;
- businesses providing fixed-fee legal services through retail stores that are easily accessible and convenient to consumers;
- businesses offering legal services together with services related to the area of legal practice, such as social workers, human resources professionals and accountants;
- law firms operating as franchises so they have centralized access to management systems, technology, marketing and other expertise; and
- law firms using equity financing to invest heavily in technology so they can offer new and innovative forms of delivering legal services.

### **3.2 Why the Law Society is considering the ABS model**

The Law Society is interested in determining whether alternative business structures can:

- facilitate greater flexibility in the delivery of legal services;
- foster innovation in the area; and
- improve access to legal services for consumers.

The Law Society also wishes to identify regulatory issues that may arise from services now provided outside of regulatory scrutiny.

Consideration of ABS was identified as one of the priorities for the 2011-2015 term of the Law Society's governing body, and the ABS Working Group has been reviewing extensive research on ABS and communicating with key representatives of the professions and other experts since 2012.

As the Law Society considers alternative business structures – and as it seeks input on whether the ABS model is an option for Ontario – it has identified a series of considerations to help frame the discussion.

They are:

- I. Access considerations
- II. Technological considerations
- III. Economic and business considerations
- IV. Professional and ethical considerations
- V. Implementation considerations

#### **I. Access considerations**

Research shows that many individuals and small businesses in Ontario are now attempting to deal with their legal issues without the assistance of lawyers or paralegals.

- In Canada and elsewhere, in family law, most litigants do not use lawyers - recent studies show 70% are unrepresented;<sup>7</sup>
- In 2009, the federal Department of Justice published *The Legal Problems of Everyday Life* showing that legal advice was sought for less than 15% of justiciable problems in Canada;<sup>8</sup>
- People with legal problems commonly seek assistance from non-lawyers. The above-noted Department of Justice study (of almost 7,000 adults) found that 42.2% of respondents who experienced a personal injury problem consulted an unregulated source of assistance.<sup>9</sup> Employment (35.8%) and housing (33.7%) were the next highest areas in which respondents resorted to non-legal sources of assistance.<sup>10</sup>
- In 2009, the *Ontario Civil Legal Needs Project* found that one-third of low- and middle-income Ontarians did not seek legal assistance for what they regarded as legal problems.<sup>11</sup>
- A recent study of 259 self-represented litigants in family and civil law matters in Ontario, British Columbia and Alberta reported that the most consistently cited reason for self-representation was the inability to afford to retain, or continue to retain, a lawyer.<sup>12</sup>

This research highlights the fact that there are gaps in legal services for many Ontarians. Even middle-income individuals are in many cases not obtaining, or cannot afford, the services of a lawyer or paralegal.

There are two situations in which people tend to seek legal services. They are either looking for help with important but routine issues, such as the purchase of a house or the creation of a will or power of attorney, or they are facing a serious legal problem, such as a personal injury, a criminal charge, or a marriage breakdown.

People are always sensitive to cost. And the more serious the problem, the more legal services are likely to cost. In fact, serious legal problems often cost more than the average person can afford.

For that reason, members of the public may seek services from online service providers such as Legal Zoom, because of cost but also because of their hours, operations, location or client services. People who use online providers are, from

the perspective of the legal profession, lost clients. In other words, the existing business structures are not effectively serving the market.<sup>13</sup>

From the perspective of lawyers and paralegals, people who are currently not seeking their assistance represent a significant market opportunity. More options for ownership of legal practices, and greater association with other service providers, might encourage innovation that would reduce the cost of services and permit greater access.

From the Law Society's perspective, the question is whether existing restrictions can properly be liberalized to facilitate more effective and economical delivery of legal services, where services are not available or accessible at present.

## II. Technological considerations

The practise of law is changing rapidly. In the last 25 to 30 years, technology has significantly changed the way in which legal services are being provided and accessed.

**Technology has changed the way legal services are delivered.** Lawyers and paralegals rely heavily on technology in day-to-day practise. For example, they communicate with clients and others electronically, and use technology to create, store and file documents.

**Technology has changed the expectations of clients.** A recent study by the American Bar Association found that the majority of Americans now look for legal services online.<sup>14</sup> The public has access to far more information (both accurate and inaccurate) about legal issues and legal services. The offer of legal and other services over the Internet has resulted in an explosion of self-help legal remedies available to the public.

**Technology has increased the risks to the public** posed by unregulated service providers.

**Large clients are reducing their use of traditional legal practices** through expanded in-house practices, legal process outsourcing and non-traditional legal practices, all enabled at least in part by technology.

Access to new sources of capital by lawyers and paralegals may allow them to bring in technological innovations that would enhance services to clients.<sup>15</sup> The

potential exists for lawyers and paralegals to use technology to better respond to consumer demands – for example, to develop new tools for interaction with clients, new options for online assistance combined with legal services, and new billing options such as fixed fees.

**Technology may offer financial and other benefits** to lawyers and paralegals, especially those who wish to explore flexible work arrangements or part-time work. It may also help lawyers and paralegals who are newly licensed or who are new to private practice by expanding the employment options available.

Lawyers in jurisdictions that permit ABS have used technology in some of the following ways:

- Establishing franchises that provide centralized infrastructure and assistance with marketing and branding strategies, buying power and practice support.
- Developing systems to better predict the cost of legal services and the suitability of new fixed-fee arrangements for clients in the areas of personal injury, family law and wills.
- Offering online one-stop-shopping for accident management services, including compensation, repairs, replacement vehicles and rehabilitation.
- Establishing large, virtual law firms with a roster of consultant lawyers who work from home on a wide variety of private client matters.

In England and Wales, a 2013 study conducted by the Legal Services Board observed that ABS firms appear to use technology to deliver services to a greater extent than do other firms.

Ninety-one percent of survey respondents indicated that they had a website to deliver information and other services to their customers. In contrast, 52% of other solicitor firms had a website, which they used for advertising. The business affairs, personal injury, employment and family market segments were associated with the highest levels of publicized innovations.<sup>16</sup>

### **III. Economic and business considerations**

#### **a. Economic theory**

Professors Edward Iacobucci and Michael Trebilcock presented at the Law Society's ABS Symposium in October 2013. It was their view that the introduction of the ABS model should facilitate innovation, but would not cause dramatic change to the way in which legal services are provided in Ontario.

In a paper completed for the Law Society in 2013, Professors Iacobucci and Trebilcock applied the "theory of the firm" to the Ontario context to explain that expressly limiting what services may be supplied by legal practices can create economic inefficiencies, as can effectively limiting the nature of expertise available within the firm.<sup>17</sup>

Limiting equity investment can constrain firm development and innovation. If restricted only to debt financing, firm owners are limited by the security that they are willing and able to provide and by the personal risk that they are prepared to assume. Equity financing permits sharing of risk.

The theory also posits that ABS should lead to greater efficiency because there should be lower transaction costs for the provision of complementary services within the firm, rather than referral arrangements between firms. Further, lawyers may benefit from the professional management skills of a non-lawyer owner or manager.

#### **b. Competition from new business entities**

There is significant competition between existing legal practices for legal work. However, this competition is mostly by traditional firms and mostly for traditional legal work.

While permitting alternative business structures may provide opportunities for existing practices to innovate and serve new markets, it is also likely that existing practices will face competition from new kinds of firms.

This happened in both Australia and England, in the personal injury market. In Australia, nearly half of plaintiff's side personal injury work is now conducted by



five large personal-injury firms, two of which are publicly listed on the Australian Stock Exchange. In England, 30% of personal injury work is now conducted through firms using ABS arrangements. Half of those are new firms, and half are existing practices taking advantage of ABS liberalization.<sup>18</sup>

While the Australian and English markets have different market structures and incentives, it is clear that personal injury work has been attractive to firms using ABS models. This increases competition for existing practices, which could result in greater innovation by existing practices (including conversion to ABS models). It also means some firms might merge, lose clients or disappear.

Firms using ABS may have some competitive advantages. With greater capital and size may come a better ability to market services and create a brand. Economies of scale and business/technological innovation might allow for lower prices and/or fixed pricing, as well as better quality assurance.

On the other hand, experience elsewhere shows that legal services provided through the traditional firm model can succeed in providing legal services alongside ABS firms.<sup>19</sup> Some legal services might be better provided under traditional models, and some consumers of legal services may prefer the more personal service that traditional models provide.

### c. Challenges to sole practitioners and small firms

Most legal services are delivered to individuals and small businesses by sole practitioners and small firms.<sup>20</sup> The practitioners in these firms must run their own firms as well as assist clients. They may perform necessary non-legal work within their practices that could be done by others at a lower cost.

Practitioners serving individual clients and small businesses are typically in a highly competitive market.

The traditional solo and small practice model can have inherent limitations. Limited practice volume, business and technological expertise or capital can impair the ability to provide block fees or a wider or different range of services.<sup>21</sup>

The informal consultations undertaken by the ABS Working Group showed that many practitioners enjoy the freedom of being a sole practitioner or in a small firm, but consider the business and marketing aspects of their practice to be a burden. For them, practising, even as a sole practitioner, in a structure that facilitated access to business expertise and infrastructure was attractive.

Sole practitioners and practitioners in small firms may benefit from the advantages associated with participating in a larger entity or organization. These include –

- access to and investment in technology, technological innovations and infrastructure,
- the opportunity to share business costs,
- access to business and other expertise,
- ethical infrastructure,
- association with a known brand, and
- greater market power in dealing with suppliers and other market participants.

For some practitioners, existing private practice models are not attractive. Some would prefer simply to provide legal services rather than market their services to clients or participate in firm management and operations. Some practitioners would prefer to work part-time, including from their homes. ABS based services may provide additional options to respond to these preferences.

New sources of capital from non-lawyers or non-paralegals may permit a law firm to reorganize or expand (which may entail a merger with another firm, opening a new location, or beginning delivery of new types of services or in new practice areas). It may also permit a firm to invest in talent (hiring of new legal and non-legal staff).

All of this may lead to enhanced quality, and may enable a licensed legal professional to scale operations, thereby moving away from the billable hour to alternative fee arrangements.

In New South Wales, Australia and in England and Wales, many of the firms taking advantage of ABS were small or sole practices, and remained so within the ABS environment.

## **IV. Professional and ethical considerations**

### **a. Reputation of the Profession**

Discussion of the ABS model raises the concept of professionalism, and in particular that the liberalization that results from the introduction of alternative business structures may adversely affect the professional reputation of lawyers and paralegals.

For example, it could be argued that allowing legal services to be provided out of a big entity consisting of more than just lawyers and paralegals compromises client protection because professional values are not sufficiently protected. But whether the reputation of the legal professions would be compromised by permitting some legal services to be provided in non-traditional ways is an issue that should be considered, and it raises a number of questions.

It is worth discussing whether these questions stem from ABS or whether they are related to the changing nature of legal practice and consumer needs. Some changes are already occurring, without the adoption of ABS. For example, is the reputation of lawyers in traditional personal-injury litigation firms or real estate practices materially harmed by delivering legal services via the Internet or through a retail store, as they do now? Does it make a difference if the owners are not lawyers or paralegals? Would the involvement of non-lawyers in ownership of some law firms compromise the reputations of traditional law firms? Would such concerns be weighty enough to prohibit a lawyer or paralegal from operating from a shopping centre or over the Internet or to entirely prohibit investment by those who are not lawyers or paralegals?

### **b. Duties to clients and protecting the cause of justice, rule of law and administration of justice**

Legal service regulation ensures that clients have competent, independent legal representation provided with candour and confidentiality. It also protects society by ensuring that legal services are provided with fidelity to the cause of justice, the rule of law and the administration of justice. These professional values would have to be safeguarded in any move to liberalize ownership or structure including ABS.

Many of those who are sceptical of ABS express particular concern about protection of these professional values.<sup>22</sup> On the other hand, ABS proponents do not dismiss the importance of these professional values, but rather believe that these values can be properly protected in an ABS model.<sup>23</sup>

### c. Safeguarding solicitor-client privilege

Protection of solicitor-client privilege is essential to any consideration of the ABS model.

Communications covered by solicitor-client privilege are protected from disclosure and are inadmissible in court. Solicitor-client privilege has been part of the common law for over 500 years and plays a critical role in the operation of the legal system.<sup>24</sup> It is now a constitutional right protected under the *Canadian Charter of Rights and Freedoms*.<sup>25</sup> The concept of solicitor-client privilege is complex and continues to evolve.

The ABS model broadens the scope of the traditional solicitor-client relationship, which could negatively impact solicitor-client privilege if steps are not taken to protect it.

Determining whether communications are protected by solicitor-client privilege can be more complicated in an alternative business structure, for both lawyers and clients. For example, only communications for the purpose of seeking or giving legal advice are protected by solicitor-client privilege. Privilege does not attach to non-legal advice such as business advice. Privilege only attaches to communications that are intended to be confidential.

When lawyers provide legal services jointly with other types of services, or own law firms jointly with non-lawyers, additional steps would be required to ensure that privileged communications continued to be protected.

Jurisdictions that have adopted ABS reforms have considered the protection of solicitor-client privilege.

In New South Wales, Australia and in England and Wales, the issue of solicitor-client privilege in an ABS setting was addressed through legislation. Australia's *Legal Profession Act*, 2004, section 143(3) expressly provides that the law relating to client legal privilege (or other professional privilege) is not excluded or

otherwise affected because an Australian legal practitioner is acting in the capacity of an officer or employee of an incorporated legal practice.

In England and Wales, under section 190 of the *Legal Services Act 2007*, privilege applies to communications made by an ABS, provided that the communications are made through, or under the supervision of, a relevant lawyer.

If the Law Society were to take steps to permit changes to current business structures, the issue of privilege would need to be addressed. Legislative amendments may be required to expressly provide that the law on solicitor-client privilege is not affected by the introduction of new business structures. Other measures that might assist in protecting privilege could include:

- requiring an ABS to disclose in writing which services are legal services and which are non-legal services, and declaring that privilege applies only to those communications whose purpose is to seek or give legal advice;
- creating a prohibition against causing or inducing a lawyer or paralegal to contravene his or her professional obligations, the *Rules of Professional Conduct* or any other relevant legislative or regulatory enactments; and
- recognizing that a lawyer's professional obligations would prevail over any other legislative provisions in case of a conflict.

## **V. Implementation considerations**

### **a. Business entity regulation and subordination of business interests**

The experience of other jurisdictions that have implemented ABS is an important source of information for the Law Society. Australia has 13 years of ABS experience. This provides valuable information as to how ABS could be implemented, and what might follow implementation.

Key to the Australian experience has been the requirement that legal practices, as well as lawyers, subordinate their interests (including those of their owners) to the interests of their clients and to the interests of the rule of law and the administration of justice.

As well as requiring subordination of interests, legal practices are regulated in Australia and England, in addition to regulation of legal practitioners. Professional liability insurance is mandatory for a business using the ABS model.

To encourage and support ethical infrastructures within ABS entities, Australia also initiated a firm regulation approach when ABS was introduced. Overall, reports of the Australian experience are positive.<sup>26</sup> They emphasize that the introduction of ABS has in fact helped enhance ethical culture in ABS firms.

## b. Conflicting interests

Conflicts between owner interests and client interests are a concern.

The ABS Working Group suggested that the interests of all material ABS owners should be treated as interests of the ABS for conflicts purposes. As an example, an ABS could not accept material investment from an adverse party in litigation, as that would create a conflict with the interests of the ABS client. Similarly, a material interest in a legal practice by a lender, insurer or broker could be considered to be a conflicting ABS interest with respect to the interest of a real estate purchaser.

The ABS Working Group noted that professional independence must be maintained in both litigation and transactional matters. A question to be considered is whether banning all non-lawyer ownership is necessary to safeguard professional independence. On the other hand, it could be argued that this position is too broad and that focused conflicts rules and fiduciary law can effectively address these issues. It is worth examining whether some types of business structures raise risks to the public that cannot be adequately addressed through regulation and should not be permitted by the Law Society.

## c. ABS approval and supervision

Alternative business structures have been adopted in England and Wales, as well as Australia. Each of those jurisdictions takes a different approach to approval and supervision.

In Australia<sup>27</sup>, no prior approval is required for the establishment of an incorporated legal practice in which non-lawyer shareholding is permitted. There

is no prior evaluation of the suitability of the shareholders to have an ownership interest. However, the board of directors must include at least one director who is a lawyer, with the legal practice being under the management of the legal practitioner director.

The legal practitioner director must establish appropriate management systems for the legal practice. If the legal practitioner director ceases to be a director or is removed by the legal services regulator, a new legal services practitioner must be appointed within seven days. It is an offence to continue to provide legal services for more than seven days without a legal practitioner director. This approach has been effective in regulating ABS in Australia to date.

The English approach is different. An English ABS must receive prior approval from the regulator. The regulator<sup>28</sup> considers the suitability of the proposed owners of the ABS as well as its proposed activities and management. Rather than the legal practice being under the responsibility of a legal practitioner director, the English ABS is itself a regulated entity subject to regulatory obligations,<sup>29</sup> scrutiny and discipline.

A compliance officer for legal practice<sup>30</sup> must be appointed who is responsible for “creating a culture of compliance throughout a firm, becoming its focal point for the identification of risk, and the key point of contact for the SRA (Solicitors Regulation Authority)”.<sup>31</sup> According to some observers, the English approach has also been effective in protecting the public, although the ABS model has only been permitted in England since 2012, while alternative business structures have been permitted in Australia since 2001.<sup>32</sup> There has been some criticism of England’s SRA approach as being slow and expensive.<sup>33</sup>

## 5. Specific ABS models for discussion

To help stimulate discussion, the following models illustrate how alternative business structures could be set up. Some of the possible benefits and concerns associated with each model have been listed, but these are by no means exhaustive and are provided only to initiate the discussions.

The Law Society has made no decision on ABS. In addition to feedback on these models, it welcomes comment on why people might prefer other ABS models, or the status quo.

### Model #1

**Business entities providing legal services only in which individuals and entities who are not licensed by the Law Society can have up to 49 per cent ownership.**

Under this model, the lawyer or paralegal would maintain majority ownership of the business entity, and would be responsible for its provision of legal services.

#### Potential benefits

- This ownership structure might generate an increase in the equity capital available to the firm without compromising control of the business by licensed legal professionals.
- It could permit key employees to be rewarded by equity participation, the most common form of ABS in jurisdictions that have adopted it.
- The provision of legal services would remain under the control and supervision of lawyers and paralegals, minimizing concerns about professionalism.

#### Possible concerns

- Investors may not be interested in assuming minority ownership in a law firm without a commensurate degree of control over the decisions regarding the business. They may not perceive sufficient potential growth in the business to justify an equity investment in which the investor may only obtain a minority interest.



- Allowing an infusion of up to 49% more equity capital may not provide the resources necessary to achieve material innovation in the delivery of legal services.

**Model #2:**

**Business entities providing legal services only with no restrictions on ownership by individuals and entities who are not licensed by the Law Society.**

Under this model, the business would be free to seek capital in any way it sees fit, but it would only provide legal services. Though the business owners need not be legal professionals, the provision of legal services would remain under the control and supervision of licensed lawyers or paralegals.

Potential benefits

- Increased capitalization could be directed at enhancing the delivery of legal services.
- As the business would provide only legal services, the potential risks of conflicts, breach of confidentiality and loss of privilege that might exist in a multidisciplinary/service environment would be minimal.
- The requirement that legal professionals control and supervise the provision of legal services, together with entity regulation, should effectively ensure the proper delivery of legal services.
- The licensed legal professionals within the ABS and the provision of legal services by the entity would be clearly subject to Law Society rules and sanctions.

Possible concerns

- The importance of preserving solicitor-client privilege would require that owners who are not legal professionals not be permitted to access confidential information about the identity of clients and the work being done for them.

- These limitations may be more restrictive than is required to protect the public interest, an issue that the Law Society is required to consider under the *Law Society Act*.<sup>34</sup>
- Continued restrictions on permissible services may continue to impede innovation by lawyers and paralegals. Innovation may emerge largely in the unregulated sphere, putting the public potentially at risk.

### **Model #3**

**Business entities providing both legal and non-legal services (except those identified as posing a regulatory risk) in which individuals and entities who are not licensed by the Law Society would be permitted up to 49 per cent ownership.**

In this model, up to 49% non-licensee ownership in an entity is permitted, where the entity provides both legal services and non-legal services. Any type of services may be provided by the entity, except for those identified by the Law Society as posing a risk.<sup>35</sup>

#### Potential benefits

- Liberalized ownership may permit increased capitalization of the entity to enhance the delivery of legal services.
- Given its mandate to protect the public interest, the Law Society would assess the risks involved in permitting any type of ABS and impose appropriate restrictions.
- Regulating the provision of legal services through the business entity rather than through direct supervision requirements could assist in encouraging further innovation.

#### Possible concerns

- The structure may not lead to the full range of innovation that might result from unrestricted ownership.
- This model will require attention to the avoidance of conflicts and the protection of confidentiality and privilege, as the services of both licensed

legal professionals and non-licensed people would be permitted to be delivered within the ABS.

#### **Model #4**

**Business entities providing both legal and non-legal services (except those identified as posing a regulatory risk) in which individuals and entities who are not licensed by the Law Society would be permitted unlimited ownership.**

In this model, the non-legal services would not be subject to restriction, except where the Law Society has identified a sufficient regulatory risk<sup>36</sup>.

#### Potential benefits

- Unrestricted ownership by people who are not licensed legal professionals might increase the entity's access to capital.
- This could encourage innovation and the development of new ways to deliver legal services which otherwise would be more likely to emerge in the unregulated sphere.

#### Possible concerns

- This model would require attention to the avoidance of conflicts and the protection of confidentiality and privilege, as non-legal services would be permitted to be delivered within the ABS.
- Independence of the provision of the legal services might be affected, due to conflict between the business goals of the entity and the provision of professional services of lawyers and paralegals. Prioritizing the duties of a lawyer or paralegal to the client, the administration of justice and the Law Society would have to be specifically addressed.

## **6. Feedback**

### **The Law Society would like to hear your views on alternative business structures.**

We are seeking feedback from as many people as possible, both inside and outside the legal profession, with a view to beginning a dialogue on ABS.

Please provide your comments by December 31, 2014, as indicated earlier in this document, so that the Law Society can consider next steps.

We would appreciate you providing your name, contact information and your reason or reasons for being interested in the issue. We are interested in both general comments about the appropriateness of the ABS model for Ontario, as well as specific comments about particular considerations or issues, or about the four models presented in this paper.

## Appendix 1

### Developments in Canada

In Canada, 14 provincial and territorial law societies regulate their members in the public interest. Certain law societies restrict the delivery of legal services to sole practitioners and lawyers practising in partnership or through a professional corporation.

#### Quebec

The Barreau du Québec, aside from traditional forms of practice, permits an advocate to practise law in a limited-liability partnership, a professional corporation and a multidisciplinary practice. Regulations require law firms in these practices to provide a detailed undertaking, as follows:

- The business entity must ensure that members who engage in professional activities within the firm have a working environment that permits compliance with any law applicable to the carrying out of professional activities.
- The business entity must ensure that the partnership, corporation and all persons who comprise the partnership, corporation, or are employed there, are in compliance with legislation and regulations.

In Quebec, ownership of professional corporations practising law, for example, is open to members of other regulated professions and to others as long as at least 50% of the voting shares of the professional corporation are owned by lawyers or other regulated professionals.<sup>37</sup>

#### Nova Scotia

Since 2005, the Nova Scotia Barristers' Society has had express statutory authority to regulate law firms.

- Complaints may be made to the regulator regarding a law firm for professional misconduct.

- Law firms must designate a lawyer to receive communications from the Barristers' Society and assist with investigations.
- A firm found guilty of professional misconduct may be fined, and if a Law Society discipline panel makes an adverse finding against a law firm, the panel may order any other condition as is appropriate; and
- An inter-jurisdictional law firm must comply with all law firm regulations, and a practising lawyer may only practise law as a member of an inter-jurisdictional law firm if the firm complies with the Nova Scotia Barristers' Society regulations.<sup>38</sup>

The Nova Scotia Barristers' Society is in the midst of a large-scale consultation on ABS, based on a 2013 strategic framework. The Society wants to develop a proactive, risk-focused and principles-based regulatory regime that focuses on results rather than rules. The Society is conducting a survey of the profession as well as holding a workshop and engaging in extensive discussions with stakeholders.

### British Columbia

The Law Society of British Columbia permits multidisciplinary practices (MDPs). In June 2012, the Law Society approved rules changes to allow paralegals (supervised by lawyers) to perform additional duties. The Law Society, B.C. Supreme Court and B.C. Provincial Court have also embarked on a two-year pilot project to permit designated paralegals to appear in court.<sup>39</sup>

British Columbia has also given preliminary consideration to alternative business structures. In October 2011, its Independence and Self-Governance Advisory Committee presented a report entitled *Alternative Business Structures in the Legal Profession: Preliminary Discussion and Recommendations*. That committee concluded that:

- The current practice model does not seem to be working in a way that allows people who need to access legal advice to obtain it in an affordable way;
- While the regulator must be prepared to give alternative structures serious consideration, core values of the legal profession and important rights that

clients who need legal advice are entitled to expect must not be lost in a rush to adopt new ideas;

- Where benefits to the consumer can be attained with proper regulation to ensure that professional values are not lost, the regulator must develop proper regulation to allow for changes to the profession through which improved access to legal services can be attained.<sup>40</sup>

Since the release of the report, statutory amendments have been made that confer new powers on the Law Society of B.C. to regulate law firms, similar to those available to the regulator in Nova Scotia. The *Legal Profession Amendment Act, 2012* provides that the Law Society of B.C. may:

- receive complaints against law firms;
- investigate law firms;
- commence a discipline hearing against a law firm; and
- if a Law Society discipline panel makes an adverse finding against a law firm, discipline the firm by reprimand, fine, or other order or condition as is appropriate.<sup>41</sup>

### Saskatchewan

On July 1, 2014, amendments to the *Legal Profession Act* came into force allowing the Law Society of Saskatchewan to regulate law firms where appropriate.<sup>42</sup>

## Appendix II

### Developments abroad

#### Australia and New South Wales

Australia was an early adopter of ABS regulation. Since 2000, New South Wales has permitted full incorporation of law practices. Other Australian states and territories have implemented similar reforms. Legal practices may incorporate under ordinary company law without any restrictions on who may own shares or on what type of business may be carried on.<sup>43</sup> In May 2007, Australia was the first jurisdiction in the world to permit the public listing of a law firm. Slater & Gordon, a national firm, was listed on the Australian Stock Exchange.<sup>44</sup> The firm now employs 1,350 people in 69 locations with a focus on personal injury and class action litigation on the plaintiff side.<sup>45</sup>

The New South Wales regulatory system is based in part on entity regulation. The Office of the Legal Services Commissioner (OLSC) in New South Wales may audit incorporated legal practices (ILPs) for their compliance pursuant to the *Legal Profession Act 2004* and the *Legal Profession Regulations 2005*. ILPs are encouraged to complete annual voluntary self-assessments regarding the entity's ethical and management infrastructures. Each ILP must have a legal practitioner director responsible for implementing "appropriate management systems". This term is not defined in the legislation, although the OLSC has developed 10 objectives of a sound legal practice with which ILPs must comply.<sup>46</sup> Failure by the legal practitioner to implement appropriate management systems could be the basis of a finding of professional misconduct.<sup>47</sup>

The approach taken by New South Wales is outcomes-based. Rather than requiring ILPs to adhere to proscriptive regulations and requirements, regulation is based on their own systems. ILPs have the freedom to structure their practices in new and innovative ways that are suitable to them, as long as their systems comply with the 10 principles of appropriate management systems.

In addition, the approach in New South Wales is based on an assessment of the risk posed by each ILP. The requirement to implement and maintain "appropriate management systems" is complemented by a comprehensive risk-profiling program and audit, or practice review program that is conducted by the OLSC.<sup>48</sup>



## England and Wales

Rapid changes are taking place in England and Wales in how legal services are regulated and provided to the public. In July 2003, Sir David Clementi was appointed to carry out an independent review of the regulatory framework for legal services in England and Wales. Following his report, which recommended major reforms to the regulation of legal services in England and Wales, the *Legal Services Act 2007* (LSA) was enacted. Under the LSA, the objectives of the regulation of legal services have been broadened. In addition to protecting the public interest and improving access to justice, the regulation of legal services also seeks to protect and promote consumer interests and competition. The LSA expressly permits the provision of legal services through ABS models in support of these objectives.

Under the LSA, legal activities are regulated by eight separate approved regulators. ABSs may be approved by certain approved regulators. The first ABS entities were approved by the Council of Licensed Conveyancers in October 2011, and by the Solicitors Regulatory Authority (SRA) in early 2012. As of June 2014, 308 ABSs have been approved.<sup>49</sup>

As in Australia, ABSs in England and Wales are regulated in part through entity regulation. For example, in order to be approved by the SRA, ABS applicants need to provide the following information:

- the firm's regulatory history and the type of legal work to be conducted;
- business practices (including policies and procedures, the applicant's proposals to meet the regulatory objectives and proposed governance structure), details of personnel, indemnity insurance, client money (including how the applicant protects client money); and
- a suitability declaration.

The SRA assesses ABS applicants and maintains the authority to deny ABS licences.

ABSs approved to date have varied in size, structure and expertise. Some of the entities include:

- An insurance defence firm (Keoghs LLP), which became an ABS and obtained a 22.5% private investment from LDC, a part of Lloyds Banking Group;
- Russell Jones & Walker, a 425-person, 10-location firm with most of its revenue earned from personal injury matters, which was acquired by Australia's Slater & Gordon, and converted into an ABS;
- Natalie Gamble and Associates, a firm with expertise in fertility law offering related services such as donor conception and adoption;<sup>50</sup>
- Winn Solicitors, an accident management firm whose services include compensation, repairs, replacement vehicles and rehabilitation;<sup>51</sup>

New business structures were introduced in England and Wales as part of regulatory reform that included entity and outcomes-based regulation. The overall objective was to permit greater latitude for regulated entities to organize their delivery of legal services and their business models to permit flexibility to enhance competition.

### The United States

In the United States, only the District of Columbia permits limited non-lawyer ownership or management of law firms, similar to the Law Society's multidisciplinary partnership model.

In 2009, the American Bar Association (ABA) established the ABA Commission on Ethics 20/20 to review the ABA Model Rules of Professional Conduct and American models of lawyer regulation in the context of the globalization of legal services and technological advancements. In November 2009, the Commission's Preliminary Issues Outline noted that "core principles of client and public protection [can] be satisfied while simultaneously permitting U.S. lawyers and law firms to participate on a level playing field in a global legal services marketplace that includes the increased use of one or more forms of alternative business structures."<sup>52</sup>

The Commission established a working group on alternative business structures to study this issue. By June 2011, the ABA decided against certain forms of ABSs, including MDPs, publicly traded law firms, and passive non-lawyer

investment or ownership of law firms. Although the ABA working group continued to consider a proposal to permit non-lawyer employees of a firm to have a minority financial interest in the firm and share in the firm's profits, in April 2012, the Commission announced that it would not propose changes to ABA policy prohibiting non-lawyer ownership of law firms. In 2014, the ABS announced that it would be establishing a Commission on the Future of Legal Services.

Despite the current regulatory restrictions in law firm ownership structures, more aggressive efforts are being taken by several U.S.-based companies seeking to reshape how certain legal products and legal services are delivered to consumers in the United States and globally. Such private corporate innovators include, for example:

- Rocket Lawyer and Legal Zoom, which have developed websites that combine do-it-yourself legal form services and traditional legal services to serve individuals and corporate clients.
- Axiom Law, which offers in-house counsel legal secondments, legal outsourcing services, and project management expertise, and which recently obtained a further \$28 million in funding from a growth equity firm.

There are also pressures by traditional law firms seeking to compete in broader legal services markets. For example, the New York law firm of Jacoby & Myers commenced litigation in 2011 to challenge regulations in New York, New Jersey and Connecticut prohibiting non-lawyer ownership in law firms. In October 2012, the firm began marketing online legal forms in addition to providing traditional legal services provided by an attorney.

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<sup>1</sup> The Law Society of Upper Canada is governed by a board of directors, who are known as benchers. This board includes lawyers, paralegals and lay persons (non-lawyers and non-paralegals). Benchers gather most months in a meeting called Convocation to make policy decisions and to deal with other matters related to the governance of Ontario's paralegals and lawyers.

<sup>2</sup> *Law Society Act*, R.S.O. 1990, c. L.8, s. 4.2

<sup>3</sup> *Law Society Act*, R.S.O. 1990, c. L.8, s. 4.2

<sup>4</sup> *Law Society Act*, R.S.O. 1990, c. L.8, ss. 26.1(1) and 26.1(5)

<sup>5</sup> *Law Society Act*, R.S.O. 1990, c. L.8, s. 27(1)

<sup>6</sup> Multidisciplinary partnerships are a limited exception to this general statement.

<sup>7</sup> See for example, Julie Macfarlane, "The National Self-Represented Litigants Project: Identifying and Meeting the Needs of Self-Represented Litigants", available at [http://www.lsuc.on.ca/uploadedFiles/For\\_the\\_Public/About\\_the\\_Law\\_Society/Convocation\\_Decisions/2014/Self-represented\\_project.pdf](http://www.lsuc.on.ca/uploadedFiles/For_the_Public/About_the_Law_Society/Convocation_Decisions/2014/Self-represented_project.pdf), p. 33.

<sup>8</sup> *Legal Problems of Everyday Life: The Nature, Extent and Consequences of Justiciable Problems Experienced by Canadians*, (Ottawa: Department of Justice, 2009), p. 56. Available at [http://www.justice.gc.ca/eng/rp-pr/csj-sjc/jsp-sjp/rr07\\_la1-rr07\\_aj1/rr07\\_la1.pdf](http://www.justice.gc.ca/eng/rp-pr/csj-sjc/jsp-sjp/rr07_la1-rr07_aj1/rr07_la1.pdf)

<sup>9</sup> *Ibid.*, p. 59.

<sup>10</sup> *Ibid.*

<sup>11</sup> Available at [http://www.lsuc.on.ca/media/may3110\\_oclnreport\\_final.pdf](http://www.lsuc.on.ca/media/may3110_oclnreport_final.pdf), p. 23.

<sup>12</sup> Julie Macfarlane, "The National Self-Represented Litigants Project: Identifying and Meeting the Needs of Self-Represented Litigants", p. 8.

<sup>13</sup> Michael Trebilcock, Anthony Duggan and Lorne Sossin, eds. *Middle Income Access to Justice*, (Toronto/Buffalo/London: University of Toronto Press, 2012), Part 2: "Defining the Problem: What are the Unmet Legal Needs?"

<sup>14</sup> [http://www.abajournal.com/news/article/survey\\_finds\\_people\\_in\\_need\\_of\\_legal\\_representation\\_turn\\_to\\_the\\_internet/](http://www.abajournal.com/news/article/survey_finds_people_in_need_of_legal_representation_turn_to_the_internet/), <http://blog.larrybodine.com/2014/01/articles/tech/most-consumers-go-online-to-look-for-an-attorney/>

<sup>15</sup> Frank H. Stephen, *Lawyers, Markets and Regulation* (Cheltenham, U.K./Northampton, Mass.: Edward Elgar), p. 131.

<sup>16</sup> Legal Services Board, (*Evaluation: Changes in Competition in Different Legal Markets*), *supra* note 7, paragraph 3.14 and Part IV. (Overview).

<sup>17</sup> Edward M. Iacobucci and Michael J. Trebilcock in "An Economic Analysis of Alternative Business Structures for the Practice of Law", p. 23, September 20, 2013.

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<sup>18</sup> Solicitors Regulation Authority, “Research on Alternative Business Structures (ABSs): Findings from surveys with ABSs and applicants that withdrew from the licensing process”, May 2014, p.12

<sup>19</sup> In Australia, approximately 30% of solicitor firms are now ILPs although few are non-traditional practices. The number of firms and the number of practising solicitors have increased (information provided by the Office of the Legal Services Commissioner, New South Wales, Australia).

<sup>20</sup> LSUC Final Report of the Sole Practitioner and Small Firm Task Force, 2005, online at <http://www.lsuc.on.ca/media/convmar05solepractitioner.pdf> , particularly paragraphs 36 to 37 and 39 to 41. See also, Noel Semple, “Access to Justice: Is Legal Services Regulation Blocking the Path?” (2013).

<sup>21</sup> This issue is described by Gillian K. Hadfield in “The Cost of Law: Promoting Access to Justice Through the (Uncorporate) Practice of Law”, *International Review of Law and Economics* 39 (2014).

<sup>22</sup> Bruce Robinson, “When Lawyers Don’t Get All the Profits: Non-Lawyer Ownership of Legal Services, Access, and Professionalism”. Available at [ssrn.com/abstract=2487878](http://ssrn.com/abstract=2487878).

<sup>23</sup> Ted Schneyer, “Thoughts on the Compability of Recent Reforms with U.S. Traditions in Regulating Law Practice”, 2009, *J. Prof. Law.* 13.

<sup>24</sup> *Blank v. Canada (Minister of Justice)*, [2006] 2 S.C.R. 319, 26.

<sup>25</sup> *Lavallee, Rackel & Heintz v. Canada (Attorney General)*; *White, Ottenheimer & Baker v. Canada (Attorney General)*; *R. v. Fink* [2002] 3 S.C.R. 209.

<sup>26</sup> There have been numerous reports about the Australian experience, including studies indicating that the adoption of an outcomes focused approach has reduced complaints. See for example, Susan Fortney and Tahlia Gordon, “Adopting Law Firm Management Systems to Survive and Thrive: A Study of the Australian Approach to Management-Based Regulation”, Hofstra University School of Law Legal Studies Research Paper No. 13-02 (2013).

<sup>27</sup> [www.olsc.nsw.gov.au/olsc/lsc\\_incorp.html](http://www.olsc.nsw.gov.au/olsc/lsc_incorp.html)

<sup>28</sup> The Solicitors Regulation Authority is the regulator for solicitors. The approach taken by the SRA is described in this section.

<sup>29</sup> The English Outcomes-Focused Regulation is analogous to the Australian Appropriate Management Systems.

<sup>30</sup> A compliance officer for finance and administration is also required by the SRA.

<sup>31</sup> [www.sra.org.uk/solicitors/colp-cofa.page](http://www.sra.org.uk/solicitors/colp-cofa.page)

<sup>32</sup> See for example, Solicitors Regulation Authority, “Research on Alternative Business Structures (ABSs): Findings from surveys with ABSs and applicants that withdrew from the licensing process”, May 2014 and Legal Services Board Report, October 2013, starting at page 63 – <https://research.legalservicesboard.org.uk/wp-content/media/Changes-in-competition-in-market-segments-REPORT.pdf>

<sup>33</sup> *Ibid.*

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<sup>34</sup> *Law Society Act*, R.S.O. 1990, c.L.8, s 4.2

<sup>35</sup> The Law Society is mandated by section 4.2 of the *Law Society Act* to protect the public interest, but also to ensure that restrictions on who may provide particular legal services should be proportional to the significance of the regulatory objectives sought to be realized. The Working Group recognizes that there may be types of services or business that should be restricted due to risk. The Law Society would develop criteria governing the assessment of sufficient regulatory risk. This is the approach adopted in New South Wales, where the *Legal Profession Act 2004* (section 135) provides that an incorporated legal practice must not conduct a managed investment scheme and that the regulations may prohibit an incorporated legal practice from providing a service or conducting a business, of a kind specified by the regulation.

<sup>36</sup> Please see discussion in previous footnote.

<sup>37</sup> Regulation respecting the practise of the profession of advocate within a limited liability partnership or joint-stock company and in multidisciplinary, RRQ, c B-1, r 9.

<sup>38</sup> *Legal Profession Act*, S.N.S. 2004, c. 28.

<sup>39</sup> The term “designated paralegal” in this context refers to a paralegal who can perform additional duties under a lawyer’s supervision (see <http://www.lawsociety.bc.ca/newsroom/highlights.cfm#c2663>).

<sup>40</sup> Law Society of British Columbia, *Alternative Business Structures in the Legal Profession*: Preliminary Discussion and Recommendations, October 2011, pp. 21-22.

<sup>41</sup> *Legal Profession Act*, S.B.C. 1998, c. 9.

<sup>42</sup> *Legal Profession Act*, 1990, S.S., c. L.10.1, s. 10, online at <http://www.qp.gov.sk.ca/documents/English/Statutes/Statutes/L10-1.pdf>.

<sup>43</sup> Susan Fortney and Tahlia Gordon, “Adopting Law Firm Management Systems to Survive and Thrive: A Study of the Australian Approach to Management-Based Regulation”, supra note 23.

<sup>44</sup> Integrated Legal Holdings became the second listed firm on the ASX on August 17, 2008.

<sup>45</sup> Noel Semple, “Access to Justice: Is Legal Services Regulation Blocking the Path?” Since then, two other firms have been listed on the Australian Stock Exchange.

<sup>46</sup> The 10 areas are negligence, communication, delay, liens/file transfers, cost disclosure/billing practices/termination of retainer, conflict of interests, records management, undertakings, supervision of practice and staff, and trust account regulations. Susan Fortney and Tahlia Gordon, “Adopting Law Firm Management Systems to Survive and Thrive: A Study of the Australian Approach to Management-Based Regulation”, supra note 23, p. 15.

<sup>47</sup> *Legal Profession Act 2004*, (NSW), s. 140(5).

<sup>48</sup> Susan Fortney and Tahlia Gordon, “Adopting Law Firm Management Systems to Survive and Thrive: A Study of the Australian Approach to Management-Based Regulation”, supra note 23 at 11.

<sup>49</sup> Dan Bindman, “ABSs top 300 mark with latest licensees demonstrating variety of new legal breed”, Legal Futures, April 16, 2014, <http://www.legalfutures.co.uk/latest-news/abs-top-300-mark-latest-licencees-demonstrating-variety-new-legal-breed>

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<sup>50</sup> [www.nataliegambleassociates.co.uk](http://www.nataliegambleassociates.co.uk)

<sup>51</sup> <http://www.winnsolicitors.com/>.

<sup>52</sup> ABA Commission on Ethics 20/20, *Issues Paper Concerning Alternative Business Structures* (April 5, 2011).

## FOR INFORMATION

### ENTITY AND COMPLIANCE-BASED REGULATION

#### Issues Under Consideration

13. This report provides an update to Convocation on the Committee's work on entity and compliance-based regulatory models.
14. On February 27, 2014, Convocation approved the development of a framework for the regulation of firms, including entities, providing legal services, and the Law Society's consideration of the implementation of compliance-based regulation.<sup>1</sup>
15. If adopted, firm or entity regulation would provide the authority to regulate firms and other entities providing legal services in addition to the Law Society's current authority in the *Law Society Act*. Compliance-based regulation is an outcomes-focused approach to regulation. The regulator sets out expected outcomes and provides flexibility to firms as to how the outcomes are achieved.
16. At its September 11, 2014, meeting, the Committee began its introduction to the topics remitted to it by Convocation. After considering reports, the Committee directed Law Society staff to develop models for entity and compliance-based regulation for its consideration and comment. The Committee also expressed an interest in hearing from experts in firm and compliance based regulation to improve its understanding of the regulatory models.
17. The Paralegal Standing Committee also discussed these matters at its meeting on September 10, 2014.

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<sup>1</sup> The report may be accessed on the Law Society's web page at [http://lsuc.on.ca/uploadedFiles/For the Public/About the Law Society/Convocation Decisions/2014/convfeb2014\\_PRC\(1\).pdf](http://lsuc.on.ca/uploadedFiles/For%20the%20Public/About%20the%20Law%20Society/Convocation%20Decisions/2014/convfeb2014_PRC(1).pdf).



**FOR INFORMATION**  
**2014 LAWYER ANNUAL REPORT**

**Issue**

18. The amended 2014 Lawyer Annual Report and the 2014 Class L3 Canadian Legal Advisor Annual Report are shown at [TAB 6.3.1](#) and [6.3.2](#), respectively, for Convocation's information.

**Rationale**

19. Subsections 5(1)(a) and 5(1)(b) of By-Law 8 require that every licensee file a report with the Law Society by March 31 of each year, in respect of the licensee's professional business during the preceding year; and the licensee's other activities during the preceding year related to the licensee's practice of law or the provision of legal services. The By-Law provides that the report shall be in a form provided by the Society.

**Summary of the Amendments**

20. The substantive amendments to the 2014 Lawyer Annual Report ([TAB 6.3.1](#)) are as follows:
- a. The Privacy Option question, which sought licensees' consent to disclose their names, business addresses, and emails to professional legal associations, organizations, and institutions, formerly found within Section A – Identification, has been removed in its entirety.
  - b. The self-identification questions following Section A - Identification, Question 3, within the electronic form, were modified to reflect the decision of the Equity and Aboriginal Issues Committee, presented to Convocation for information in February 2013, with further minor changes made in May 2014. ([TAB 6.3.3](#)).
  - c. All lawyer licensees who act on a real estate transaction in 2014 will be required to complete the mandatory Real Estate Declaration at Section D – Areas of Practice, Question 4(e). The Real Estate Declaration was approved by Convocation in February 2013.
  - d. A mandatory question has been added to the 2014 Lawyer Annual Report about membership in any other regulated body. The wording of the additional question is:

***Are you now a member of another professional/regulatory/governing body in any jurisdiction?***

***e. If the answer is yes, please identify the professional/regulatory/governing body.***

21. With respect to the mandatory question above, obtaining information about membership in other regulated bodies would assist the Law Society to share with or obtain information from other regulators in the course of an investigation, subject to confidentiality considerations.
22. Sharing of information between law societies is one of the National Discipline Standards adopted by Convocation in February 2014.<sup>1</sup>
23. A number of other law societies currently ask for this information
24. The substantive amendments to the 2014 Class L3 Licence Canadian Legal Advisor Annual Report (**TAB 6.3.2**) are described below:
  - a. The Privacy Option question, which sought licensees' consent to disclose their names, business addresses, and emails to professional legal associations, organizations, and institutions, formerly found within Section A – Identification, has been removed in its entirety.
  - b. The self-identification questions following Section A - Identification, Question 3, within the electronic form, were modified to reflect the decision of the Equity and Aboriginal Committee, presented to Convocation for information in February 2013, with further minor changes made in May 2014 (**TAB 6.3.3**).
  - c. A proposal has been made to add a mandatory question to be asked in the 2014 Class L3 Licence Canadian Legal Advisor Annual Report about membership in any other regulated body. The question is described above in paragraph 4 of this report.

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<sup>1</sup> Information sharing among Law Societies is referred to in paragraph 16 of the National Discipline Standards, which provides that “there is an ability to share information about a lawyer who is a member of another law society with that other law society when an investigation is underway in a manner that protects solicitor-client privilege, or there is an obligation on the lawyer to disclose to all law societies of which he/she is a member that there is an investigation underway.”



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## 2014 Lawyer Annual Report

### Introduction Page

#### **YOUR 2014 LAWYER ANNUAL REPORT IS DUE MARCH 31, 2015.**

This report is based on the calendar year ending December 31, 2014, and is due by March 31, 2015. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

Your responses to Sections A to D will be shared with the Lawyers' Professional Indemnity Company (LAWPRO), which may rely on this information for the purposes of your professional indemnity insurance.

**GUIDE:** For definitions or assistance in completing this report, click the "Guide" button in the "Additional Information Menu" at the top of this page. For quick reference, you can also access relevant parts of the Guide within each section of the report.

**FINANCIAL FILING DECLARATION (FFD):** Only the Designated Financial Filing Partner for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is available for filing at the end of Section G or by clicking on the "FFD" button in the "Attachments Menu". The FFD will not submit automatically with your report; you must ensure that you submit your FFD once you have completed it.

You do not have to submit the FFD at the same time as your Lawyer Annual Report.

**FORM 1: REPORT TO THE LAW FOUNDATION OF ONTARIO:** To complete and submit this form online, click on the "Form 1 - Report to The Law Foundation" button in the "Attachments Menu". Questions about completing this form and questions concerning interest on mixed trust accounts should be directed to The Law Foundation at (416) 598-1550 or by email at [form1@lawfoundation.on.ca](mailto:form1@lawfoundation.on.ca).

You must file a Form 1 if client trust monies were held in a mixed trust account during the reporting year and you are responsible for the account or you are the Designated Financial Filing Partner.

**If you are not able to submit the Form 1 online,** click [here](#) for a printable copy. Once completed it should be sent directly to The Law Foundation at the address found on the form.

You do not have to submit the Form 1 at the same time as your Lawyer Annual Report.

The Form 1 is due by **March 31, 2015**.

**BY-LAWS:** To reference the applicable by-law, click on the "By-Laws" button in the "Additional Information Menu" at the top of this page.

**BLANK DRAFT FORM:** To download a draft reference copy, click on the "Blank Draft Form" button found at the top of this page.

**The draft reference copy cannot be submitted.**



## 2014 Lawyer Annual Report

**NOTE:** Your session will time out automatically after 45 minutes of inactivity. You must save your changes frequently to avoid losing any information you have entered in your report. Use the "Save" button found in the "Navigation Menu" or at the bottom of each section.

To log out of the LSUC Portal, click on "Log Out" at the top of this page. Please ensure you have saved your changes first; or, if you wish to move to a different area in the LSUC Portal, save your changes and then click on the relevant tab found at the top of this page.

If you require filing assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at [bylawadmin@lsuc.on.ca](mailto:bylawadmin@lsuc.on.ca).



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## 2014 Lawyer Annual Report

### Section A IDENTIFICATION

Populated from Law Society records as at December 2014.

Questions about this section? Click [here](#).

#### Licensee Information:

Law Society Number:

Year of Call:

#### Mailing Information\*:

*\*As at December 2014*

Name:

Address:

City, Province:

Postal Code:

Email:

Assistant/Administrator Email: (optional)

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(If you wish your confirmation email to be sent to you and someone else, enter the email address here.)

Phone:

Status:

**Is the information above current? If not, update our records online by selecting the Change of Information tab after you have logged out and/or completed filing your annual report. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.**



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## 2014 Lawyer Annual Report

### 1. Benchers Election Privacy Option (non-mandatory response)

During the benchers election, many candidates want to communicate with voters by email.

Check the box if you give the Law Society permission to provide your email address for benchers election campaigning purposes:

☐

### 2. Provision of Legal Services in French (non-mandatory response)

- a) Can you communicate with your clients and provide legal advice to them in the French language? Yes ☐ No ☐
- b) Can you communicate with your clients, provide legal advice to them, and represent them in the French language? Yes ☐ No ☐

### 3. Other Languages (non-mandatory response)

- |   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> ASL or LSQ (Sign Language) | <input type="checkbox"/> Albanian   | <input type="checkbox"/> Arabic     |
| <input type="checkbox"/> Bulgarian                  | <input type="checkbox"/> Cantonese  | <input type="checkbox"/> Croatian   |
| <input type="checkbox"/> Czech                      | <input type="checkbox"/> Danish     | <input type="checkbox"/> Dutch      |
| <input type="checkbox"/> English                    | <input type="checkbox"/> Estonian   | <input type="checkbox"/> Farsi      |
| <input type="checkbox"/> Finnish                    | <input type="checkbox"/> French     | <input type="checkbox"/> German     |
| <input type="checkbox"/> Greek                      | <input type="checkbox"/> Gujarati   | <input type="checkbox"/> Hebrew     |
| <input type="checkbox"/> Hindi                      | <input type="checkbox"/> Hungarian  | <input type="checkbox"/> Italian    |
| <input type="checkbox"/> Japanese                   | <input type="checkbox"/> Korean     | <input type="checkbox"/> Latvian    |
| <input type="checkbox"/> Lithuanian                 | <input type="checkbox"/> Macedonian | <input type="checkbox"/> Mandarin   |
| <input type="checkbox"/> Norwegian                  | <input type="checkbox"/> Polish     | <input type="checkbox"/> Portuguese |
| <input type="checkbox"/> Punjabi                    | <input type="checkbox"/> Romanian   | <input type="checkbox"/> Russian    |
| <input type="checkbox"/> Serbian                    | <input type="checkbox"/> Slovak     | <input type="checkbox"/> Slovene    |
| <input type="checkbox"/> Spanish                    | <input type="checkbox"/> Swedish    | <input type="checkbox"/> Ukrainian  |
| <input type="checkbox"/> Urdu                       | <input type="checkbox"/> Yiddish    |                                     |

☐ Other - Please specify: \_\_\_\_\_



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## 2014 Lawyer Annual Report

### Section B YEAR END STATUS (To be completed by all licensees.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Choose only one status (your status on December 31, 2014) regardless of changes during the 2014 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your current status, please use the Change of Information tab in the LSUC Portal.

December 31, 2014 Status (Select only ONE)		Mandatory Sections	Complete if Applicable
A sole practitioner, practising alone in Ontario	<input type="checkbox"/>	DEFGH	
A sole practitioner, practising in Ontario with one or more lawyers as employees	<input type="checkbox"/>	DEFGH	
A sole practitioner, practising in Ontario with one or more lawyers in shared facilities	<input type="checkbox"/>	DEFGH	
A partner in a law partnership in Ontario	<input type="checkbox"/>	DEFGH	
An employee/associate/counsel in a law firm in Ontario	<input type="checkbox"/>	DEFGH	
In House Counsel Insured by LawPRO	<input type="checkbox"/>	EF H	CDG
In House Counsel Not Insured by LawPRO	<input type="checkbox"/>	EF H	CDG
Employed by Legal Aid Ontario or a community legal clinic	<input type="checkbox"/>	EF H	CDG
Employed in government in Ontario	<input type="checkbox"/>	EF H	CDG
Employed in education in Ontario	<input type="checkbox"/>	EF H	CDG
Employed other in Ontario (not practising law)	<input type="checkbox"/>	EF H	CDG
A lawyer practising law outside of Ontario	<input type="checkbox"/>	EF H	CDG
Employed other outside of Ontario (not practising law)	<input type="checkbox"/>	EF H	CDG
Emeritus lawyer providing pro bono legal services through Pro Bono Law Ontario	<input type="checkbox"/>	EF H	CDG
Not working or on parental leave or unemployed	<input type="checkbox"/>	EF H	CDG
Suspended	<input type="checkbox"/>	EF H	CDG
In a situation not covered above (specify your status in the area below)	<input type="checkbox"/>	EF H	CDG



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## 2014 Lawyer Annual Report

### Section C ALLOCATION OF PRACTICE (To be completed by all lawyers practising law but not in private practice in 2014.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Complete Section C only if you engaged in the practice of law\* in respect of Ontario law (whether Provincial or Federal) during the course of your employment or engagement. Complete Section C only in respect of such services. Complete regardless of where you were resident.
2. "Employer" includes a corporation or other entity employing you, as well as affiliated, controlled, and subsidiary companies of that corporation or other entity.
3. "Affiliated", "controlled" and "subsidiary" companies are as defined in the *Securities Act*, R.S.O. 1990, c.S.5.
4. \* Refer to the Guide for definitions.

What approximate percentage of the time spent practising law was devoted to:

The practice of law for outside third parties on your employer's behalf (e.g. employer's clients, customers, etc.) \_\_\_\_\_

The practice of law for outside third parties not on your employer's behalf \_\_\_\_\_

The practice of law directly for your employer \_\_\_\_\_

**Total:** \_\_\_\_\_

The total for the 3 rows should be 100%.





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**Section D AREAS OF PRACTICE (To be completed by all lawyers resident in Ontario in 2014, who engaged in the practice of law, whether in private practice or otherwise. Other lawyers, including those resident and practising in Canada, but outside of Ontario throughout 2014, and those resident and practising outside of Canada throughout 2014, should omit this section and proceed to Section E.)**

Questions about this section? Click [here](#).

### NOTES ABOUT THIS SECTION:

- Questions in this section relate only to your law practice while resident in Ontario in 2014. "Resident" as used in this section has the same meaning given to it for the purposes of the *Income Tax Act* (Canada), R.S.C., 1985, c.1.
- Where exact information is not available to respond to the questions under this heading, provide your best approximation.
- In estimating the approximate percentage of time in each question, your response should include:
  - time spent by non-lawyer staff on your behalf, and
  - your docketed and undocketed time, combined.
- If you were engaged in the practice of law\* other than in private practice, unless otherwise noted, your responses should be based upon the whole of your practice, whether for your employer or for others.
- Do not include ADR or litigation activities in the categories of "Corporate/Commercial Law" and "Real Estate Law" for the first two questions in this section. ADR and litigation activities should be reflected under "ADR/Mediation Services" and "Civil Litigation" respectively for these noted categories.
- In the category of "ADR/Mediation Services" for the first two questions in this section, indicate the percentage of time spent as a mediator or other role as an intermediary.
- \*Refer to the Guide for definitions.

#### 1. Canadian Law Practice – Ontario

- a) Did you practise law relating to Ontario Law in 2014?

Yes ☐ No ☐

**If "Yes" to a):**

- b) Describe that portion of your law practice most directly relating to Ontario, by indicating the approximate percentage of time devoted by you while resident in Ontario in 2014 to each area of law listed below:

Aboriginal Law	_____%	ADR/Mediation Services (see Notes 5 & 6 above)	_____%
Administrative Law	_____%	Bankruptcy & Insolvency Law	_____%
Civil Litigation – Plaintiff	_____%	Civil Litigation – Defendant	_____%
Construction Law	_____%	Corporate/Commercial Law (see Note 5 above)	_____%
Criminal/Quasi Criminal Law	_____%	Employment/Labour Law	_____%
Environmental Law	_____%	Family/Matrimonial Law	_____%
Franchise Law	_____%	Immigration Law	_____%
Intellectual Property Law	_____%	Real Estate Law (see Note 5 above)	_____%
Securities Law	_____%	Tax Law	_____%
Wills, Estates, Trusts Law	_____%	Workplace Safety & Insurance Law	_____%

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Other \_\_\_\_\_%

**Total:** \_\_\_\_\_%

Question 1b) must total 100%.

**2. Canadian Law Practice – Other than Ontario**a) Did you practise law relating to Canadian jurisdictions other than Ontario in 2014? Yes ☐ No ☐**If "Yes" to a):**

b) Describe that portion of your law practice most directly relating to Canadian jurisdictions other than Ontario, by indicating the approximate percentage of time devoted by you while resident in Ontario in 2014 to each area of law listed below.

Aboriginal Law	_____%	ADR/Mediation Services (see Notes 5 & 6 above)	_____%
Administrative Law	_____%	Bankruptcy & Insolvency Law	_____%
Civil Litigation – Plaintiff	_____%	Civil Litigation - Defendant	_____%
Construction Law	_____%	Corporate/Commercial Law (see Note 5 above)	_____%
Criminal/Quasi Criminal Law	_____%	Employment/Labour Law	_____%
Environmental Law	_____%	Family/Matrimonial Law	_____%
Franchise Law	_____%	Immigration Law	_____%
Intellectual Property Law	_____%	Real Estate Law (see Note 5 above)	_____%
Securities Law	_____%	Tax Law	_____%
Wills, Estates, Trusts Law	_____%	Workplace Safety & Insurance Law	_____%
Other	_____%		
<b>Total:</b>	_____%		

Question 2b) must total 100%.

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**3. Canadian Law Practice - Other than Ontario**

What percentage of your total Canadian law practice relates most directly to Canadian jurisdictions other than Ontario? \_\_\_\_\_%

**4. Details of Real Estate Practice (if applicable)**

a) Of the time you devoted to your overall real estate practice in 2014, what approximate percentage of the time related to:

Purchases and mortgages	_____%	Sales	_____%
Development/land use	_____%	Residential landlord/tenant	_____%
Commercial leasing	_____%	Mortgage remedies work	_____%
Other	_____%		
<b>Total:</b>	_____%		

The total for the 7 rows should be 100%.

b) Of the time you devoted to your overall residential real estate practice in 2014 (including urban and non-urban, combined), what approximate percentage of the time related to:

**--Non-Condominiums--**

Residential single unit dwellings	_____%	Residential multiple unit dwellings of 4 units or less	_____%
Residential multiple unit dwellings of more than 4 units	_____%		

**--Condominiums--**

Residential	_____%
<b>Total:</b>	_____%

The total for the 4 rows should be 100%.

c) Of the time you devoted to conveyancing-related work, including mortgage work in 2014, what approximate percentage of the time related to:

Residential urban (i.e. within town/city limits)	_____%	Residential non-urban	_____%
Commercial	_____%	Industrial	_____%
Other	_____%		
<b>Total:</b>	_____%		

The total for the 5 rows should be 100%.



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d) Did you act on a real estate transaction in 2014?  If "Yes" to d), complete e).	Yes <input type="checkbox"/>	No <input type="checkbox"/>
--	------------------------------	-----------------------------

### e) Real Estate Declaration – To be completed by all lawyers who acted on a real estate transaction in 2014.

i. I declare that I complied in 2014 with my professional obligations to not permit anyone to use my lawyer's e-reg <sup>TM</sup> diskette/key and to not disclose to anyone my personalized e-reg <sup>TM</sup> pass phrase, as set out at Rule 6.1-5 [formerly Rule 5.01(3)] of the <i>Rules of Professional Conduct</i> ("Rules") and at subsection 6(2) of By-Law 7.1.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
ii. I declare that I complied in 2014 with my professional obligations to directly supervise non-lawyers to whom I assign permissible tasks and functions and to not assign to non-lawyers tasks requiring a lawyer's skill or judgment, as set out at Section 6.1 [formerly Rule 5.01] of the <i>Rules</i> and in Part I of By-Law 7.1.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
iii. I declare that I complied in 2014 with my professional obligation to not act for both a transferor and a transferee in the transfer of title to real property, as set out at Rule 3.4-16.7 [formerly Rule 2.04.0] of the <i>Rules</i> , except in the limited circumstances set out at Rule 3.4-16.9 [formerly Rule 2.04.1(3)].	Yes <input type="checkbox"/>	No <input type="checkbox"/>
iv. I declare that I complied in 2014 with my professional obligation, when acting in permissible circumstances for both a borrower and a lender in a mortgage or loan transaction, to disclose in writing to the borrower and lender, before the advance or release of mortgage or loan funds, all material information that is relevant to the transaction, as set out at Rule 3.4-15 [formerly Rule 2.04(6.1)] of the <i>Rules</i> and discussed further in the Commentary to the rule.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
v. I acknowledge my professional obligation, in the practice of real estate law, to not act or do anything or omit to do anything to assist a client, a person associated with a client or any other person to facilitate dishonesty, fraud, crime, or illegal conduct, as set out at Rules 3.2-7 and 3.2-7.1 [formerly Rules 2.02(5) and 2.02(5.0.1)] of the <i>Rules</i> , and discussed further in the Commentary to the rules, which I have read. I am aware that the Law Society and LawPRO offer many resources about real estate fraud, including the Law Society's <a href="#">Update on Mortgage Fraud</a> and webpage entitled <a href="#">Fighting Real Estate Fraud</a> , and LawPRO's <a href="#">Fraud Fact Sheet</a> and webpage entitled <a href="#">Avoid a Claim</a> .	Yes <input type="checkbox"/>	No <input type="checkbox"/>
vi. I declare that I complied with my obligation under the Electronic Land Registration Agreement to obtain evidence of proper authorization from the owner of the land or holder of an interest in the land that has directed the registration, prior to the submission of the document for registration in the electronic land registration system.	Yes <input type="checkbox"/>	No <input type="checkbox"/>



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### Section E SELF-STUDY (To be completed by all licensees regardless of status.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Refer to the "Additional Information Menu" above and click on "Guide" for more information about self-study.
2. The annual minimum expectation is 50 hours of self-study.
3. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
4. CPD hours must be reported in the CPD section of the LSUC Portal by December 31<sup>st</sup> of each calendar year.

#### 1. Self-Study

a) Did you undertake any self-study during 2014?

Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

b) Approximate total number of self-study hours spent on **file specific** reading or research: \_\_\_\_\_

c) Approximate total number of self-study hours spent on **general** reading or research: \_\_\_\_\_

d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material

☐ Internet

☐ Other

If required, use the area below to provide further information about your Self-Study (Section E).



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### Section F INDIVIDUAL LAWYER QUESTIONS (To be completed by all licensees regardless of status.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

- For further assistance in completing this section, refer to the Bookkeeping Guide available at [www.lsuc.on.ca](http://www.lsuc.on.ca).
- \*Refer to the Guide for definitions.

#### 1. Cash Transactions - All lawyers must report on large cash transactions regardless of jurisdiction of practice.

- a) Did you receive cash\* in an aggregate amount equivalent to \$7,500 CDN or more in respect of any one client file in 2014?

Yes ☐ No ☐

**If "Yes" to a):**

- b) Was the cash solely for legal fees and/or client disbursements\*?

Yes ☐ No ☐

**If "No" to b),** provide full particulars below with respect to compliance with Part III of By-Law 9 (Cash Transactions).

#### 2. Trust Funds/Property - 2a), 2b) and 2c) must be answered.

- a) In 2014, did you receive\* trust funds\* and/or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

- b) In 2014, did you disburse\* (payout), or did you have signing authority to disburse, trust funds\* or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

- c) In 2014, did you hold\* trust funds\* or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

#### 3. Estates and Power(s) of Attorney - 3a), 3b) and 3c) must be answered.

- a) i) In 2014, did you act as an estate trustee\* in Ontario?

Yes ☐ No ☐

**If "Yes" to i),** answer ii), iii) & iv).

- ii) Were you an estate trustee\* only for related\* persons in Ontario?

Yes ☐ No ☐

- iii) In 2014, the total number of estates in which you were an estate trustee\* was:

\_\_\_\_\_ N/A ☐

- iv) As estate trustee\* for any estate, did you receive\*, hold\*, or disburse\* estate funds or estate property?

Yes ☐ No ☐

**If "Yes" to iv),** answer v), vi) & vii).

- v) The total dollar value as at December 31, 2014 of all separate\* bank accounts and investments\* for the estates referred to in iv) was:

\$ \_\_\_\_\_ N/A ☐

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vi) Were books and records maintained in accordance with By-Law 9, or other applicable rules/statutes?

Yes ☐ No ☐ N/A ☐

vii) Was the total dollar value indicated in v) recorded in the firm's accounting records?

Yes ☐ No ☐ N/A ☐

**If "No" to vii),** provide a written explanation in the text box at the end of this section.

b) i) In 2014, did you exercise a power of attorney\* for property in Ontario?

Yes ☐ No ☐

**If "Yes" to i),** answer ii), iii) & iv).

ii) Did you exercise the power(s) of attorney\* for property only for related\* persons in Ontario?

Yes ☐ No ☐

iii) In 2014, the total number of persons for whom you exercised a power of attorney\* was:

\_\_\_\_\_ N/A ☐

iv) In exercising the power(s) of attorney\* for any person, did you receive\*, hold\*, or disburse\* the donors' funds or property?

Yes ☐ No ☐

**If "Yes" to iv),** answer v), vi) & vii).

v) The total dollar value as at December 31, 2014 of all separate\* bank accounts and investments\* for the power(s) of attorney\* referred to in iv) was:

\$\_\_\_\_\_ N/A ☐

vi) Were books and records maintained in accordance with By-Law 9, or other applicable rules/statutes?

Yes ☐ No ☐ N/A ☐

vii) Was the total dollar value indicated in v) recorded in the firm's accounting records?

Yes ☐ No ☐ N/A ☐

**If "No" to vii),** provide a written explanation in the text box at the end of this section.

c) i) In 2014, did you control\* estate assets as a solicitor, and not as an estate trustee, in Ontario? (Only the lawyer responsible for the estate should answer "Yes".)

Yes ☐ No ☐

**If "Yes" to i),** answer ii) & iii).

ii) In 2014, the total number of estate files open at any time during the year in which you were a solicitor with control\* over estate assets, but not an estate trustee was:

\_\_\_\_\_ N/A ☐



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iii) As a solicitor, did you receive\*, hold\*, or disburse\* estate funds or estate property?

Yes ☐ No ☐

If "Yes" to iii), answer iv), v) & vi).

iv) The total dollar value as at December 31, 2014 of all separate\* bank accounts and investments\* for the estate files referred to in iii) was:

\$\_\_\_\_\_ N/A ☐

v) Were books & records maintained in accordance with By-Law 9?

Yes ☐ No ☐ N/A ☐

vi) Was the total dollar value indicated in iv) recorded in the firm's accounting records?

Yes ☐ No ☐ N/A ☐

If "No" to vi), provide a written explanation in the text box at the end of this section.

### 4. Borrowing from Clients - 4a) and 4b) must be answered.

**Note:** If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer "No" to i) and "N/A" to ii).

See Rules 3.4-31 to 3.4-33 [formerly Rule 2.06(4), Commentary and Rule 2.06(5)] of the *Rules*.

a) i) At any time in 2014, were you personally indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm for which you were then practising law?

Yes ☐ No ☐

If "Yes" to i):

ii) Was the client or person a related\* person as defined in the *Income Tax Act* (Canada)?

Yes ☐ No ☐ N/A ☐

If "Yes" to i), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

b) At any time in 2014, was your spouse or a corporation, syndicate or partnership in which either you or your spouse has, or both of you have, directly or indirectly, a substantial interest, indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law?

Yes ☐ No ☐

If "Yes" to b), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.





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### 5. Mortgage Transactions

In 2014, did you either directly or indirectly through a related person\* or corporation\*, hold\* mortgages or other charges on real property in trust for clients or other persons? Yes ☐ No ☐

### 6. Private Mortgages - 6a) and 6b) must be answered.

**Refer to the Guide for Private Mortgage reporting information.**

- a) In 2014, did you act for a lender, lending money through a mortgage broker? Yes ☐ No ☐
- b) i) In 2014, did you act for, or receive money from, a lender who was lending money secured by a charge, or charges, on real property, except for transactions listed in subsection 24(2) of By-Law 9? (Note: For the exception in subsection 24 (2)(a)(i), funds loaned through RRSPs and RSPs belong to the plan holder, not the financial institution.) Yes ☐ No ☐

**If "Yes" to i):**

ii) In 2014, approximately how many private mortgage\* loans were advanced? \_\_\_\_\_

iii) In 2014, the approximate total dollar value of private mortgage\* loans advanced was: \$\_\_\_\_\_

### 7. Client Identification - All lawyers must answer questions 7a) and 7b).

- a) i) In 2014, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

**If "No" to i), answer ii).**

ii) In 2014, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

**If "No" to ii), provide an explanation below.**

- b) i) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, did you obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

**If "No" to i), answer ii).**



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ii) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

### 8. Pro Bono Legal Services

(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)

a) Did you provide pro bono legal services in Ontario in 2014?

Yes ☐ No ☐

If "Yes" to a), complete b) and c).

b) How many hours did you devote to pro bono legal services in Ontario in 2014?

\_\_\_\_\_

c) Did you provide pro bono legal services for Pro Bono Law Ontario (PBLO) sponsored programs?

Yes ☐ No ☐

### 9. Membership in other Regulatory Bodies

a) Are you now a member of another professional/regulatory/governing body in any jurisdiction?

Yes ☐ No ☐

If "Yes" to a), please identify the professional/regulatory/governing body.

\_\_\_\_\_

If required, use the area below to provide further information about your Individual Lawyer Questions (Section F).



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### Section G FINANCIAL REPORTING

To be completed by:

- All sole practitioners, partners/employees/associates/counsel of law firms;
- Lawyers employed by Legal Aid responsible for general (non-trust) accounts or trust accounts; and
- All other lawyers who held or continued to hold client monies or property from a former legal practice in Ontario as at December 31, 2014.

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to the Bookkeeping Guide available at [www.lsuc.on.ca](http://www.lsuc.on.ca).
2. \* Refer to the Guide for definitions.

#### 1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

a) As at December 31, 2014, did either you or your firm operate a trust\* account in Ontario? Yes ☐ No ☐

b) As at December 31, 2014, did either you or your firm operate a general\* (non-trust) account in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2.

If "No" to a) and "Yes" to b), proceed to question 4, and then proceed to Section H.

If "No" to both a) and b), proceed to Section H.

2. As at December 31, 2014, were you a sole practitioner, or were you the lawyer responsible for filing the trust account information on behalf of your firm in Ontario? Yes ☐ No ☐

If "Yes" to 2, proceed to questions 4 through 11.

**NOTE about Financial Filing Declaration (FFD):** If you are reporting financial information on behalf of other lawyers and/or paralegals in your firm, you must also submit a Financial Filing Declaration.

Your report is not considered complete without submitting the Financial Filing Declaration.

**NOTE about Form 1: Report to The Law Foundation:** If you answered "Yes" to question 2, you must complete and submit the Form 1.

If "No" to 2, complete the "Designated Financial Filing Option" (question 3) below.



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### 3. Designated Financial Filing Option

This option is available to you if you are not responsible for filing trust account information.

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section H.

#### ENTER DESIGNATED FINANCIAL FILING PARTNER'S NAME & LAW SOCIETY NUMBER

a) **FINANCIAL FILING PARTNER'S NAME:** \_\_\_\_\_

b) **Law Society Number:** \_\_\_\_\_  
(e.g. 12345A or P12345)

The filing partner you have named is responsible for filing the Financial Filing Declaration to report the firm's financial information on your behalf. Your report will not be considered complete without the submission of the **Financial Filing Declaration by the person you have named.**

### 4. Firm Records

Were financial records for all your firm's trust\* accounts (mixed\*, separate\*, estates, power(s) of attorney\* and other interest generating investments\*) and/or general\* (non-trust) bank accounts maintained throughout 2014, on a current basis, in accordance with all applicable sections in By-Law 9?

Yes ☐ No ☐

If "No" to 4, indicate below which areas were deficient and provide an explanation for each.

**COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE.  
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT.**

By-Law 9: Financial Transactions and Records	By-Law 9 Sections 18, 19 & 20 (Maintain)	By-Law 9 Section 22 (Current)	Explanation for Deficiency
1. <b>Trust Receipts Journal</b> <i>Subsection 18(1)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
2. <b>Trust Disbursements Journal</b> <i>Subsection 18(2)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
3. <b>Clients' Trust Ledger</b> <i>Subsection 18(3)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
4. <b>Trust Transfer Journal</b> <i>Subsection 18(4)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
5. <b>General Receipts Journal</b> <i>Subsection 18(5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
6. <b>General Disbursements Journal</b> <i>Subsection 18(6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	

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<b>7. Fees Book or Chronological Billing File</b> <i>Subsection 18(7)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>8. Trust Bank Comparison **</b> <i>Subsection 18(8)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>9. Valuable Property Record</b> <i>Subsection 18(9)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>10. Source documents including deposit slips, bank statements and cashed cheques</b> <i>Subsection 18(10)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>11. Electronic Trust Transfer Requisitions and Confirmations</b> <i>Subsection 18(11) and Section 12 (Form 9A)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>12. Teranet Authorizations and Confirmations</b> <i>Subsection 18(12) and Section 15 (Form 9B)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>13. Duplicate Cash Receipts Book for all cash received</b> <i>Section 19</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>14. Records for mortgages held in trust</b> <i>Section 20</i>	<input type="checkbox"/>	<input type="checkbox"/>	
** Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.			

### 5. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2014.

Name and address of financial institution(s) where trust account(s) is (are) held and account number(s):

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**FINANCIAL INSTITUTION NAME:**                      **ADDRESS:**                      **TRANSIT/ACCOUNT NUMBER:**

<b>Reconciliation</b> <b>To refer to a sample reconciliation in the "Guide"</b> <b><u>click here.</u></b>	<b>December 31, 2014 Balances</b>
a) The total dollar value of mixed* trust bank accounts	\$
b) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	+ \$
c) The total dollar value of separate* estate and/or power of attorney* accounts and investments* Include the total dollar value indicated in questions F 3 a) v), F 3 b) v) and/or F 3 c) iv) (if any)	+ \$
d) <b>TOTAL</b> of a) to c)	=
e) Total outstanding deposits (if any)	+
f) Total bank/posting errors (if any)	+/-
g) Total outstanding cheques (if any)	-
h) <b>Reconciled Bank Balance</b>	=
i) <b>Total Client Trust Liabilities</b> (Client Trust Listing)	-
j) <b>Difference between Reconciled Bank Balance and Total Client Trust Liabilities</b>	=

If there is a difference between the Reconciled Bank Balance (**h**) and the Total Client Trust Liabilities (**i**), provide a written explanation below.

### 6. Answer all questions as at December 31, 2014.

a) i) What is the total number of mixed\* trust bank accounts referred to in 5a)? \_\_\_\_\_

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ii) Of the total mixed\* trust bank account balance recorded in 5a), what is the estimated value of estate assets?

\$ \_\_\_\_\_

b) What is the total number of separate\* interest bearing trust accounts or income generating trust accounts/investments\* referred to in 5b)?

\_\_\_\_\_

c) What is the total number of separate\* estate and/or power of attorney\* accounts and investments\* referred to in 5c)?

\_\_\_\_\_

### 7. Overdrawn Accounts

a) During 2014, did your records at any month end disclose overdrawn clients' trust ledger account(s)?

Yes ☐ No ☐

**If "Yes" to a):**

b) Were the account(s) corrected by December 31, 2014?

Yes ☐ No ☐

**If "No" to b):**

c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2014 was:

\$ \_\_\_\_\_

d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2014 was:

\_\_\_\_\_

### 8. Outstanding Deposits

a) During 2014, did your records at any month end disclose outstanding trust account deposits, not deposited the following business day?

Yes ☐ No ☐

**If "Yes" to a):**

b) Were the account(s) corrected by December 31, 2014?

Yes ☐ No ☐

**If "No" to b):**

c) The total dollar value of outstanding trust account deposits as at December 31, 2014 was:

\$ \_\_\_\_\_

d) The total number of outstanding trust account deposits as at December 31, 2014 was:

\_\_\_\_\_

### 9. Unchanged Client Trust Ledger Account Balances

a) Were there client trust ledger account balances that were unchanged\* (i.e. had no

Yes ☐ No ☐



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activity) for the entire year?

**If "Yes" to a):**

- b) The total dollar value of these account balances as at December 31, 2014 was: \$ \_\_\_\_\_
- c) The total number of client trust ledger accounts that remained unchanged\* for the entire year as at December 31, 2014 was: \_\_\_\_\_
- d) Were any of the unchanged\* client trust ledger account balances for the registration of mortgage discharges? Yes ☐ No ☐

**If "Yes" to d):**

- e) The total number of unchanged\* client trust ledger account balances held for the registration of mortgage discharges was: \_\_\_\_\_

### 10. Unclaimed Client Trust Ledger Account Balances

- a) Of the amounts identified in question 9, were any unclaimed\* for two years or more? (Refer to Section 59.6 of the *Law Society Act*) Yes ☐ No ☐ N/A ☐

**If "Yes" to a):**

- b) The total dollar value of the unclaimed\* client trust ledger account balances was: \$ \_\_\_\_\_
- c) The total number of unclaimed\* client trust ledger accounts was: \_\_\_\_\_

### 11. Financial Filing Declaration (FFD)

Will you be filing the above financial information on behalf of any other lawyers and/or paralegals? Yes ☐ No ☐

Sole practitioners practising alone in Ontario do not need to file the FFD.

**If required, use the area below to provide further information about your Financial Reporting (Section G).**

### Section H CERTIFICATION AND SUBMISSION (To be completed by all licensees.)





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## 2014 Lawyer Annual Report

I am the lawyer filing this 2014 Lawyer Annual Report. I have reviewed the matters reported and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

Signature \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_  
DD

\_\_\_\_\_/\_\_\_\_\_  
MM

\_\_\_\_\_/\_\_\_\_\_  
YYYY



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

**YOUR 2014 CLASS L3 LICENCE CANADIAN LEGAL ADVISOR ANNUAL REPORT IS DUE MARCH 31, 2015.**

This report is based on the calendar year ending December 31, 2014, and is due by March 31, 2015. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

**GUIDE:** For definitions or assistance in completing this report, see the enclosed Guide.

**FINANCIAL FILING DECLARATION (FFD):** Only the Designated Financial Filing Partner for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is enclosed.

You do not have to submit the FFD at the same time as your Annual Report.

### **FORM 1: REPORT TO THE LAW FOUNDATION:**

Questions about completing this form and questions concerning interest on mixed trust accounts should be directed to The Law Foundation at (416) 598-1550 or email [form1@lawfoundation.on.ca](mailto:form1@lawfoundation.on.ca).

You must file a Form 1 if client trust monies were held in a mixed trust account during the reporting year and you are responsible for the account or you are the Designated Financial Filing Partner.

Once completed it should be mailed directly to The Law Foundation at the address found at the top of the form.

You do not have to submit the Form 1 at the same time as your Annual Report.

The Form 1 is due March 31, 2015.

**BY-LAWS:** The applicable by-laws are available in your 2014 L3 class Licence Canadian Legal Advisor Annual Report package or on our website, for your reference.

If you require assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at [bylawadmin@lsuc.on.ca](mailto:bylawadmin@lsuc.on.ca).



The Law Society of  
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du Haut-Canada

## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### Section A IDENTIFICATION

Populated from Law Society records as at December 2014.

#### Licensee Information:

Law Society Number:

Year of Call:

#### Mailing Information\*:

Name:

Address:

City, Province:

Postal Code:

Email:

Phone:

Status:

\*As at December 2014

**Is the information above current? If not, update our records online by selecting the Change of Information tab in the LSUC Portal. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.**



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### 1. Bencher Election Privacy Option (non-mandatory response)

During the bencher election, many candidates want to communicate with voters by email.

Check the box if you give the Law Society permission to provide your email address for bencher election campaigning purposes:

☐

### 2. Provision of Legal Services in French and English (non-mandatory response)

a) Can you communicate with your clients and provide legal advice to them in both the French and English languages? Yes ☐ No ☐

b) Can you communicate with your clients, provide legal advice to them, and represent them in both the French and English languages? Yes ☐ No ☐

### 3. Other Languages (non-mandatory response)

- ☐ ASL or LSQ (Sign Language)
- ☐ Bulgarian
- ☐ Czech
- ☐ English
- ☐ Finnish
- ☐ Greek
- ☐ Hindi
- ☐ Japanese
- ☐ Lithuanian
- ☐ Norwegian
- ☐ Punjabi
- ☐ Serbian
- ☐ Spanish
- ☐ Urdu

- ☐ Albanian
- ☐ Cantonese
- ☐ Danish
- ☐ Estonian
- ☐ French
- ☐ Gujarati
- ☐ Hungarian
- ☐ Korean
- ☐ Macedonian
- ☐ Polish
- ☐ Romanian
- ☐ Slovak
- ☐ Swedish
- ☐ Yiddish

- ☐ Arabic
- ☐ Croatian
- ☐ Dutch
- ☐ Farsi
- ☐ German
- ☐ Hebrew
- ☐ Italian
- ☐ Latvian
- ☐ Mandarin
- ☐ Portuguese
- ☐ Russian
- ☐ Slovene
- ☐ Ukrainian

☐ Other - Please specify: \_\_\_\_\_



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### Section B YEAR END STATUS (To be completed by all licensees.)

#### NOTES ABOUT THIS SECTION:

1. Choose only one status (your status as a Canadian Legal Advisor in Ontario on December 31, 2014) regardless of changes during the 2014 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your status, please use the Change of Information tab in the LSUC Portal.

December 31, 2014 Status (Select only ONE)		Mandatory Sections	Complete if Applicable
Canadian Legal Advisor practising in Ontario	<input type="checkbox"/>	DEFGH	
Canadian Legal Advisor prohibited from practising in Ontario (pursuant to subsection 4.1 of By-Law 4)	<input type="checkbox"/>	EFH	DG
Canadian Legal Advisor suspended in Ontario	<input type="checkbox"/>	EFH	DG
In a situation not covered above (specify your status in the area below)	<input type="checkbox"/>	EFH	DG

### Section C – NOT APPLICABLE TO A CLASS L3 LICENCE

### Section D AREAS OF PRACTICE (Complete if you engaged in the practice of law in Ontario, whether in private practice or otherwise.)

#### NOTE ABOUT THIS SECTION:

Where exact information is not available, provide your best approximation.

1. Indicate the percentages of time you devoted as a lawyer in Ontario to each area of practice.	
a) The Laws of Canada	_____
b) The Laws of Quebec	_____
c) Public International Law	_____
<b>Total:</b>	_____
Question 1 must total 100%	



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### Section E SELF-STUDY (To be completed by all licensees.)

#### NOTES ABOUT THIS SECTION:

1. The annual minimum expectation is 50 hours of law related self-study. Canadian Legal Advisors can complete self-study in Ontario or Quebec.
2. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
3. CPD hours must be reported in the CPD section of the LSUC Portal by December 31<sup>st</sup> of each calendar year.

#### 1. Self-Study

- a) Did you undertake any self-study during 2014?

Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

- b) Approximate total number of self-study hours spent on **file specific** reading or research: \_\_\_\_\_

- c) Approximate total number of self-study hours spent on **general** reading or research: \_\_\_\_\_

- d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material

☐ Internet

☐ Other

If required, use the area below to provide further information about your Self-Study (Section E).



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### Section F INDIVIDUAL LAWYER QUESTIONS (To be completed by all licensees in Ontario.)

#### NOTES ABOUT THIS SECTION:

1. For further assistance in the completion of this section, refer to The Lawyer Bookkeeping Guide.
2. \*Refer to the Guide for definitions.

#### 1. Cash Transactions – All lawyers must report on large cash transactions regardless of jurisdiction of practice.

- a) Did you receive cash\* in an aggregate amount equivalent to \$7,500 CDN or more in respect of any one client file in 2014?

Yes ☐ No ☐

#### If "Yes" to a):

- b) Was the cash solely for legal fees and/or client disbursements\*?

Yes ☐ No ☐

If "No" to b), provide full particulars below with respect to compliance with Part III of By-Law 9, (Cash Transactions).

#### 2. Trust Funds/Property - 2a), 2b) and 2c) must be answered.

- a) In 2014, did you receive\* trust funds\* and/or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

- b) In 2014, did you disburse\* (payout), or did you have signing authority to disburse, trust funds\* or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

- c) In 2014, did you hold\* trust funds\* or trust property\* on behalf of your firm in connection with the practice of law in Ontario?

Yes ☐ No ☐

#### 3. Estates and Power(s) of Attorney - 3a), 3b) and 3c) must be answered.

- a) i) In 2014, did you act as an estate trustee\* in Ontario?

Yes ☐ No ☐

#### If "Yes" to i), answer ii).

- ii) Were you an estate trustee\* only for related\* persons in Ontario?

Yes ☐ No ☐

- b) i) In 2014, did you exercise a power of attorney\* for property in Ontario?

Yes ☐ No ☐

#### If "Yes" to i), answer ii).

- ii) Did you exercise the power(s) of attorney\* for property only for related\* persons in Ontario?

Yes ☐ No ☐



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

- c) i) In 2014, did you control\* estate assets as a solicitor/legal counsel, and not as an estate trustee, in Ontario?

Yes ☐

No ☐

(Only the lawyer responsible for the estate should answer "Yes".)

### 4. Borrowing from Clients resident in Ontario - 4a) and 4b) must be answered.

**Note:** If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer "**No**" to i) and "**N/A**" to ii).

See Rules 3.4-31 to 3.4-33 [formerly Rule 2.06(4), Commentary, and Rule 2.06(5)] of the *Rules of Professional Conduct*.

- a) i) At any time in 2014, were you personally indebted to a client or person resident in Ontario who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law?

Yes ☐

No ☐

**If "Yes" to i):**

- ii) Was the client or person a related person as defined in the *Income Tax Act* (Canada), R.S.C., 1985, c.1?

Yes ☐

No ☐

N/A ☐

**If "Yes" to i),** provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

- b) At any time in 2014, was your spouse or a corporation, syndicate or partnership in which either you or your spouse has, or both of you have, directly or indirectly, a substantial interest, indebted to a client or person resident in Ontario who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law?

Yes ☐

No ☐

**If "Yes" to b),** provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

5. NOT APPLICABLE TO A CLASS L3 LICENCE

6. NOT APPLICABLE TO A CLASS L3 LICENCE





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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### 7. Client Identification – All lawyers must answer questions 7a) and 7b).

- a) i) In 2014, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

- ii) In 2014, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

- b) i) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, did you obtain and record information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

- ii) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

### 8. Pro Bono Legal Services

(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)

- a) Did you provide pro bono legal services in Ontario in 2014?

Yes ☐ No ☐

If "Yes" to a), complete b) and c).

- b) How many hours did you devote to pro bono legal services in Ontario in 2014?

\_\_\_\_\_

- c) Did you provide pro bono legal services for Pro Bono Law Ontario (PBLO) sponsored programs?

Yes ☐ No ☐



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### 9. Membership in other Regulatory Bodies

- a) Are you now a member of another professional/regulatory/governing body in any jurisdiction?

Yes ☐ No ☐

If "Yes" to a), please identify the professional/regulatory/governing body.

\_\_\_\_\_

If required, use the area below to provide further information about your Individual Lawyer Questions (Section F).



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

**Section G FINANCIAL REPORTING** Answer the following questions as they relate to clients resident in Ontario. To be completed by:

- All sole practitioners, partners/employees/associates/counsel of law firms;
- Lawyers employed by Legal Aid Ontario responsible for general (non-trust) accounts or trust accounts; and
- All other lawyers who held or continued to hold client monies or property from a former legal practice in Ontario as at December 31, 2014.

### NOTES ABOUT THIS SECTION:

1. For further assistance in the completion of this section, refer to The Lawyer Bookkeeping Guide available on our website at [www.lsuc.on.ca](http://www.lsuc.on.ca).
2. \* Refer to the Guide for definitions.

#### 1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

a) As at December 31, 2014, did either you or your firm operate a trust\* account for client matters in Ontario? Yes ☐ No ☐

b) As at December 31, 2014, did either you or your firm operate a general\* (non-trust) account for client matters in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2.

If "No" to a) and "Yes" to b) proceed to question 4, and then proceed to Section H.

If "No" to both a) and b) proceed to Section H.

Yes ☐ No ☐

2. As at December 31, 2014, were you a sole practitioner or were you the lawyer responsible for filing the Ontario trust account information on behalf of your firm?

If "Yes" to 2, proceed to questions 4 through 11.

**NOTE about Financial Filing Declaration (FFD):** If you are reporting financial information on behalf of other lawyers and/or licensed paralegals in your firm, you must also submit a Financial Filing Declaration.

Your report is not considered complete without the submission of the Financial Filing Declaration.

**NOTE about FORM 1: Report to The Law Foundation:** If you answered "Yes" to question 2, you must complete and submit the Form 1.

If "No" to 2, complete the "Designated Financial Filing Option" (question 3) below.



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### 3. Designated Financial Filing Option

**This option is available to you if you are not responsible for filing trust account information.**

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section H.

#### ENTER DESIGNATED FINANCIAL FILING PARTNER'S NAME & LAW SOCIETY NUMBER

a) **FINANCIAL FILING PARTNER'S NAME** \_\_\_\_\_

b) **Law Society Number (e.g. 12345A or P12345)** \_\_\_\_\_

The filing partner you have named is responsible for filing the Financial Filing Declaration to report the firm's financial information on your behalf. Your annual report will not be considered complete without the submission of the **Financial Filing Declaration by the person you have named.**

### 4. Firm Records

For your clients resident in Ontario, were financial records for all your firm's trust\* accounts (mixed\*, separate\*, estates, power(s) of attorney\* and other interest generating investments\*) and/or general\* (non-trust) bank accounts maintained throughout 2014, on a current basis, in accordance with all applicable sections in By-Law 9? Yes ☐ No ☐

If "No" to 4), indicate below which areas were deficient and provide an explanation for each.

**COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE.  
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT.**

By-Law 9: Financial Transactions and Records	By-Law 9 Sections 18, 19 & 20 (Maintain)	By-Law 9 Section 22 (Current)	Explanation for Deficiency
1. <b>Trust Receipts Journal</b> <i>Subsection 18(1)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
2. <b>Trust Disbursements Journal</b> <i>Subsection 18(2)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
3. <b>Clients' Trust Ledger</b> <i>Subsection 18(3)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
4. <b>Trust Transfer Journal</b> <i>Subsection 18(4)</i>	<input type="checkbox"/>	<input type="checkbox"/>	

12345A

Name

11



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

<b>5. General Receipts Journal</b> <i>Subsection 18(5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>6. General Disbursements Journal</b> <i>Subsection 18(6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>7. Fees Book or Chronological Billing File</b> <i>Subsection 18(7)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>8. Trust Bank Comparison **</b> <i>Subsection 18(8)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>9. Valuable Property Record</b> <i>Subsection 18(9)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>10. Source documents including deposit slips, bank statements and cashed cheques</b> <i>Subsection 18(10)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>11. Electronic Trust Transfer Requisitions and Confirmations</b> <i>Subsection 18(11) and Section 12 (Form 9A)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>12. NOT APPLICABLE TO CLASS L3 LICENCE</b>			
<b>13. Duplicate Cash Receipts Book for all cash received</b> <i>Section 19</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>14. NOT APPLICABLE TO CLASS L3 LICENCE</b>			

\*\* Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.

### 5. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2014.

Name and address of financial institution(s) where trust account(s) is (are) held and account number(s) for client matters in Ontario:

**FINANCIAL INSTITUTION NAME: ADDRESS:**

**TRANSIT/ACCOUNT NUMBER:**



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

Reconciliation A sample reconciliation is available in the Guide.	December 31, 2014 Balances
a) The total dollar value of mixed* trust bank accounts	\$
b) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	+ \$
c) The total dollar value of separate* estate and/or power of attorney* accounts and investments*	+ \$
d) <b>TOTAL</b> of a) to c)	=
e) Total outstanding deposits (if any)	+
f) Total bank/posting errors (if any)	+/-
g) Total outstanding cheques (if any)	-
h) <b>Reconciled Bank Balance</b>	=
i) <b>Total Client Trust Liabilities (Client Trust Listing)</b>	-
j) <b>Difference between Reconciled Bank Balance and Total Client Trust Liabilities</b>	=

If there is a difference between the Reconciled Bank Balance (**h**) and the Total Client Trust Liabilities (**i**), provide a written explanation below.

### 6. NOT APPLICABLE TO CLASS L3 LICENCE

### 7. Overdrawn Accounts

- a) During 2014, did your records, at any month end, disclose overdrawn clients' trust ledger account(s) for client matters in Ontario?

Yes ☐ No ☐

**If "Yes" to a):**

- b) Were the account(s) corrected by December 31, 2014?

Yes ☐ No ☐

**If "No" to b):**

- c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2014 was:

\$ \_\_\_\_\_



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

- d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2014 was: \_\_\_\_\_

### 8. Outstanding Deposits

- a) During 2014, did your records, at any month end, disclose outstanding trust account deposits, not deposited the following business day for client matters in Ontario?

Yes ☐ No ☐

**If "Yes" to a):**

- b) Were the account(s) corrected by December 31, 2014?

Yes ☐ No ☐

**If "No" to b):**

- c) The total dollar value of outstanding trust account deposits as at December 31, 2014 was:

\$ \_\_\_\_\_

- d) The total number of outstanding trust account deposits as at December 31, 2014 was:

\_\_\_\_\_

### 9. Unchanged Client Trust Ledger Account Balances

- a) Were there client trust ledger account balances that were unchanged\*(i.e. had no activity) for the entire year for client matters in Ontario?

Yes ☐ No ☐

**If "Yes" to a):**

- b) The total dollar value of these account balances as at December 31, 2014 was:

\$ \_\_\_\_\_

- c) The total number of client trust ledger accounts that remained unchanged\* for the entire year as at December 31, 2014 was:

\_\_\_\_\_

### 10. Unclaimed Client Trust Ledger Account Balances

- a) Of the amounts identified in question 9, were any unclaimed\* for two years or more for client matters in Ontario? (Refer to subsection 59.6 of the *Law Society Act*)

Yes ☐ No ☐ N/A ☐

**If "Yes" to a):**

- b) The total dollar value of the unclaimed\* client trust ledger account balances was:

\$ \_\_\_\_\_

- c) The total number of unclaimed\* client trust ledger accounts was:

\_\_\_\_\_



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## 2014 Class L3 Licence Canadian Legal Advisor Annual Report

### 11. Financial Filing Declaration (FFD)

Will you be filing the above financial information on behalf of any other lawyers and/or paralegals?

Yes ☐ No ☐

Sole practitioners practising alone in Ontario do not need to file the FFD.

**If required, use the area below to provide further information about your Financial Reporting (Section G).**

### Section H CERTIFICATION (To be completed by all licensees.)

I am the lawyer filing this 2014 Class L3 Licence Canadian Legal Advisor Annual Report. I have reviewed the matters reported, and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

Signature \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
DD MM YYYY





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\*12345A

*The Law Society is committed to promoting equality and diversity in the legal profession and to enhancing legal services provided by and for Aboriginal, Francophone and equality-seeking communities. The following questions will help the Law Society to better understand demographic trends, to develop programs and initiatives within the mandate of the Law Society and to promote equality and diversity in the profession.*

*The question is voluntary and the information collected will be kept confidential. The information will only be available in aggregate form and will not be used to identify the demographic identity of individual lawyers and paralegals.*

**1. Are you Francophone?**

- ☐ Yes
- ☐ No
- ☐ I do not wish to answer

**2. Are you an Aboriginal person? (select all that apply)**

- ☐ First Nations, Status Indian, Non-Status Indian
- ☐ Inuk (Inuit)
- ☐ Métis
- ☐ Other – Specify \_\_\_\_\_
- ☐ No, not an Aboriginal person
- ☐ I do not wish to answer

**3. Are you of the following race or ethnic origin? (select all that apply)**

- ☐ Arab
- ☐ Black (e.g. African-Canadian, African, Caribbean)
- ☐ Chinese
- ☐ East-Asian (e.g. Japanese, Korean)
- ☐ Latin American, Hispanic
- ☐ South Asian (e.g. Indo-Canadian, Indian Subcontinent)
- ☐ South-East Asian (e.g. Vietnamese, Cambodian, Thai, Filipino)
- ☐ West Asian (e.g. Iranian, Afghan)
- ☐ White
- ☐ Other – Specify \_\_\_\_\_
- ☐ I do not wish to answer

**4. What is your religion or creed? (select all that apply)**

- ☐ Atheist
- ☐ Buddhist
- ☐ Hindu
- ☐ Jewish
- ☐ Muslim
- ☐ Protestant
- ☐ Roman Catholic
- ☐ Other Catholic, such as Eastern Orthodox and Ukrainian Catholic
- ☐ Sikh
- ☐ Other religion – Specify \_\_\_\_\_
- ☐ No religion
  
- ☐ I do not wish to answer

**5. Do you have a disability?**

- ☐ Yes
- ☐ No
  
- ☐ I do not wish to answer

**6. Are you transgender, transsexual, gay, lesbian or bisexual? (Select all that apply)**

- ☐ Transgender
- ☐ Transsexual
- ☐ Gay
- ☐ Lesbian
- ☐ Bisexual
- ☐ Other – Specify \_\_\_\_\_
- ☐ No
  
- ☐ I do not wish to answer

*For further information or inquiries about the Law Society's initiatives to promote equality and diversity in the profession, please contact the Equity Initiatives Department:*

Telephone:	(416) 947-3300 ext. 2153	Toll-free:	1-800-668-7380 ext. 2153
Fax:	(416) 947-3983	E-mail:	equity@lsuc.on.ca

**Tab 6.4**

## **FOR INFORMATION**

### **PROFESSIONAL REGULATION DIVISION QUARTERLY REPORT**

25. The Professional Regulation Division Quarterly Report (second quarter 2014), provided to the Committee by Zeynep Onen, Executor Director of the Professional Regulation Division, appears on the following pages. The report includes information on the Division's activities and responsibilities, including file management and monitoring, for the period April-June 2014.



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# **The Professional Regulation Division**

## **Quarterly Report**

April – June 2014

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

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## **The Quarterly Report**

The Quarterly Report provides a summary of the Professional Regulation Division's activities and achievements during the past quarter, April 1 to June 30, 2014. The purpose of the Quarterly Report is to provide information on the production and work of the Division during the quarter, to explain the factors that may have influenced the Division's performance, and to provide a description of exceptional or unusual projects or events in the period.

## **The Professional Regulation Division**

Professional Regulation is responsible for responding to complaints against licensees, including the resolution, investigation and prosecution of complaints which are within the jurisdiction provided under the *Law Society Act*. In addition the Professional Regulation provides trusteeship services for the practices of licensees who are incapacitated by legal or health reasons. Professional Regulation also includes the Compensation Fund which compensates clients for losses suffered as a result of the wrongful acts of licensees.

See Appendices for a case flow chart describing the complaints process as well as a description of the Professional Regulation division processes and organization.

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

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# **SECTION 1**

## **REPORT HIGHLIGHTS**



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## **Highlights of Quarterly Performance**

### **The Division**

The Law Society's intake of new cases has tended to fluctuate during the past three years such that predicting future trends has become more difficult. During the first two quarters of 2014, the Law Society received fewer new cases than the first half of 2013. Reviews of the nature of the incoming cases and environmental scans have failed to disclose a reason for the fluctuations. It is expected that the intake of new cases in 2014 will be lower than in 2013, which was a year in which the Law Society experienced significant increases. As a result of the lower intake of cases in 2014, the Division's inventory has reduced.

### **Complaints Resolution**

The Complaints Resolution department received a significantly reduced new caseload in the first six months of 2014 in part due to the reduced overall intake, and also through diversions in cases to permit the department to complete its older cases. These case management efforts have been successful in reducing the department's inventory to levels that are more sustainable and more current.

### **Investigations**

During this period the Investigations department received fewer new cases than in the same period in 2013. As with Complaints Resolution (above) this is due in part to strategies to divert cases to permit timely completion of matters already in the inventory. The reduced intake is also a reflection of the reduced overall intake for the Division. The department has been engaged in a project to complete complex cases that are ongoing on a priority bases.

### **Discipline**

There was a slight decrease in the inventory of cases in Discipline during this period when compared with the same period in 2013. At the end of the period there were 185 licensees or applicants with files in the department relating to 523 complaints. Twenty-five notices were issued in the second quarter to commence new proceedings, and thirty-four matters were completed with decisions of the Hearing or Appeal Division. There were 13 appeals commenced including five new appeals to Divisional Court.

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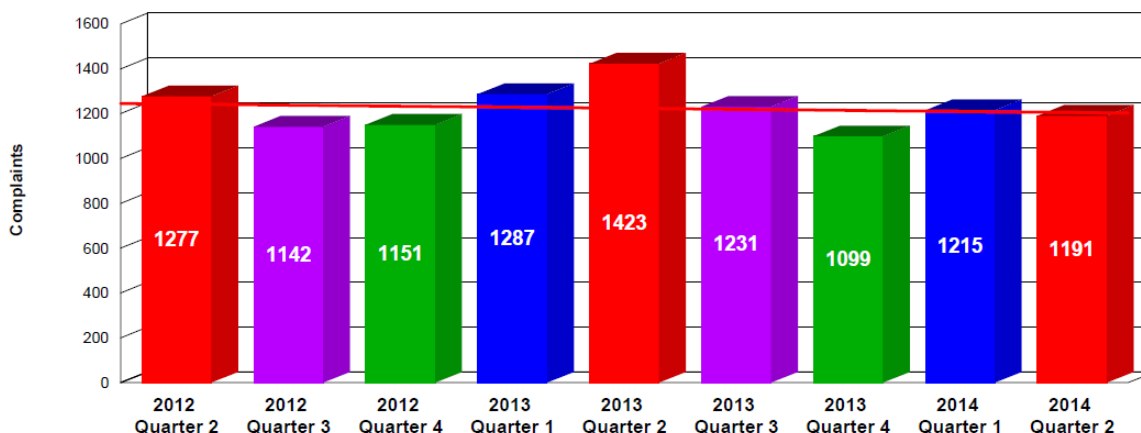
## **SECTION 2**

### **DIVISIONAL PERFORMANCE DURING THE QUARTER**

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## PERFORMANCE IN THE PROFESSIONAL REGULATION DIVISION

**Graph 2A: Complaints<sup>1</sup> Received in the Division**



The number of new complaints received in the first half of 2014 (2406) decreased by 11% when compared to the number received in the first half of 2013 (2710) and by 3% when compared to the number received in the first half of 2012 (2489). The analysis of new complaints/cases received (below) shows that, in Q2 2014, the number of complaints/cases decreased for all groups when compared to the numbers received in Q1 2014 and in Q2 2013.

### Detailed Analysis of Complaints Received in the Division

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	1026	969	886	912	882
<b>Lawyer Applicant Cases ★</b>	67	21	9	69	17
<b>Complaints against Licensed Paralegals</b>	152	143	129	150	126
<b>Paralegal Applicant Cases ★</b>	121	34	21	22	118
<b>Complaints against Non-Licensees/Non-Applicants*</b>	57	64	54	62	48
<b>TOTAL</b>	1423	1231	1099	1215	1191

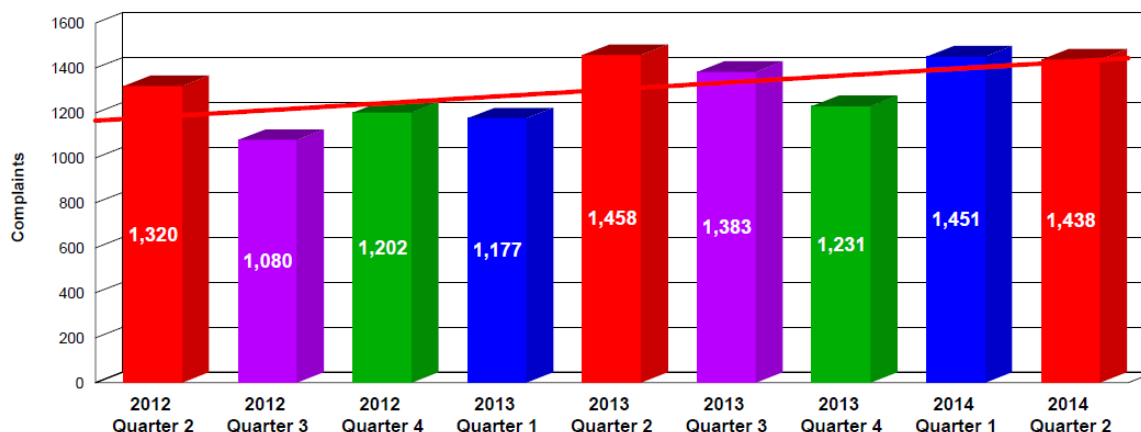
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

<sup>1</sup> Includes all complaints received in PRD from Complaints Services.

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**Graph 2B: Complaints Closed<sup>2</sup> in the Division (by Quarters)**



The number of cases closed in the Division in the first half of 2014 (2889) increased by 10% from the number of cases closed in the first half of 2013 (2635) and by 9% from the number of cases closed in the first half of 2012 (2646).

**Detailed Analysis of Complaints Closed in the Division**

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	1118	1101	1009	1140	1067
<b>Lawyer Applicant Cases ★</b>	64	31	14	13	69
<b>Complaints against Licensed Paralegals</b>	127	124	131	181	134
<b>Paralegal Applicant Cases ★</b>	83	53	33	41	100
<b>Complaints against Non-Licensees/Non-Applicants*</b>	66	74	44	76	68
<b>TOTAL</b>	1458	1383	1231	1451	1438

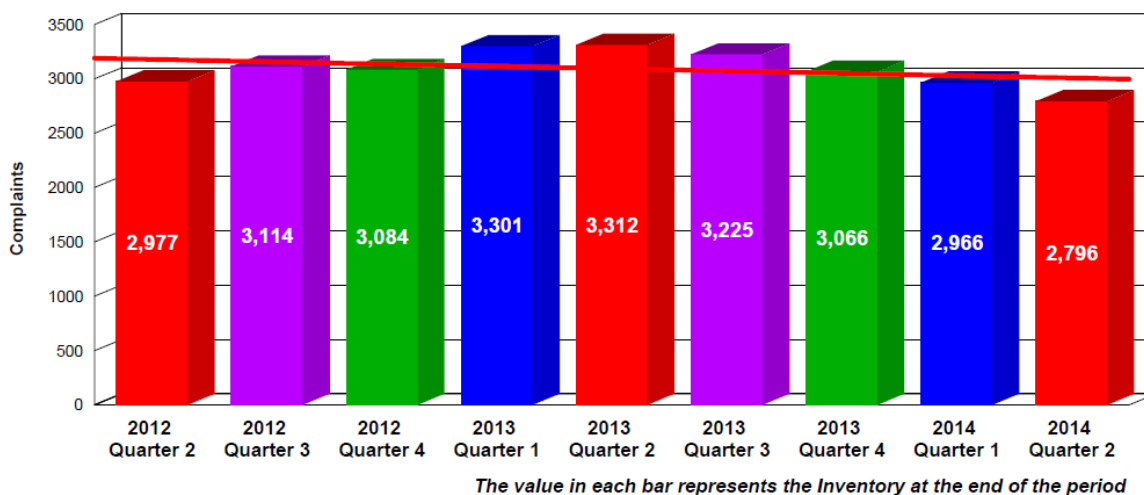
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

<sup>2</sup> This graph includes all complaints closed in Intake, Complaints Resolution, Investigations and Discipline.

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**Graph 2C: Total Inventory<sup>3</sup>**



The inventory in the Division at the end of Q2 2014 was approximately 6% lower than at the end of Q1 2014 and approximately 16% lower than the inventory in the Division at the end of Q2 2013. The breakdown of the inventory in the chart below demonstrates that decreases since the end of Q2 2013 have occurred in the inventory of complaints against all groups.

#### Detailed Analysis of Division Inventory

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	2656	2575	2449	2315	2200
<b>Lawyer Applicant Cases ★</b>	39	29	25	78	26
<b>Complaints against Licensed Paralegals</b>	404	427	398	404	398
<b>Paralegal Applicant Cases ★</b>	91	77	67	42	65
<b>Complaints against Non-Licensees/Non-Applicants*</b>	122	117	127	127	107
<b>TOTAL</b>	3312	3225	3066	2966	2796

★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

<sup>3</sup> This graph does not include active complaints in the Monitoring & Enforcement Department.

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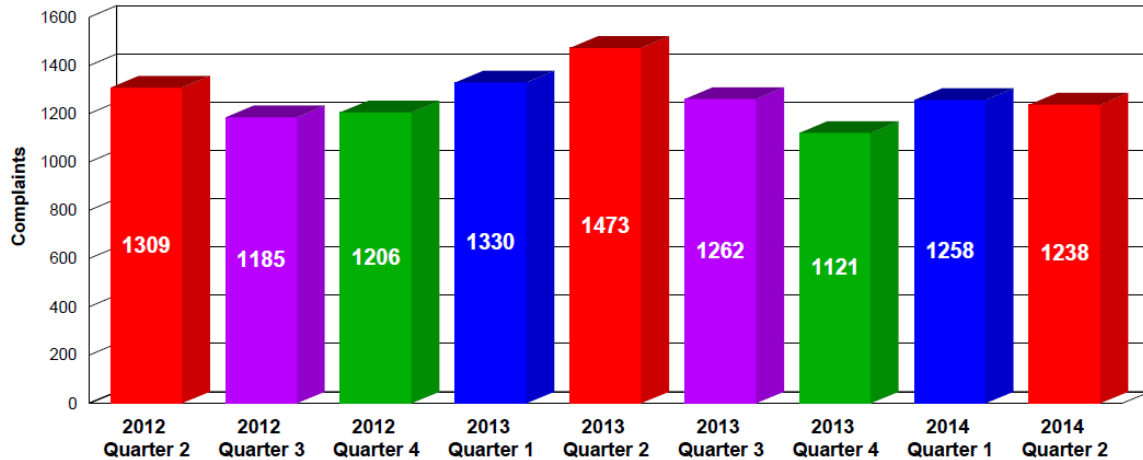
## **SECTION 3**

### **DEPARTMENTAL PERFORMANCE DURING THE QUARTER**

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### 3.1 – Intake

**Graph 3.1A: Intake - Input<sup>4</sup>**



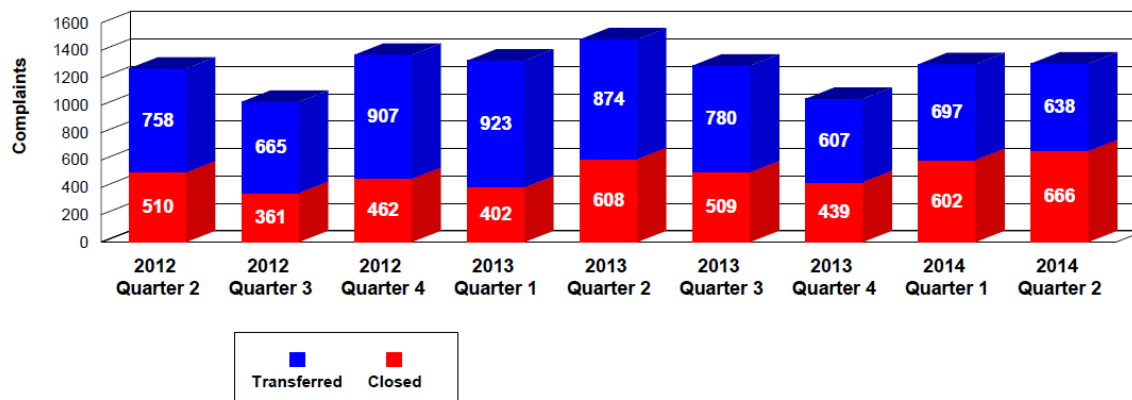
The Intake department processes all new regulatory complaints. In Q2 2014, in addition to the 1191 new cases, Intake re-opened 47 complaints which met the threshold for re-opening a closed matter.

<sup>4</sup> Includes new complaints received and re-opened complaints

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### 3.1 – Intake

**Graph 3.1B: Intake - Complaints Closed and Transferred Out**



In the first half of 2014, Intake completed 2603 cases, which represents a 7% decrease over the number of cases completed by the department in the first half of 2013 (2807) but a 5% increase over the number of cases completed by the department in the first half of 2012 (2470).

#### Detailed Analysis of Complaints Closed and Transferred From Intake

		Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	Closed	425	404	368	489	439
	Transferred	639	605	486	545	482
<b>Lawyer Applicant Cases ★</b>	Closed	45	15	5	7	66
	Transferred	18	11	0	4	12
<b>Complaints against Licensed Paralegals</b>	Closed	39	40	35	58	60
	Transferred	127	111	80	96	79
<b>Paralegal Applicant Cases ★</b>	Closed	69	22	10	22	85
	Transferred	45	18	5	6	30
<b>Complaints against Non-Licensees/Non-Applicants*</b>	Closed	30	28	21	26	16
	Transferred	45	35	36	46	35
<b>TOTAL</b>	Closed	608	509	439	602	666
	Transferred	874	780	607	697	638

★ Applicant cases include good character cases and UAP complaints

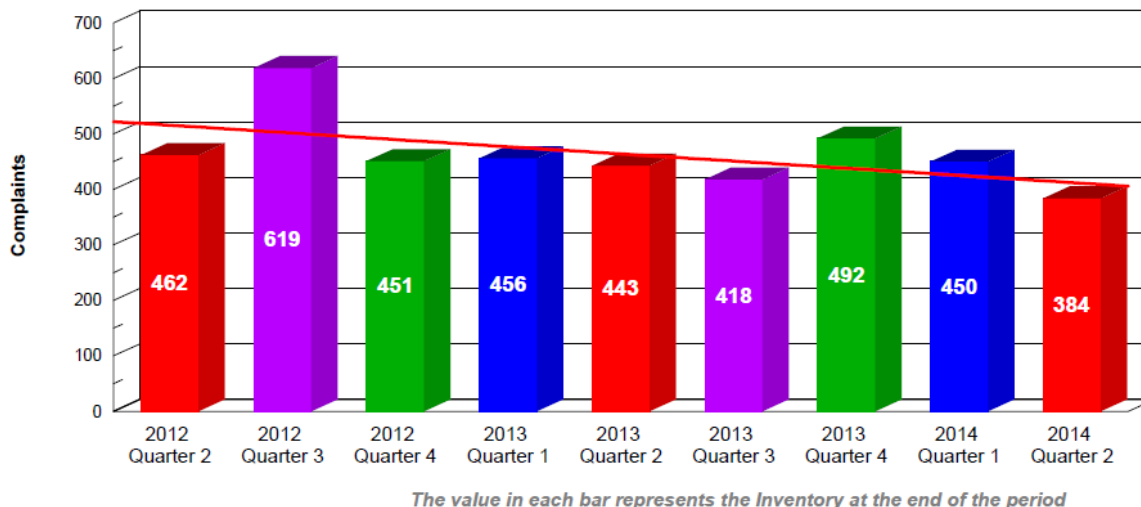
\* For a complete analysis of UAP complaints see section 3.4.



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### 3.1 – Intake

**Graph 3.1 C: Intake - Department Inventory**



In Q2 of 2014, the department's inventory decreased by 15% from the end of Q1 2014 and by 22% from the end of 2013 (from 492 to 384 cases). As noted in the chart below, Intake's inventory at the end of the quarter consisted mostly of complaints against lawyers.

#### Detailed Analysis of Intake Inventory

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	384	369	415	327	332
<b>Lawyer Applicant Cases ★</b>	5	0	4	62	1
<b>Complaints against Licensed Paralegals</b>	44	36	54	52	40
<b>Paralegal Applicant Cases ★</b>	6	2	9	2	5
<b>Complaints against Non-Licensees/Non-Applicants*</b>	4	11	10	7	6
<b>TOTAL</b>	443	418	492	450	384

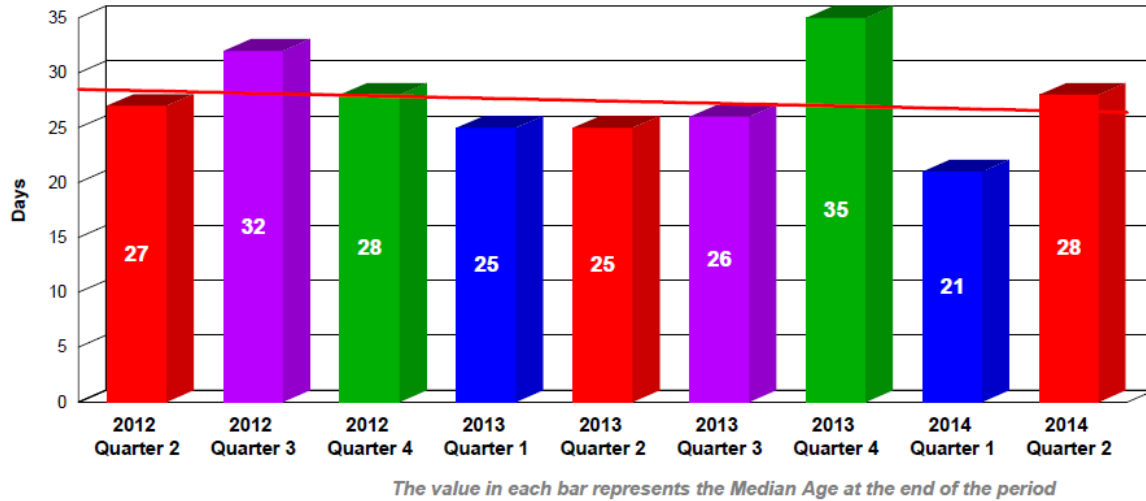
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

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### 3.1 – Intake

**Graph 3.1D: Intake - Median Age of Complaints**

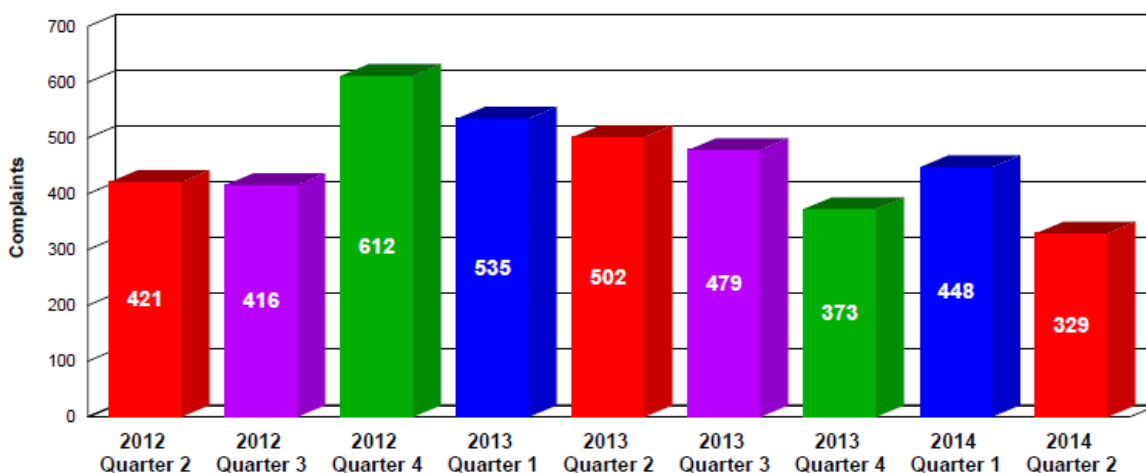


Intake's median age is below the department's 30-day target, indicating a timely case process.

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### 3.2 – Complaints Resolution

**Graph 3.2A: Complaints Resolution – Input<sup>5</sup>**



The input of cases into Complaints Resolution in the first half of 2014 (777) decreased by 25% from the input received in the first half of 2013 (1037) and by 11% from the input received in the first half of 2012 (871).

#### Detailed Analysis of New and Re-opened Complaints in Complaints Resolution

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	443	418	330	375	295
<b>Lawyer Applicant Cases ★</b>	0	0	0	0	0
<b>Complaints against Licensed Paralegals</b>	59	60	43	72	34
<b>Paralegal Applicant Cases ★</b>	0	0	0	0	0
<b>Complaints against Non-Licensees/Non-Applicants*</b>	0	1	0	1	0
<b>TOTAL</b>	502	479	373	448	329

★ Applicant cases include good character cases and UAP complaints

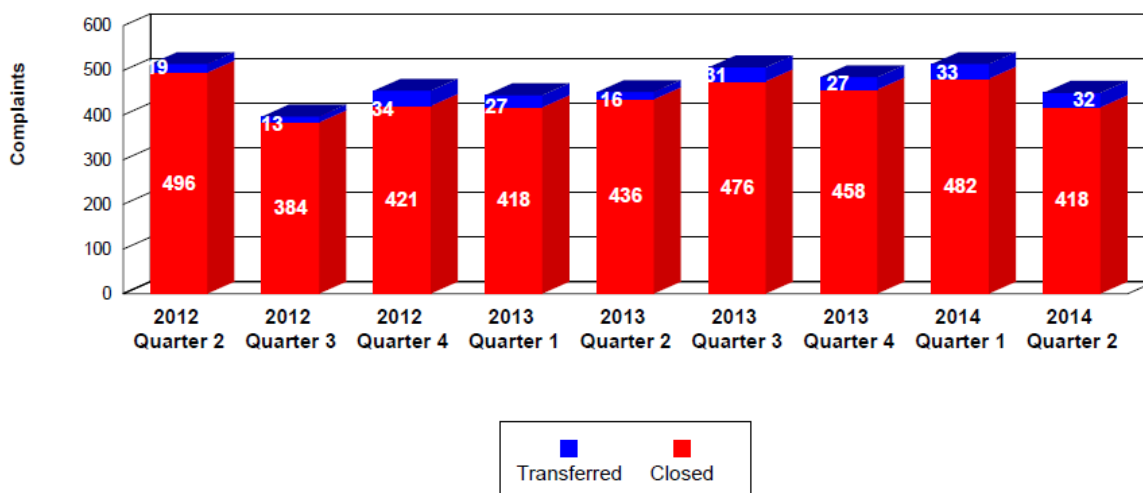
\* For a complete analysis of UAP complaints see section 3.4.

<sup>5</sup> Includes new complaints received into the department as well as complaints re-opened during the Quarter.

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### 3.2 – Complaints Resolution

**Graph 3.2B: Complaints Resolution - Complaints Closed and Transferred Out**



The number of cases completed in the first half of 2014 by Complaints Resolution (965) increased by approximately 8% over the number of cases completed in the first half of 2013 (897) but decreased by approximately 3.5% from the number of cases completed in the first half of 2012 (1000).

#### Detailed Analysis of Complaints Closed and Transferred From Complaints Resolution

		Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	Closed	408	434	405	416	389
	Transferred	14	23	22	25	30
<b>Lawyer Applicant Cases★</b>	Closed	0	0	0	0	0
	Transferred	0	0	0	0	0
<b>Complaints against Licensed Paralegals</b>	Closed	28	42	53	66	29
	Transferred	2	7	5	8	2
<b>Paralegal Applicant Cases★</b>	Closed	0	0	0	0	0
	Transferred	0	0	0	0	0
<b>Complaints against Non-Licensees/Non-Applicants*</b>	Closed	0	0	0	0	0
	Transferred	0	1	0	0	0
<b>TOTAL</b>	Closed	436	476	458	482	418
	Transferred	16	31	27	33	32

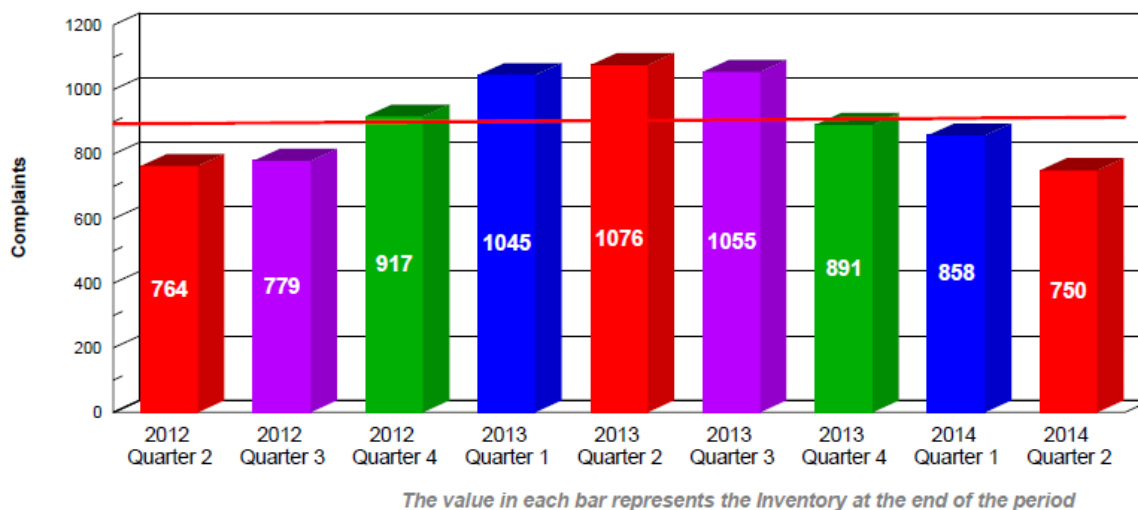
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

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### 3.2 – Complaints Resolution

**Graph 3.2C: Complaints Resolution – Department Inventory**



Since a high of 1076 cases at the end of Q2 2013, the department's inventory has decreased by 30% to 750 cases at the end of Q2 2014. The inventory continues to consist mostly of complaints against lawyers.

#### Detailed Analysis of Complaint Resolution's Inventory

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	959	928	811	779	669
<b>Lawyer Applicant Cases ★</b>	0	0	0	0	0
<b>Complaints against Licensed Paralegals</b>	117	127	80	78	80
<b>Paralegal Applicant Cases ★</b>	0	0	0	0	0
<b>Complaints against Non-Licensees/Non-Applicants*</b>	0	0	0	1	1
<b>TOTAL</b>	1076	1055	891	858	750

★ Applicant cases include good character cases and UAP complaints

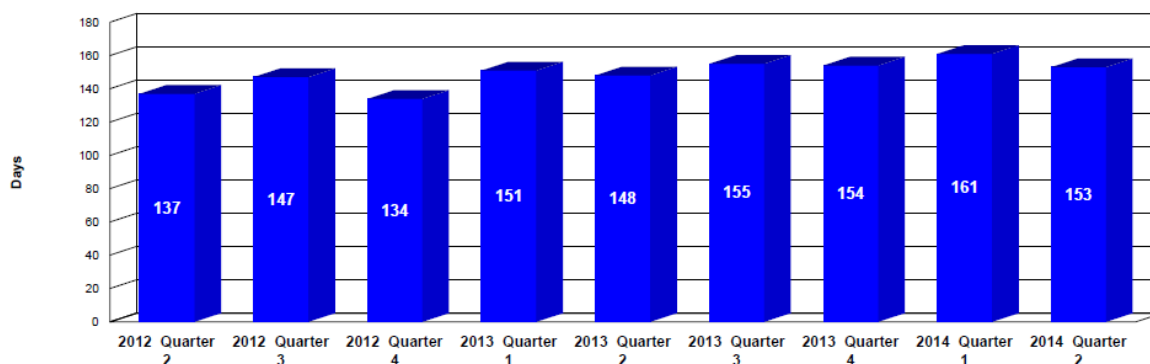
\* For a complete analysis of UAP complaints see section 3.4.

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## 3.2 – Complaints Resolution

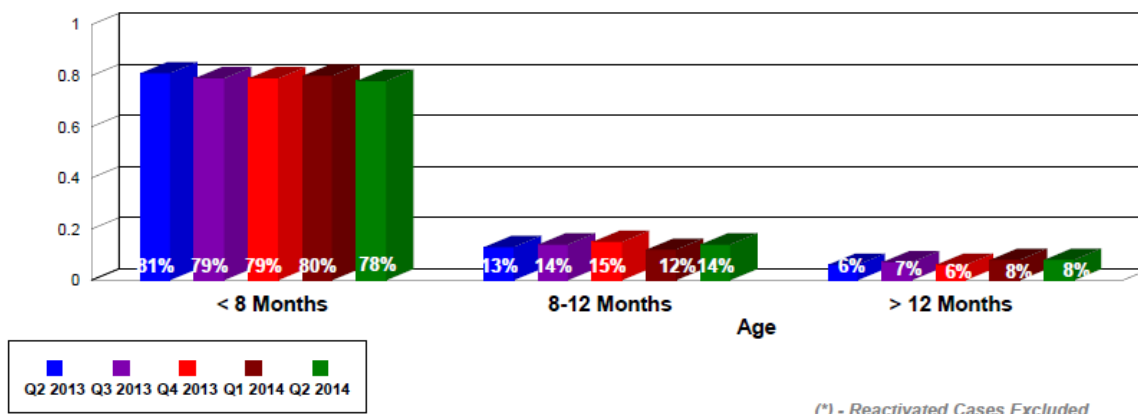
**Graph 3.2D: Complaints Resolution - Median Age of Complaints**



The department's median age decreased from the previous quarter and remains within the department's target range of 150-170 days.

### 3.2 – Complaints Resolution

**Graph 3.2E: Complaints Resolution – Aging of Complaints**



The above graph sets out the spectrum of aging in the department's inventory (excluding reactivated cases) at the end of each of the 5 quarters displayed. Excluding reactivated cases, Complaints Resolution's department inventory at the end of Q2 2014 was 687 cases involving 624 subjects. The age distribution of those cases was:

Less than 8 months	534 cases involving 487 subjects
8 to 12 months	100 cases involving 95 subjects
More than 12 months	53 cases involving 42 subjects

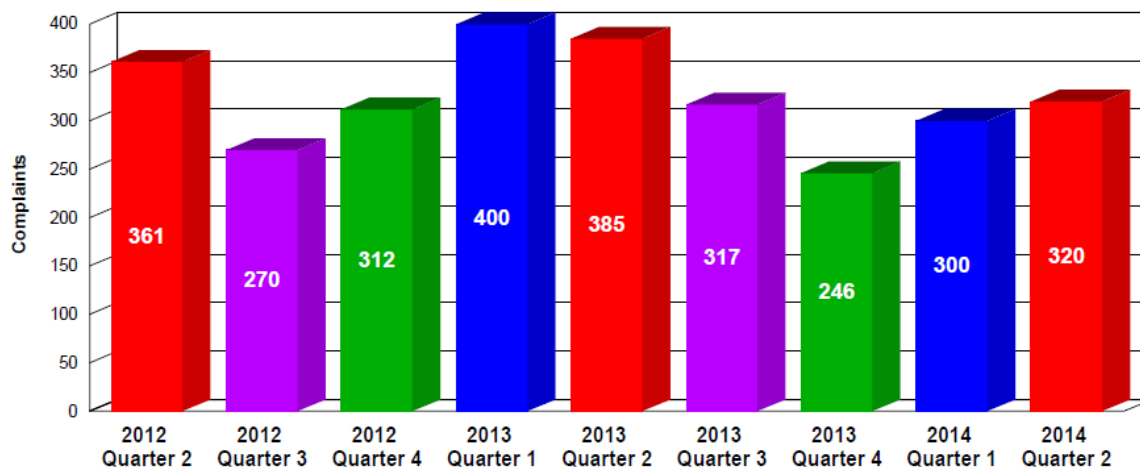
The goal is to reduce the proportion of cases in the older time frames and increase the proportion of cases in the youngest time frame. However, it is recognized that there will always be cases that are older than 12 months in Complaints Resolution for the following reasons:

- Newer complaints against the lawyer/paralegal are received. In some cases existing cases await the completion of younger cases relating to the same licensee;
- Delays on the part of licensees in providing representations and in responding to the investigators' requests. In a number of instances, the Summary Hearing process is required;
- Delays on the part of complainants in responding to licensee's representations and to investigators' requests for additional information; and
- New issues raised by the complainant requiring additional investigation

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### 3.3 –Investigations

**Graph 3.3A: Investigations - Input**



The input of cases into the Investigations department in the first half of 2014 (620) decreased by 21% from the input in the first half of 2013 (785) and by 7% from the first half of 2012 (663).

#### Detailed Analysis of New and Re-opened Complaints Received in Investigations

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	208	197	164	190	201
<b>Lawyer Applicant Cases ★</b>	18	11	0	4	12
<b>Complaints against Licensed Paralegals</b>	69	54	40	44	42
<b>Paralegal Applicant Cases ★</b>	45	19	6	6	30
<b>Complaints against Non-Licensees/Non-Applicants*</b>	45	36	36	45	35
<b>TOTAL</b>	385	317	246	300	320

★ Applicant cases include good character cases and UAP complaints

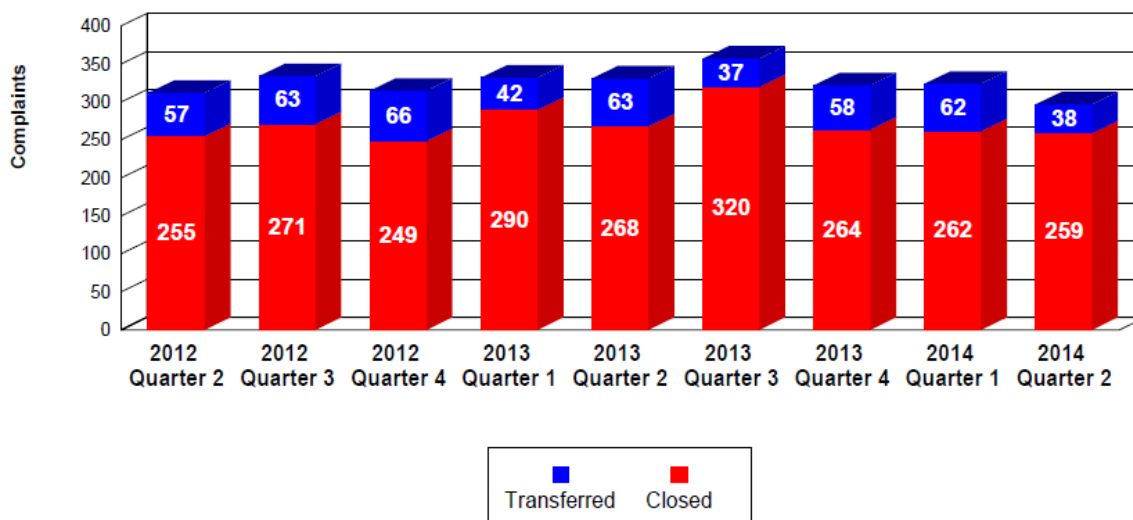
\* For a complete analysis of UAP complaints see section 3.4.



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### 3.3 –Investigations

**Graph 3.3B Investigations - Complaints Closed and Transferred Out**



The number of cases closed/transferred out of the department in the first half of 2014 (621 cases) was approximately 6% lower than the number completed in the first half of 2013 (663) but almost the same as the number completed in the first half of 2012 (625 cases).

#### Detailed Analysis of Complaints Closed and Transferred Out of Investigations

		Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	Closed	171	194	183	158	166
	Transferred	45	32	46	45	31
<b>Lawyer Applicant Cases ★</b>	Closed	17	14	9	5	3
	Transferred	0	0	0	1	1
<b>Complaints against Licensed Paralegals</b>	Closed	39	39	27	38	32
	Transferred	17	4	10	5	1
<b>Paralegal Applicant Cases ★</b>	Closed	12	31	22	13	8
	Transferred	1	2	0	1	1
<b>Complaints against Non-Licensees/Non-Applicants*</b>	Closed	29	42	23	48	50
	Transferred	0	0	2	10	4
<b>TOTAL</b>	Closed	268	320	264	262	259
	Transferred	63	38	58	62	38

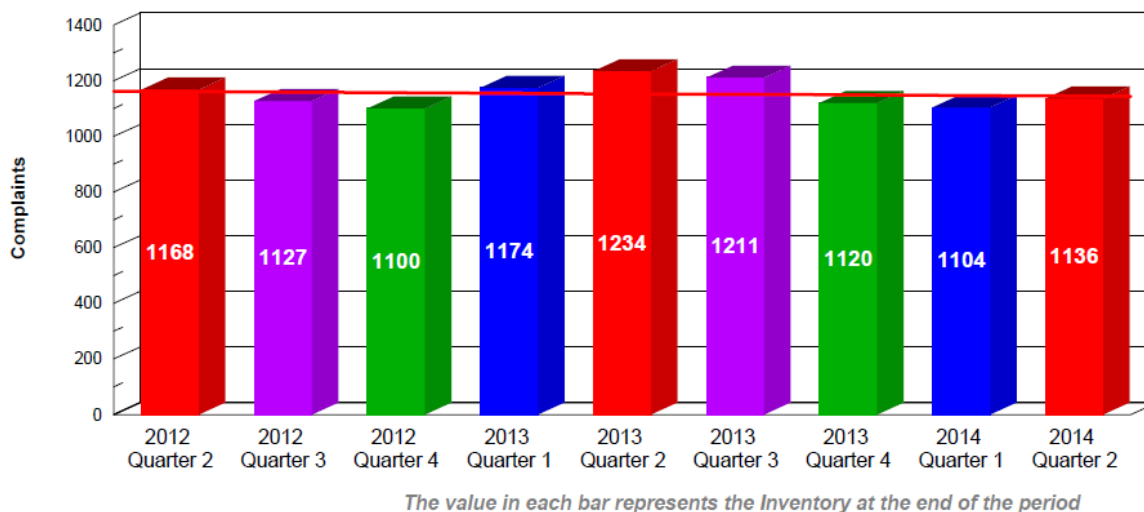
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

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### 3.3 – Investigations

**Graph 3.3C: Investigations – Department Inventory**



As the input of cases (320) into the department exceeded the number of cases completed by the department in Q2 2014 (297), Investigations' inventory increased slightly (by 3%) from 1104 cases at the end of Q1 2014 to 1136 cases at the end of Q2 2014. However, the department's inventory at the end of Q2 2014 (1136) was approximately 8% less than its inventory at the end of Q2 2013 (1234)

#### Detailed Analysis of Investigations Inventory

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Complaints against Lawyers</b>	851	837	759	750	761
<b>Lawyer Applicant Cases ★</b>	31	28	20	15	23
<b>Complaints against Licensed Paralegals</b>	186	200	202	219	227
<b>Paralegal Applicant Cases ★</b>	64	52	36	28	49
<b>Complaints against Non-Licensees/Non-Applicants*</b>	102	94	103	92	76
<b>TOTAL</b>	1234	1211	1120	1104	1136

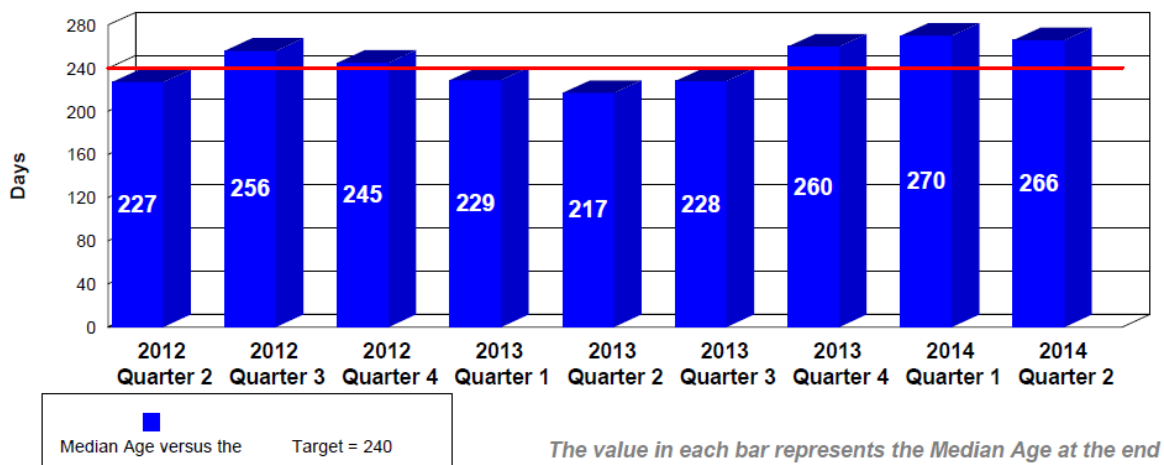
★ Applicant cases include good character cases and UAP complaints

\* For a complete analysis of UAP complaints see section 3.4.

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### 3.3 – Investigations

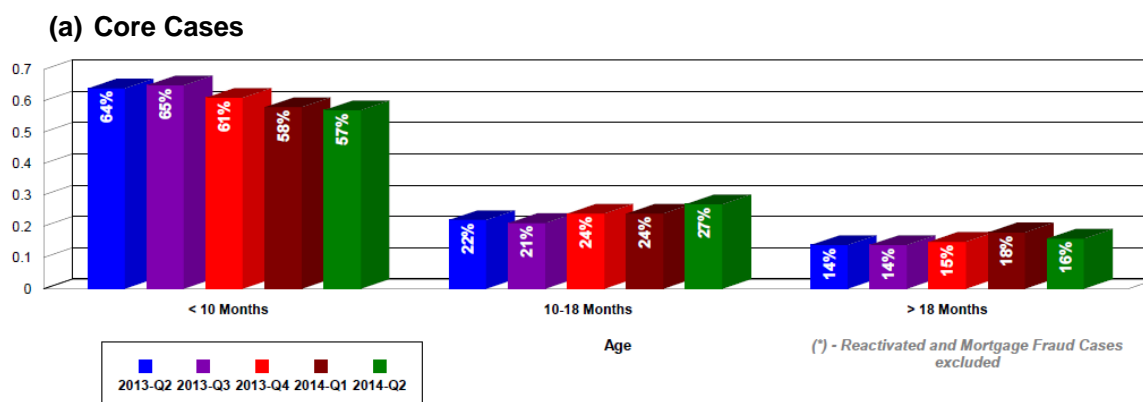
**Graph 3.3D: Investigations - Median Age of All Complaints**



Investigations' median age at the end of Q2 2014 was slightly lower than the median age at the end of Q1 2014, decreasing from 270 days to 266 days.

### 3.3 – Investigations

**Graph 3.3E: Investigations – Aging of Complaints**



The above graph sets out the spectrum of aging in the department's inventory (excluding reactivated and mortgage fraud cases) at the end of each of the 5 quarters displayed. The inventory of Investigations at the end of the second quarter of 2014, excluding reactivated and mortgage fraud cases, was 965 cases involving 731 subjects. The distribution of those cases was:

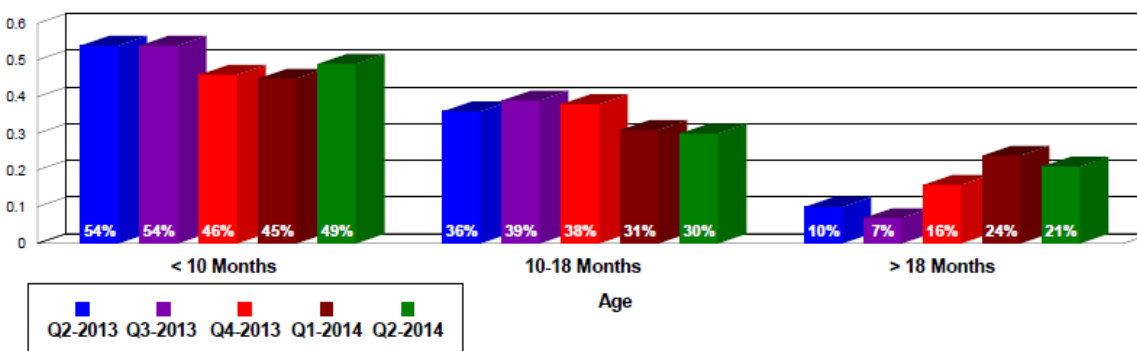
Less than 10 months	549 cases involving 433 subjects
10 to 18 months	256 cases involving 178 subjects
More than 18 months	160 cases involving 120 subjects

While the department strives to reduce the proportion of cases in the older time frame and to increase the proportion of cases in the youngest time frame, it is recognized that there are cases that are older than 18 months in Investigations for the following reasons:

- The investigator has to wait for evidence from a third party (i.e. not the complainant or the licensee/subject), for example psychiatric evaluation, court transcripts, or a key witness;
- Newer complaints are received against the licensee/subject. In order to move forward together to the Proceedings Authorization Committee, the older cases await the completion of younger cases;
- A need to coordinate investigations between different licensees/subject where the issues arise out of the same set of circumstances (e.g. a complainant complains about 2 lawyers in relation to the same matter);
- Multiple cases involve one lawyer. These investigations are complex and time consuming;
- Where capacity issues are raised during a conduct investigation.

### 3.3 – Investigations

#### (b) Mortgage Fraud Cases



The above graph sets out the spectrum of aging in the department's mortgage fraud case inventory at the end of each of the 5 quarters displayed. The inventory of mortgage fraud cases at the end of the second quarter of 2014 was 100 cases involving 84 subjects. The distribution of those cases was:

Less than 10 months	49 cases involving 41 subjects
10 to 18 months	30 cases involving 24 subjects
More than 18 months	21 cases involving 19 subjects

As noted above, the department strives to reduce the proportion of mortgage fraud cases in the older time frame and to increase the proportion of cases in the youngest time frame. However, it is recognized that there will always be mortgage fraud cases that are older than 18 months in Investigations for the reasons cited above, particularly:

- When newer complaints against the licensee/subject are received, existing investigations may have to await their completion in order that all the cases can be taken to Proceedings Authorization Committee together.
- There is a need to coordinate investigations between different licensees/subject where the issues arise out of the same set of circumstances (e.g. a complainant complains about 2 lawyers in relation to the same matter).
- There are multiple cases involve one lawyer resulting in greater complexity.

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### 3.4 – Unauthorized Practice (UAP)

**Graph 3.4A: Unauthorized Practice Complaints in Intake**

Quarter	New	Closed/Transferred			Active at end of Quarter
		Closed	Transfer to CR	Transfer to Inv	
<b>Totals: 2008</b>	337	122	50	168	
<b>Totals: 2009</b>	445	165	86	192	
<b>Q1 2010</b>	94	42	0	76	36
<b>Q2 2010</b>	89	32	0	69	32
<b>Q3 2010</b>	67	32	1	50	29
<b>Q4 2010</b>	80	45	0	54	18
<b>Totals - 2010 (+ POL)</b>	330* (398)	151	1	249	
<b>Q1 2011 (+ POL)</b>	61 (74)	24	0	41	20
<b>Q2 2011 (+ POL)</b>	61 (84)	20	1	54	12
<b>Q3 2011 (+ POL)</b>	70 (80)	27	0	49	28
<b>Q4 2011 (+ POL)</b>	63 (83)	16	1	62	15
<b>Totals – 2011 (+POL)</b>	255 (321)	87	2	206	
<b>Q1 2012 (+ POL)</b>	77(91)	16	0	61	17
<b>Q2 2012 (+POL)</b>	58 (80)	22	0	49	6
<b>Q3 2012 (+POL)</b>	41 (44)	16	0	27	11
<b>Q4 2012 (+POL)</b>	80 (84)	32	0	45	19
<b>Totals – 2012 (+POL)</b>	256 (299)	86	0	182	
<b>Q1 2013 (+POL)</b>	71(93)	29	0	59	11
<b>Q2 2013 (+POL)</b>	60(66)	26	0	51	5
<b>Q3 2013 (+POL)</b>	69 (81)	27	0	46	9
<b>Q4 2013 (+POL)</b>	60(71)	20	0	41	11
<b>Totals – 2013 (+POL)</b>	260 (311)	102	0	197	11
<b>Q1 2014 (+POL)</b>	64(76)	26	0	51	6
<b>Q2 2014 (+POL)</b>	52(63)	15	0	38	7

\* In response to the number of UAP complaints being received in the division, a new allegation of “Practising Outside the Scope of Licence” (“POL”) was added to the division’s case management system in Q1 2010. This allows for improved identification of the nature of these complaints. In 2014 Q2, complaints alleging practicing outside the scope of licence were received in a total of 11 cases. Prior to Q1 2010, these would have been included in the UAP figures.

As noted in the chart above, in the first half of 2014, the Division received 12% fewer UAP complaints (116) than it did in the same period in 2013 (131).

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.4 – Unauthorized Practice (UAP)

**Graph 3.4B: Unauthorized Practice investigations (in Complaints Resolution and Investigations)**

	New		Closed <sup>6</sup>		Inventory	
	CR	Inv	CR	Inv	CR	Inv
<b>Totals: 2008</b>	52	171	64	126	106	
<b>Totals: 2009</b>	77	187	48	138	168	
<b>Totals: 2010</b>	1	249	28	190	124	
<b>Q1 2011</b>	0	41	0	61	0	104
<b>Q2 2011</b>	1	54	0	56	1	102
<b>Q3 2011</b>	0	49	0	45	1	106
<b>Q4 2011</b>	1	62	0	26	1	139
<b>Totals: 2011</b>	2	206	0	188	140	
<b>Q1 2012</b>	0	61	1	45	0	156
<b>Q2 2012</b>	0	49	0	65	0	140
<b>Q3 2012</b>	0	27	0	41	0	120
<b>Q4 2012</b>	0	45	0	34	0	131
<b>Totals: 2012</b>	0	182	1	185	131	
<b>Q1 2013</b>	0	59	0	62	0	128
<b>Q2 2013</b>	0	51	0	36	0	143
<b>Q3 2013</b>	0	46	0	58	0	129
<b>Q4 2013</b>	0	40	0	31	0	137
<b>Totals: 2013</b>	0	197	0	187	137	
<b>Q1 2014</b>	0	51	0	66	0	122
<b>Q2 2014</b>	0	38	0	82	0	82

As more UAP investigations were completed in Q2 2014 (82) than were received (38), the inventory of UAP cases in Investigations was reduced from 122 cases at the end of Q1 2014 to 82 cases at the end of Q2 2014.

#### Graph 3.4C: UAP Enforcement Actions

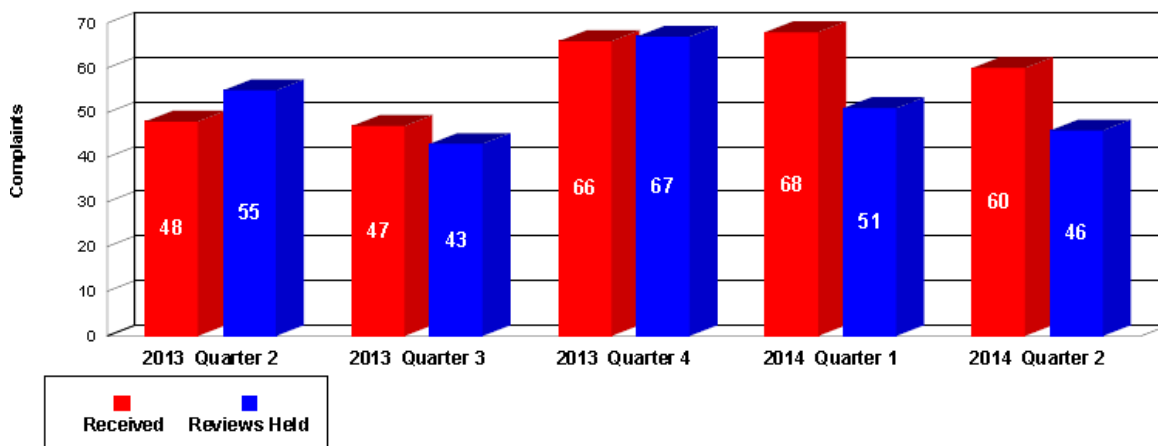
As at June 30, 2014, there were 5 open UAP matters; in four matters, permanent injunctions are being sought; in another matter, a motion brought for breach of an injunction is ongoing.

<sup>6</sup> “Closed” refers to completed investigations and therefore consists of both those investigations that were closed by the Law Society and those that were referred for prosecution/injunctive relief.

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

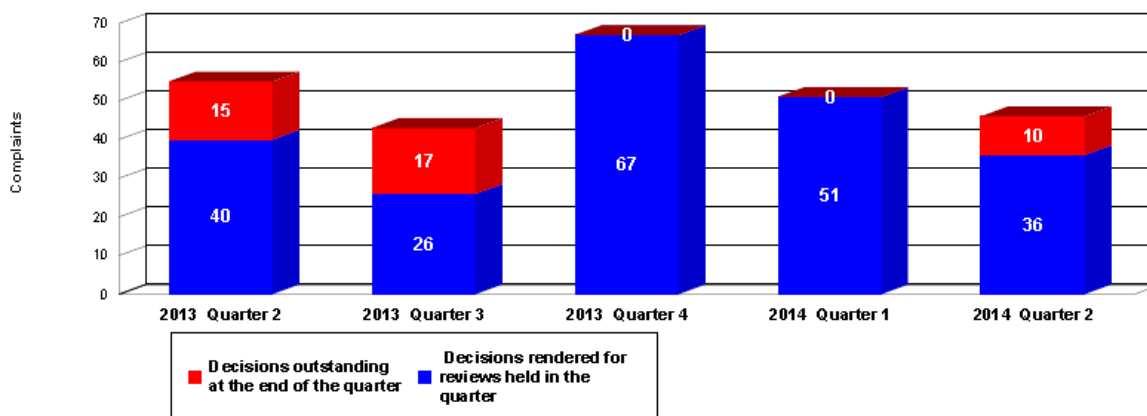
### 3.5 – Complaints Resolution Commissioner

**Graph 3.5A: Reviews Requested and Files Reviewed (by Quarter)**



In the first half of 2014, the Complaints Resolution Commissioner received 128 requests for review of cases closed in either Investigations or Complaints Resolution, a 16% increase from the number of requests received in the same period in 2013 (110) and a 12% decrease from the number of requests received in the first half of 2012 (146). The Commissioner reviewed 97 cases in the first half of 2014; almost the same number as were reviewed in 2013 (95) and about 8% less than were reviewed in the first half of 2012 (106).

**Graph 3.5B: Status of Files Reviewed in each Quarter**



While the files may be reviewed in one quarter, the final decision by the Commissioner may not be rendered in the same quarter. In the second quarter of 2014, the Commissioner rendered decisions in 36 of the 46 cases reviewed in that quarter. As at June 30, 2014, there were 10 decisions outstanding.



The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.5 – Complaints Resolution Commissioner

**Graph 3.5C: Decisions Rendered, by Quarter**

Quarter	Decisions Rendered (# of decisions where review in previous quarter(s))	Files to Remain Closed	Files Referred Back to PRD
<b>Total 2009</b>	194	174 (90%)	20 (10%)
<b>Total 2010</b>	193	160 (83%)	33 (17%)
<b>Total 2011</b>	260	248 (95%)	12 (5%)
Q1 2012	36	32 (89%)	4 (11%)
Q2 2012	50	48 (96%)	2 (4%)
Q3 2012	67	63 (94%)	4 (6%)
Q4 2012	89	81 (91%)	8(9%)
<b>Total 2012</b>	242	224 (93%)	18 (7%)
Q1 2013	40	38 (95 %)	2 (5 %)
Q2 2013	55	49 (89%)	6 (11%)
Q3 2013	43	40 (93%)	3 (7%)
Q4 2013	67	65 (97%)	2 (3%)
<b>Total 2013</b>	205	192 (94%)	13 (6%)
Q1 2014	51	50(98%)	1(2%)
Q2 2014	36	33(92%)	3(8%)

Of the 36 decisions rendered in Q2 2014, the Commissioner referred 3 files back to Professional Regulation. With respect to 2 of these files, the Commissioner recommended further investigation as he was not satisfied that the decision to close was reasonable. With respect to the third file, while he found the Law Society's decision to close the case to be reasonable, the Commissioner referred the case back to consider new information provided by the complainant at the review meeting.

As of the date of this Quarterly Report, The Director's decisions remain outstanding with respect to the 2 files referred back with a recommendation for further investigation.

#### Active Inventory

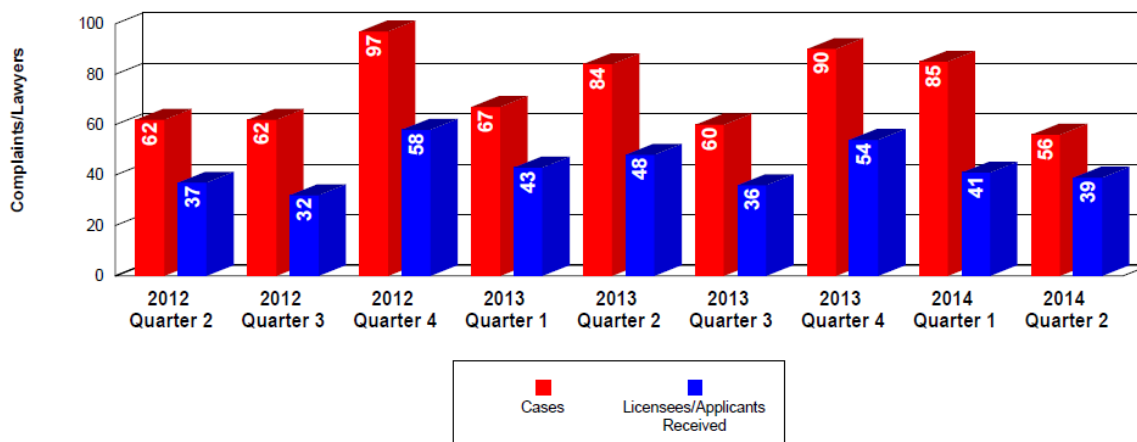
As at June 30, 2014, the Office of the Complaints Resolution Commissioner had an inventory of 139 files:

Request received; awaiting preparation of CRC materials	69 files
Review Meeting Scheduled	44 files
Ready for Scheduling	1 file
In Abeyance	15 files
Awaiting for Decision	10 files

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.6 – Discipline

**Graph 3.6A: Discipline - Input<sup>7</sup>**



As noted in the chart below, in Q2 2014, the department received complaints from various departments involving 33 lawyers (relating to 45 cases), 4 licensed paralegals (relating to 8 cases), 1 lawyer applicant and 1 paralegal applicant.

#### Detailed Analysis of New Cases Received in Discipline

		Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Lawyers</b>	Cases	65	50	76	72	45
	Lawyers	36*	27*	43*	32*	33*
<b>Lawyer Applicants</b>	Cases	0	0	0	0	1
	Lawyer Applicants	0	0	0	0	1*
<b>Licensed Paralegals</b>	Cases	18	8	14	12	8
	Licensed Paralegals	11*	8*	11*	8*	4*
<b>Paralegal Applicants</b>	Cases	1	2	0	1	1
	Paralegal Applicants	1*	1*	0*	1*	1*
<b>TOTAL</b>	Cases	84	60	90	90	61
	Licensees & Applicants	48*	36*	54*	41*	39*

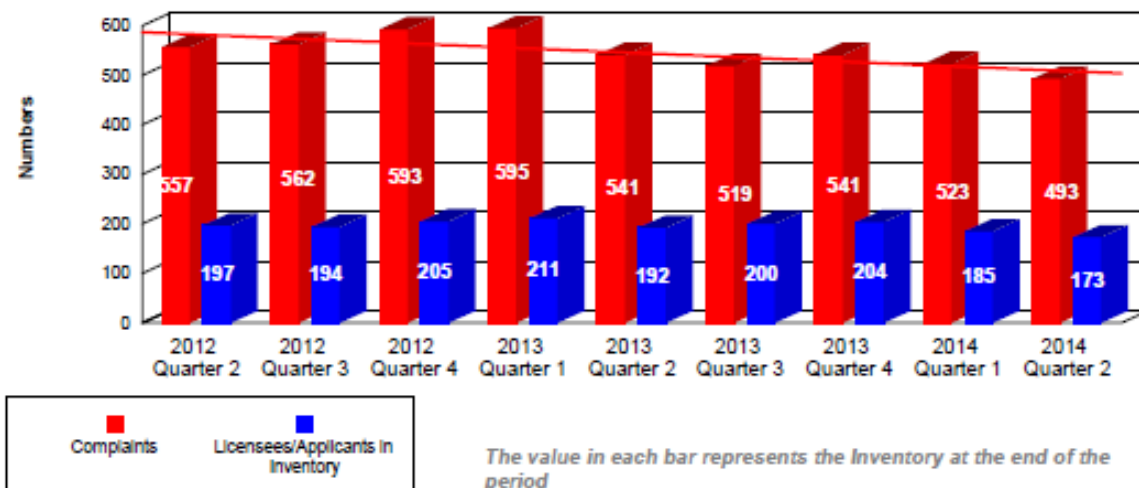
\* The number of new Lawyers and Paralegals cited represents the number coming into the department each quarter. However, there may, in fact, already be cases involving the licensee/applicant in the department.

<sup>7</sup> "Input" refers to complaints that were transferred into Discipline from various other departments during the specific quarter. Includes new complaints/cases received in Discipline and the lawyers/applicants to which the new complaints relate.

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.6 – Discipline

**Graph 3.6B: Discipline – Department Inventory<sup>8</sup>**



This graph shows the total number of licensees/applicants and related complaints that are in the Discipline process at the end of each of the last 9 quarters. At the end of Q2 2014, the department's inventory of licensee/applicants (173) was approximately 10% lower than at the end of Q2 2013 (192) and 12% lower than at the end of Q2 2012 (197).

#### Detailed Analysis of Discipline's Inventory

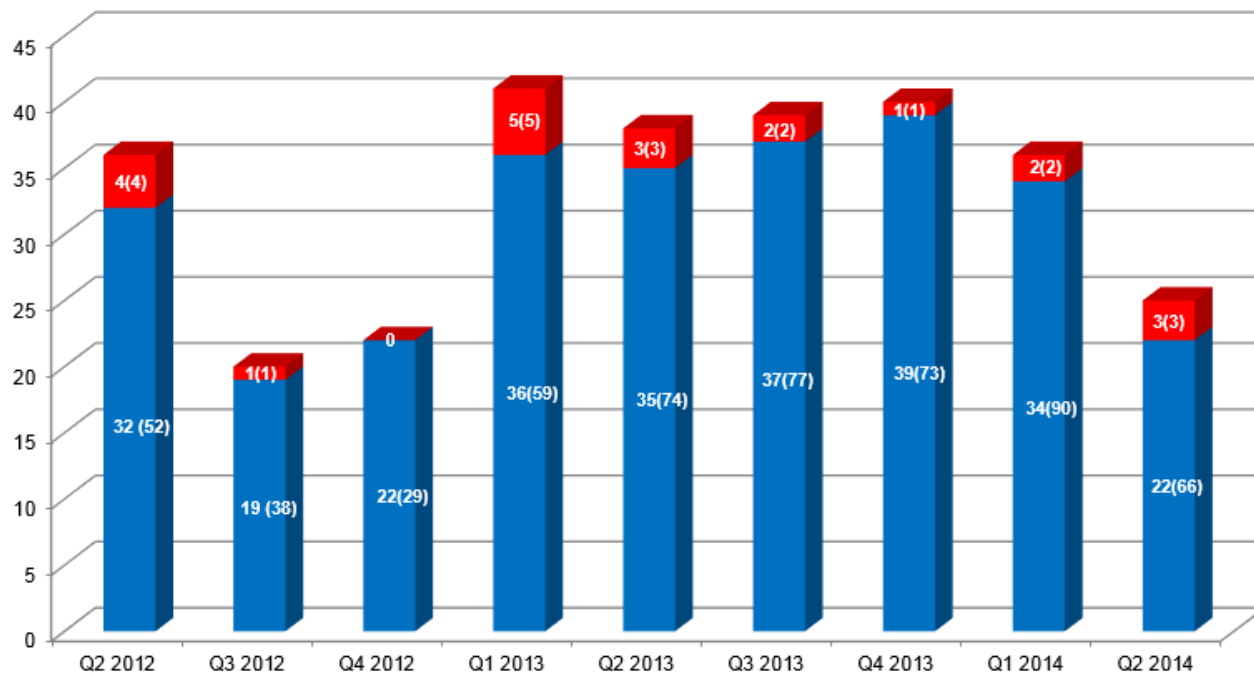
		Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Lawyers</b>	Cases	460	433	458	454	430
	Lawyers	160	164	169	156	151
<b>Lawyer Applicants</b>	Cases	3	1	1	0	1
	Lawyer Applicants	3	1	1	0	1
<b>Licensed Paralegals</b>	Cases	57	62	60	52	51
	Licensed Paralegals	20	26	26	22	18
<b>Paralegal Applicants</b>	Cases	21	23	22	17	11
	Paralegal Applicants	9	9	8	7	5
<b>TOTAL</b>	Cases	541	519	541	523	493
	Licensees & Applicants	192	200	204	185	175

<sup>8</sup> Consists primarily of complaints and lawyers/applicants that are in scheduling and are with the Hearing Panel or on appeal.

The Law Society of Upper Canada  
 The Professional Regulation Division  
 Quarterly Report (April 1 – June 30, 2014)

### 3.6 – Discipline

**Graph 3.6C: Discipline - Notices Issued**



\* Matters which are initiated by Notice of Application include conduct, capacity, non-compliance and competency matters. Also included in this category are interlocutory suspension/restriction motions.

\*\* Matters which are initiated by Notice of Referral for Hearing (formerly Notice of Hearing) include licensing (including readmission matters), reinstatement and restoration matters.

The above graph shows the number of notices issued by the Discipline department in the past 9 quarters. The numbers in each bar indicate the number of notices issued and, in brackets, the number of cases relating to those notices. One notice may relate to more than one case. For example, in Q2 2014, 22 Notices of Application were issued (relating to 66 cases) and 3 Notices of Referral for Hearing were issued (relating to 3 cases).

With respect to the 22 Notices of Application<sup>9</sup>/Notices of Motion for Interim Suspension Order which were issued in Q2 2014: All 22 were issued less than 1 month after PAC authorization.

<sup>9</sup> Notices of Application are issued with respect to conduct, competency, capacity and non-compliance matters and require authorization by the Proceedings Authorization Committee (PAC).

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.6 – Discipline

**Graph 3.6D: Discipline – Completed Matters**

		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
<b>Conduct Hearings</b>	Lawyers	20	32	18	24	30	21
	Paralegal Licensees	4	2	3	9	10	6
<b>Interlocutory Suspension Hearings/Orders</b>	Lawyers	-	1	-	2	2	3
	Paralegal Licensees	-	-	-	-	-	-
<b>Capacity Hearings</b>	Lawyers	1	-	-	1	1	-
	Paralegal Licensees	-	-	-	-	-	-
<b>Competency Hearings</b>	Lawyers	-	-	-	-	-	-
	Paralegal Licensees	-	-	-	-	-	-
<b>Non-Compliance Hearings</b>	Lawyers	-	-	-	-	-	-
	Paralegal Licensees	-	-	-	-	-	-
<b>Reinstatement Hearings</b>	Lawyers	1	-	-	-	2	1*
	Paralegal Licensees	-	-	1	-	-	-
<b>Restoration</b>	Lawyers	-	-	-	-	-	-
	Paralegal Licensees	-	-	-	-	-	-
<b>Licensing Hearings (including Readmission)</b>	Lawyer Applicants	-	2	2	-	-	1
	Paralegal Applicants	1	1	1	-	1	2
<b>TOTAL NUMBER OF HEARINGS</b>	Lawyers	22	35	20	27	35	26
	Paralegals	5	3	5	9	11	8
	<b>TOTAL</b>	<b>27</b>	<b>38</b>	<b>25</b>	<b>36</b>	<b>46</b>	<b>34</b>

\* The Q2 2014 reinstatement matter was heard at the same time as a conduct matter. For the purposes of this report it is only being counted with the reinstatement matters.

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

### 3.6 – Discipline

#### Graph 3.6F: Discipline – Appeals

The following chart sets out the number of appeals filed with the Appeal Division, the Divisional Court or the Court of Appeal in the calendar years 2008 to 2013 and the first half of 2014.

Quarter/Year	Appeal Division	Divisional Court	Court of Appeal
2008	14	8 appeal	
2009	19	1 appeal	3 motions for leave; 2 appeals
2010	27	3 appeals; 2 judicial reviews	4 motions for leave
2011	18	6 appeals, 2 judicial reviews	2 motions for leave
2012	23	4 appeals; 5 judicial reviews	2 motions for leave
2013	20	3 appeals; 3 judicial reviews	
2014 1 <sup>st</sup> Quarter	2	5 appeals; 1 judicial review	1 motion for leave
2 <sup>nd</sup> Quarter	8 <sup>10</sup>	5 appeals; 1 judicial review	1 motion for leave

As of June 30, 2014, there are 10 appeals pending before the Appeal Division, 1 motion for an extension of time in which to file an appeal, 5 appeals in which the Appeal Division has reserved on judgment, 1 appeal before the Appeal Division that has been adjourned sine die and 2 appeals in which the Appeal Division has rendered a decision except on the issue of costs.

With respect to matters before the Divisional Court, there are 12 appeals and 2 judicial review matters pending. There is one motion for leave to appeal pending in the Court of Appeal.

In the second quarter of 2014, 4 appeals before the Appeal Division were completed. All appeals were launched by licensees:

- With respect to 2 appeals, the Appeal Division dismissed the appeals with costs to the Law Society.
- With respect to 1 appeal, the Appeal Division allowed the appeal, substituting a 7 month suspension for the penalty imposed by the Hearing Division (permission to surrender licence).
- With respect to the 4<sup>th</sup> appeal, the Appeal Division upheld the Hearing Panel's decision and order with respect to all but 2 of the particulars, ordering a re-hearing of the two particulars before the Hearing Division. The Appeal Division also ordered that, if the Law Society decided not to re-prosecute the 2 particulars, the Appeal Division would determine the appropriate penalty on the remaining particulars. Subsequently, the Appeal Division heard submissions on penalty and ordered that, based on the remaining particulars, revocation was the appropriate disposition. The Appeal Division also ordered that the costs payable to the Law Society imposed by the Hearing Division be reduced to \$75,000 and that \$30,000 in costs for the appeal also be paid to the Law Society.

<sup>10</sup> 1 of the matters is a motion seeking an extension of time in which to file an appeal.

The Law Society of Upper Canada  
The Professional Regulation Division  
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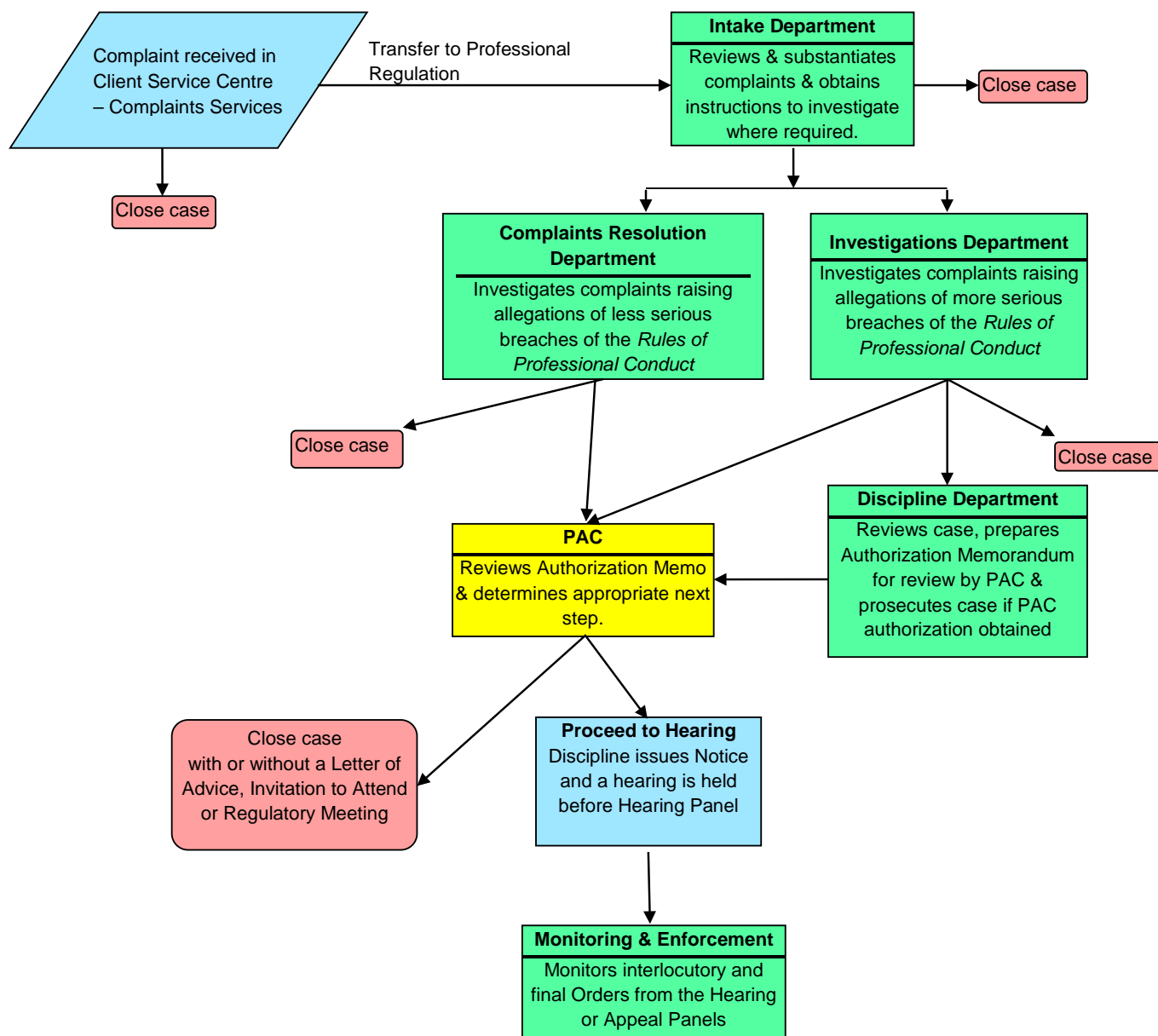
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## **SECTION 4**

## **APPENDICES**

The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

## The Professional Regulation Complaint Process

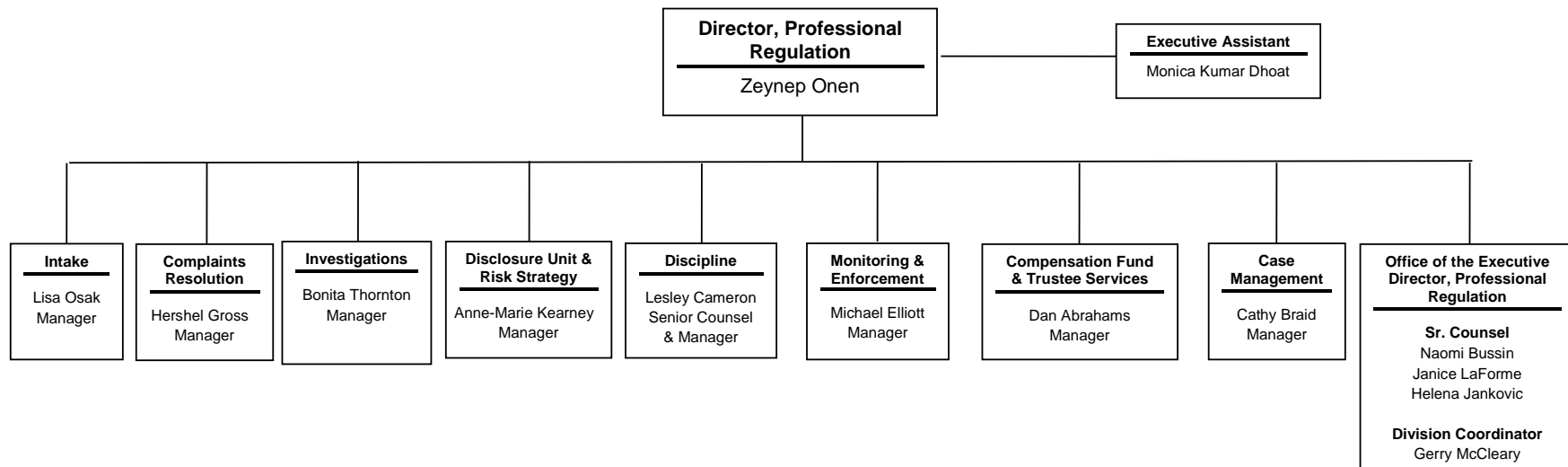




The Law Society of Upper Canada  
The Professional Regulation Division  
Quarterly Report (April 1 – June 30, 2014)

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## PROFESSIONAL REGULATION ORGANIZATIONAL CHART





## Tab 7

### Report to Convocation September 24, 2014

---

## Priority Planning Committee

### Committee Members:

Janet Minor (Chair)  
Raj Anand  
Marion Boyd  
Christopher Brecht  
John Callaghan  
Cathy Corsetti  
Julian Falconer  
Howard Goldblatt  
Michelle Haigh  
Carol Hartman  
Jacqueline Horvat  
Janet Leiper  
William McDowell  
Susan McGrath  
Malcolm Mercer  
Julian Porter  
Linda Rothstein  
Paul Schabas  
Peter Wardle

**Purpose of Report:** Information

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

**FOR INFORMATION**

**PRIORITY PLANNING COMMITTEE'S  
STRATEGIC PLANNING STEERING GROUP**

**Introduction**

1. At its September 10, 2014 meeting, the Priority Planning Committee ("the Committee") established the terms of reference for the Strategic Planning Steering Group, the members of which the Treasurer has selected as set out in this report.

**Rationale for Establishing the Steering Group**

2. The mandate of the Committee includes the responsibility to recommend for Convocation's consideration and approval the priorities for policy objectives for a bencher term. The Committee is required to report its recommendations to Convocation following a full review by the benchers after each election of Convocation's priorities for achieving strategic objectives for the Law Society.
3. The bencher planning session that follows each bencher election constitutes this full review. The session requires a proper foundation to engage in an informed dialogue about the future of the Law Society as an organization and its mandate.
4. To plan for these deliberations, the Strategic Planning Steering Group ("the Steering Group") has been formed by the Treasurer. Composed of benchers and senior management, the Steering Group's main role is to formulate a plan for the bencher planning session, including preparation of supporting information and documentation, for the Committee's approval.
5. The Committee believes that bringing more thought to the process in which benchers engage in advance of the session will assist in the process of achieving more defined outcomes at the session for Convocation's consideration.

**Overview of the Terms of Reference for the Steering Group**

6. The Steering Group will be tasked with developing the process, protocols and agenda for the September 2015 Strategic Planning Bencher Session. The Chief Executive Officer together with selected senior managers as the core operational representatives on the Steering Group will participate with the bencher members.
7. The Steering Group, with the assistance of a consultant to be engaged, will determine options for and provide direction on the focus of the planning session's activities and strategic issues, including but not limited to:
  - a. a schedule/timeline for engaging with members of Convocation in the planning process;

- b. determining the most effective type of interactions with all benchers (current benchers and those who take office in May 2015) in advance of the session to inform the issues that will be discussed at the session; and
  - c. direction to senior management on the development of supporting materials, research and information to be provided to benchers to assist them in preparing in advance for the session.
8. The Committee, through reports from a senior manager working with the Steering Group, will be updated on the Steering Group's work. Diana Miles has been assigned this responsibility. She will also seek input from the Committee as planning for the session proceeds and report back to the Steering Group with information for its consideration.
9. The Steering Group will provide a final report to the Committee with a plan for the planning session's agenda and content.

#### **Membership of the Steering Group**

10. The bencher members of the Steering Group are:

**Janet Minor, Chair**  
**Carol Hartman, Vice-Chair**  
John Callaghan  
Cathy Corsetti  
Howard Goldblatt  
Jacqueline Horvat  
Susan McGrath  
Malcolm Mercer  
Barbara Murchie  
Jan Richardson  
Susan Richer  
Peter Wardle

#### **Implementation Considerations**

11. The work of the Steering Group is intended to assist benchers at the planning session to engage in informed decision making. The Steering Group's preparation of the plan for the bencher planning session is the first step in the process to determine the Law Society's strategic goals for the upcoming bencher term.
12. Following the planning session, utilizing the information gathered from the session and collated by the consultant, the Steering Group will present a report to the Committee outlining the proposed components of the strategic priorities of Convocation for the 2015-2019 term.
13. The Committee, with assistance from senior management, will review this information and consider the ability of the Law Society to address the potential priorities and their impact on current and ongoing priorities and related operational issues.

14. In keeping with its mandate, the Committee will finalize a proposal for strategic priorities for the 2015-2019 Bencher term for presentation to Convocation in late 2015 or early 2016.



**TAB 8**

**Report to Convocation  
September 24, 2014**

---

## **Audit & Finance Committee**

### **Committee Members**

**Christopher Bredt (Co-Chair)**

**Peter Wardle (Co-Chair)**

**Adriana Doyle (Vice-Chair)**

John Callaghan

Susan Elliott

Seymour Epstein

Michelle Haigh

Vern Krishna

Judith Potter

James Scarfone

Alan Silverstein

Catherine Strosberg

### **Purpose of Report: Information**

**Prepared by the Finance Department**

**Wendy Tysall, Chief Financial Officer, 416-947-3322 or wtysall@lsuc.on.ca**

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## COMMITTEE PROCESS

1. The Audit & Finance Committee ("the Committee") met on September 10, 2014. Committee members in attendance were Chris Bredt (co-chair), Peter Wardle (co-chair), Adriana Doyle (vice-chair), John Callaghan, Susan Elliott, Michelle Haigh, Vern Krishna, Judith Potter, Alan Silverstein and Catherine Strosberg. Bob Evans also attended.
2. Law Society staff in attendance: Robert Lapper, Wendy Tysall, Terry Knott, Fred Grady, Brenda Albuquerque-Boutilier and Andrew Cawse.
3. Also in attendance: Kathleen Waters, President & CEO – LAWPRO, Steve Jorgensen, Chief Financial Officer – LAWPRO and Brian White, Partner – AON Hewitt.



**TAB 8.1**

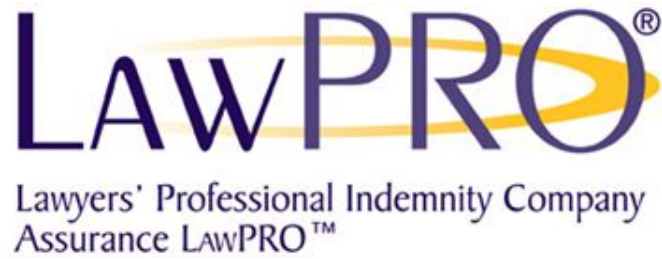
**FOR INFORMATION**

**LAWYERS' PROFESSIONAL INDEMNITY COMPANY  
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2014**

4. **Convocation is requested to receive the second quarter financial statements for LAWPRO for information.**
5. The Law Society provides mandatory professional liability insurance to lawyers through LAWPRO, a provincially licensed insurer and wholly-owned subsidiary of the Law Society. There is a quarterly financial reporting schedule to the shareholder. These interim statements convey the performance of LAWPRO before the end of the year. Unlike annual statements, interim statements do not have to be audited. The statements have been approved by LAWPRO's board.
6. The professional liability insurance program generally requires practising lawyers to pay premiums and levies to the E&O Fund that contribute toward the premium paid by the Law Society to fund the anticipated costs of professional liability claims made in each annual policy period.
7. Paralegals typically obtain this form of coverage through independent insurance companies. In addition to providing mandatory lawyers professional liability insurance, LAWPRO also sells optional excess lawyers professional liability and title insurance.

**Key Issues and Considerations**

8. Each September, LAWPRO reports to Convocation on changes to the Law Society's professional liability insurance program for the following calendar year. The timing of this report is necessitated by the logistics of renewing over 24,000 policies effective January 1, and the need to negotiate and place any related or corollary reinsurance treaties. This report is also an opportunity for LAWPRO's Board to review with Convocation issues of importance to its insurance operations and receive policy direction where necessary



***Report to the  
Audit and Finance Committee  
of  
The Law Society of Upper  
Canada***

***September 10, 2014***



## ***Report to the Audit and Finance Committee – Law Society September 10, 2014***

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#### ***LAWPRO***

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# ***KEY POINT SUMMARY***

- ***LAWPRO has sufficient assets to discharge its claims and other liabilities.***
- ***At June 30, 2014, LAWPRO held investment assets totaling \$618.4 million, inclusive of cash and cash equivalents and investment income due and accrued. These funds have been invested in accordance with the Company's investment policy. LAWPRO was in compliance with its policy during the six months ended June 30, 2014 (see pages 11 and 12).***
- ***LAWPRO's net income for the six months ended June 30, 2014 was \$7.0 million compared to a budgeted income of \$2.5 million and a net loss of \$1.2 million for the same period in 2013. During the six months ended June 30, 2014 LAWPRO experienced a total comprehensive income of \$9.6 million, which reflects an increase in unrealized gains of \$2.6 million on its surplus investments, compared to a budgeted income of \$3.4 million and an income of \$2.6 million for the same period in 2013.***
- ***Overall, earned premiums on the mandatory program were substantially at expected levels. Investment income of \$15.6 million for the six months of 2014 was higher than budgeted levels by \$6.3 million and the results for the same period in 2013 by \$9.6 million, the key difference being a \$2.9 million increase in unrealized gains on the asset-liability matched bond portfolio in the current period due to recent drops in market yields on fixed income securities, as well as \$4.3 million in realized gains results in the current period.***
- ***Claims and adjustment expenses for the six months ended June 30, 2014 were \$0.4 million higher than budget, as the discount expense resulting from the lower market yields more than offset the favourable prior year development in the E&O and TitlePLUS programs. Current fiscal period claims expense was \$2.3 million higher than the same period last year, primarily due to fluctuating investment markets which caused the discount adjustment to be an expense in 2014 and an income credit in 2013. General expenses for the six months ended June 30, 2014 were \$0.1 million lower than budget and \$0.3 million higher than the same period in 2013.***
- ***LAWPRO is in compliance with all regulatory requirements regarding solvency and filing of financial information. A summary of LAWPRO's position with respect to its Risk Appetite Statement (including standard insurance ratios) at June 30 is included on page 10.***

**Lawyers' Professional Indemnity Company**  
**STATEMENT OF FINANCIAL POSITION**

Stated in thousands of Canadian dollars

**UNAUDITED**

	As at June 30 2014	As at December 31 2013
<b>Assets</b>		
Cash and cash equivalents	13,554	14,525
Investments	602,842	575,039
Investment income due and accrued	2,044	2,136
Due from reinsurers	693	309
Due from insureds	3,215	2,027
Due from the Law Society of Upper Canada	42,687	-
Reinsurers' share of provisions for:		
Unpaid claims and adjustment expenses	42,861	40,487
Unearned premiums	3,628	-
Deferred policy acquisition expenses	1,771	-
Other receivables	1,474	1,419
Other assets	2,570	2,758
Property and equipment	1,921	2,193
Income taxes recoverable	401	-
Deferred income tax asset	4,678	4,543
<b>Total assets</b>	<b>724,339</b>	<b>645,436</b>
<b>Liabilities</b>		
Provision for unpaid claims and adjustment expenses	459,631	447,912
Unearned premiums	59,836	749
Unearned reinsurance commissions	768	-
Due to reinsurers	2,724	591
Due to insureds	-	66
Due to the Law Society of Upper Canada	-	3
Expenses due and accrued	1,571	1,526
Income taxes due and accrued	-	4,312
Other taxes due and accrued	352	402
	<b>524,882</b>	<b>455,561</b>
<b>Equity</b>		
Capital stock	5,000	5,000
Contributed surplus	30,645	30,645
Retained earnings	136,107	129,076
Accumulated other comprehensive income	27,705	25,154
	<b>199,457</b>	<b>189,875</b>
<b>Total liabilities and equity</b>	<b>724,339</b>	<b>645,436</b>

**Lawyers' Professional Indemnity Company****STATEMENT OF PROFIT OR LOSS**

Stated in thousands of Canadian dollars

**UNAUDITED****For six months ended June 30**

	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
Gross written premiums	118,616	109,598
Premiums ceded to reinsurers	(7,205)	(7,030)
Net written premiums	111,411	102,568
(Increase) decrease in unearned premiums	(55,459)	(50,998)
Net premiums earned	55,952	51,570
Net investment income	15,637	6,033
Ceded commissions	870	861
	<b>72,459</b>	<b>58,464</b>
<b>Expenses</b>		
Gross claims and adjustment expenses	52,796	52,267
Reinsurers' share of claims and adjustment expenses	-	(1,759)
Net claims and adjustment expenses	52,796	50,508
Operating expenses	8,431	8,101
Premium taxes	1,788	1,655
	<b>63,015</b>	<b>60,264</b>
<b>Profit (loss) before income taxes</b>	<b>9,444</b>	<b>(1,800)</b>
Income tax expense (recovery)		
- current	2,548	(489)
- deferred	(135)	(71)
	2,413	(560)
<b>Profit (loss)</b>	<b>7,031</b>	<b>(1,240)</b>

**Lawyers' Professional Indemnity Company****STATEMENT OF COMPREHENSIVE INCOME**

Stated in thousands of Canadian dollars

**UNAUDITED****For six months ended June 30**

	<b>2014</b>	<b>2013</b>
<b>Profit (loss)</b>	<b><u>7,031</u></b>	<b><u>(1,240)</u></b>
Other comprehensive income, net of income tax:		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurements of defined benefit plans, net of income tax expense (recovery) of \$0 [2013: (\$0) ]	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>		
<del>Available-for-sale assets</del>		
Net changes unrealized gains (losses), net of income tax expense (recovery) of \$2,017 (2013: \$1,962)	5,593	5,443
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of (\$1,173) [2013: (\$743) ]	(3,254)	(2,062)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of \$76 (2013: \$162)	212	448
<b>Other comprehensive income</b>	<b>2,551</b>	<b>3,829</b>
<b>Comprehensive income</b>	<b><u>9,582</u></b>	<b><u>2,589</u></b>

**Lawyers' Professional Indemnity Company****STATEMENT OF CHANGES IN EQUITY**

Stated in thousands of Canadian dollars

**UNAUDITED**

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
<b>Balance at December 31, 2012</b>	<b>5,000</b>	<b>30,645</b>	<b>122,663</b>	<b>12,981</b>	<b>171,289</b>
Total comprehensive income for the year	-	-	5,933	12,653	18,586
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	480	(480)	-
<b>Balance at December 31, 2013</b>	<b>5,000</b>	<b>30,645</b>	<b>129,076</b>	<b>25,154</b>	<b>189,875</b>
Total comprehensive income for the year	-	-	7,031	2,551	9,582
Transfer of defined benefit remeasurements from OCI to retained earnings			-	-	
<b>Balance at June 30, 2014</b>	<b>5,000</b>	<b>30,645</b>	<b>136,107</b>	<b>27,705</b>	<b>199,457</b>



**LAWYERS' PROFESSIONAL INDEMNITY COMPANY  
REPORT TO AUDIT AND FINANCE COMMITTEE - LAW SOCIETY OF UPPER  
CANADA  
MANDATORY E&O INSURANCE PROGRAM  
SIX MONTHS ENDED JUNE 30 2014**

**PREMIUMS**

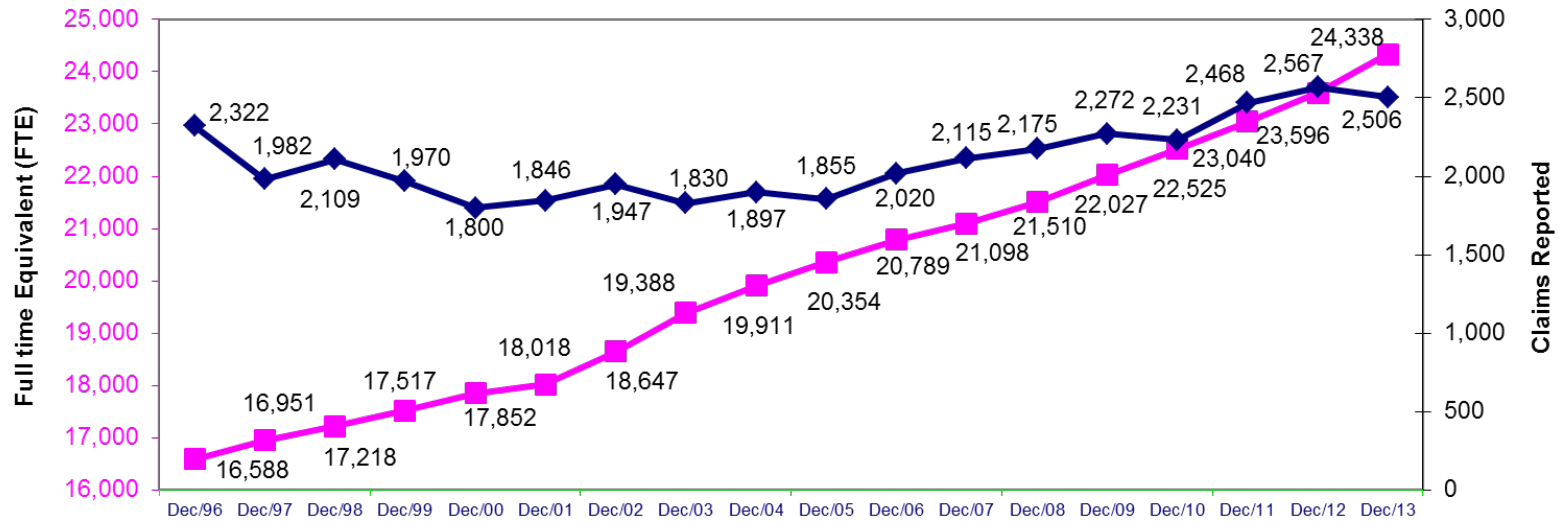
- The 2014 Ontario mandatory professional liability program performed substantially as expected. Overall, written premiums were at expected levels. At June 30, 2014, there were 24,684 full-time equivalent practitioners, a level which is on target to meet the budgeted amount of 24,847 as new calls come into the program later in the year.
- For the six months of 2014, transaction levies were \$0.5 million below budget, compared to \$1.3 million below budget in 2013.
- The retrospective rating arrangement in its insurance contract with the Law Society, which was significantly restructured commencing in 2010, resulted in no additional premium recorded in 2014.

**CLAIMS & ADJUSTMENT EXPENSES**

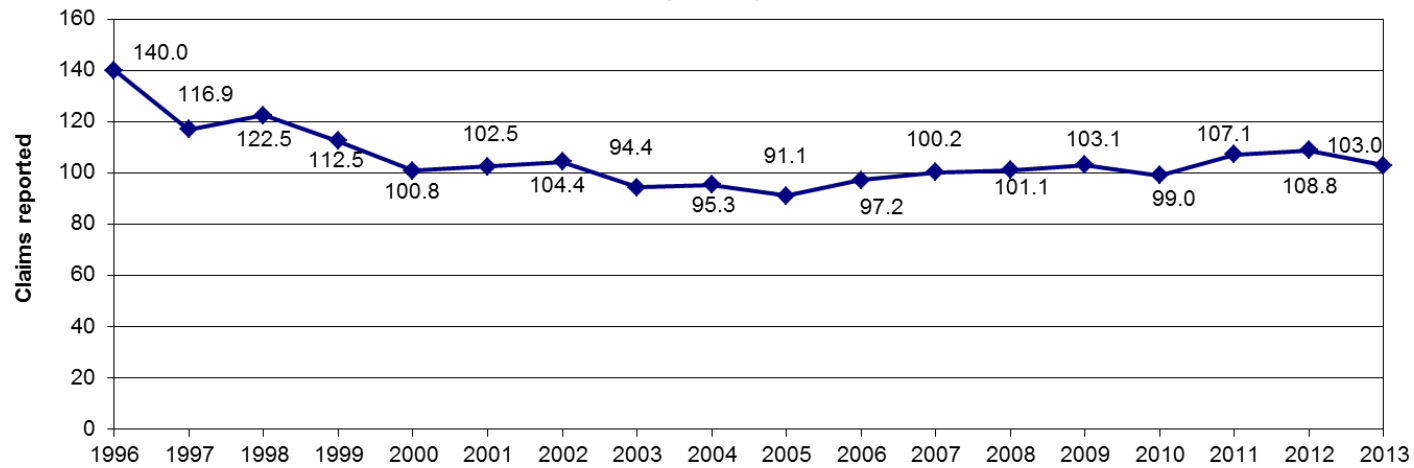
- In the year of 2014, there were 947 new 2014 fund year claim files reported compared with 977 new 2013 fund year claim files reported in 2013.
- The number of files remaining open at June 30, 2014 was 3,726, higher than the 3,676 files remaining open at June 30, 2013.
- For all fund years, 1,258 new files were opened through June 30, 2014 and 1,116 closed. The comparable figures for the six months ended June 30, 2013 were 1,216 claims opened and 1,059 closed.

On an aggregate basis, in the first six months of 2014 there has been a significant net favorable development on claims of prior years (in particular fund years 2008, 2009, 2011, 2013 offset somewhat by a large unfavorable development for the fund year 2010.) Regarding prior year development, in the same period in 2013, there was a significant net favourable development on claims of prior years (in particular fund years 2005, 2008 and 2011).

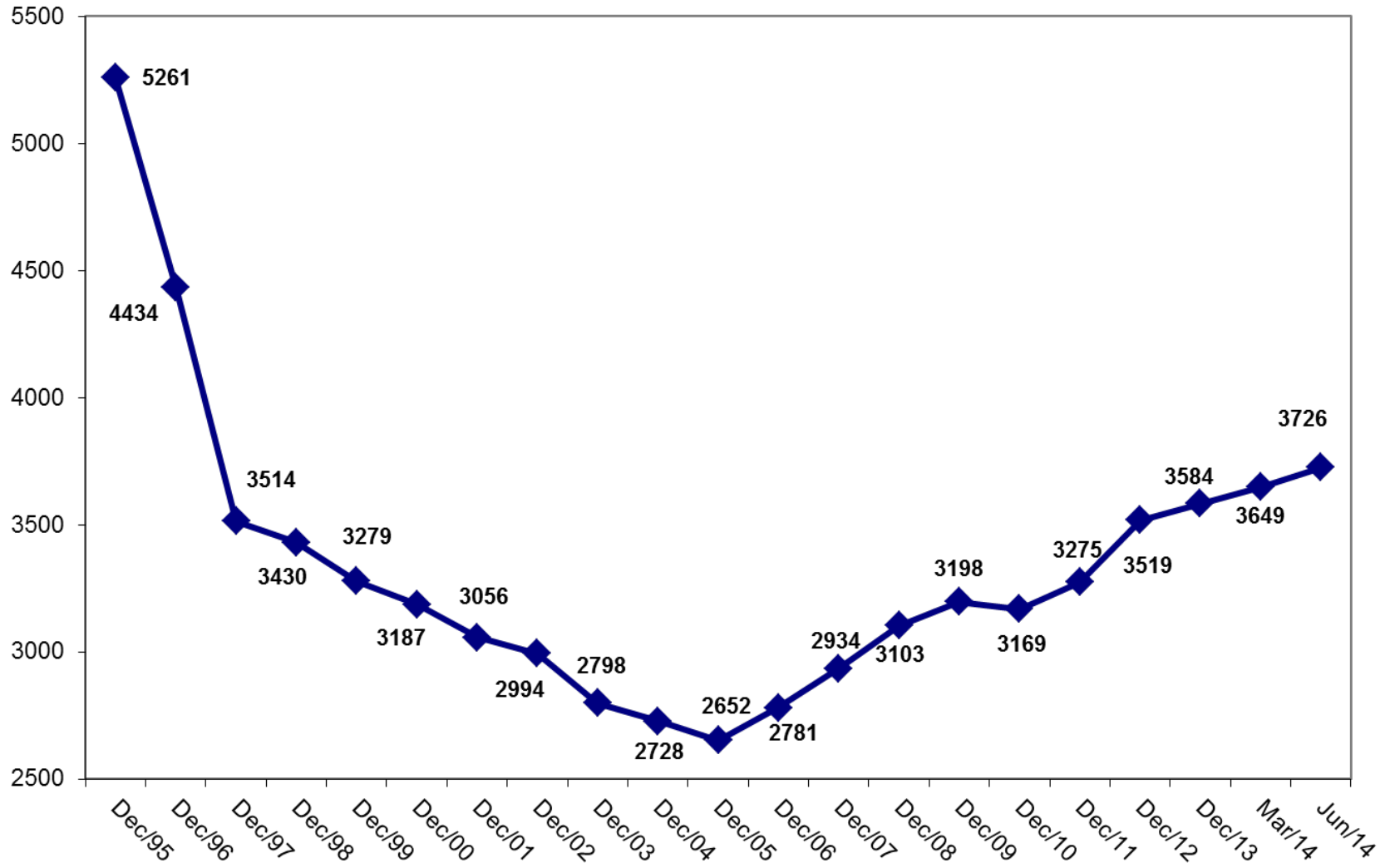
Claims Reported & Full Time Equivalents by Fund Year



Claims reported per 1,000 FTE



## Open Claims (for fund years 1995 and forward)



**INSURANCE RATIOS<sup>1</sup>**

TEST	RECOMMENDED RANGE	JUN 2014	DEC 2013	JUN 2013	DEC 2012
<b>I. Solvency Ratios</b>					
<b>1. Minimum Capital Test</b>					
(Measures the excess of capital available to capital required based on a risk-based capital adequacy framework and is used to determine capital adequacy of a company.)	Preferred: 220-230% Minimum: 180%	239%	233%	215%	223%
<b>2. Loss reserves to equity</b>					
(Measures unpaid claim and adjustment reserves as a percentage of surplus and provides a simple test of the leveraged position of the company.)	Preferred: < 225% Maximum: 250%	209%	215%	232%	230%
<b>II. Other Select Ratios</b>					
<b>1. Liabilities as a % of liquid assets</b>					
(Liabilities as a percentage of Cash and other liquid assets-measures company's ability to meet its financial demands.)	Preferred: < 80% Maximum: 105%	78%	70%	80%	72%
<b>2. Net premiums written as a % of surplus</b>					
(Net risk ratio measures the company's ability to absorb financial shocks. The higher the ratio of premiums to surplus, the greater is the potential risk borne by the company in relation to the surplus available to absorb loss variations.)	Preferred: < 80% Maximum: 100%	56%	56%	59%	61%
<b>3. Return on equity</b>					
(Measures an insurer's net income as a percentage of equity. The higher the ratio, the greater the return to shareholders per unit of invested capital. Sustainability of earnings is more important than periods of high returns followed by periods of low returns or losses.)	Greater than 0% <sup>2</sup> , Net income	8%	3%	(1%)	(1%)
	Comprehensive Income	10%	10%	3%	2%
<b>4. General expense ratio</b>					
(Measures an insurer's general expenses, excluding commissions, as a percentage of net earned premiums.). This ratio should be maintained at lower than or equal to comparable small insurance companies.	Up to small insurance company benchmark (27% as at Dec 2013)	18%	19%	19%	20%
<b>5. Optional business segment</b>					
(Excess program and TitlePLUS title insurance) is planned to operate on a break-even or better basis.	Greater than \$0 (stated in \$'000s)	882	993	1,441	(753)

**Note:**

1. The above metrics reflect the Risk Appetite Statement approved by the Board of Directors on June 25, 2014.
2. Sufficient to maintain/grow MCT.

Better Than Range
Within Range
Outside of Range

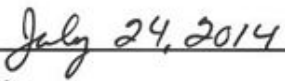
LAWPRO & LAWPRO POST 2007

**COMPLIANCE**



As of and for the quarter ending June 30, 2014, we hereby certify that to the best of our knowledge the investments in the Lawyers' Professional Indemnity Company portfolio were in compliance, based on our records which are issued on a trade date basis, in accordance with the Investment Policy Statement dated January 1, 2014.

  
\_\_\_\_\_  
Deborah Lewis, CFA  
First Vice President

  
\_\_\_\_\_  
Date:



– Confidential –



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July 25, 2014

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Lawyer's Professional Indemnity Company  
C/O Ms Kathleen A. Waters, President & CEO  
250 Yonge Street, Suite 3101  
P.O. Box 3  
Toronto, Ontario  
M5B 2L7

**SUBJECT: COMPLIANCE CERTIFICATE**

Dear Ms. Waters,

This is to confirm that, at the end of each month of the quarter ending June 30<sup>th</sup>, 2014, Letko Brosseau was in compliance with the requirements of the Statement of Investment Policies and Procedures, effective January 1<sup>st</sup>, 2014. To the best of our knowledge, we have no reason to believe that we were not in compliance with all such requirements at any other time during such period.

Should you require additional information, please do not hesitate to contact us at your convenience.

Regards,

Daniel Brosseau  
Letko Brosseau & Associates Inc.  
DB/mn

**TAB 8.2**

**FOR INFORMATION**

**LAW SOCIETY OF UPPER CANADA FINANCIAL STATEMENTS FOR THE  
SIX MONTHS ENDED JUNE 30, 2014**

9. **Convocation is requested to receive the second quarter financial statements for the Law Society for information.**
10. This is part of the quarterly financial reporting schedule to Convocation. These interim statements convey the performance of the Law Society before the end of the year. Unlike annual statements, interim statements are not audited.

**Law Society of Upper Canada Financial Statements  
For the six months ended June 30, 2014**

**Financial Statement Highlights**

11. The Lawyer General Fund incurred a surplus of \$2.7 million at the end of the second quarter of 2014, compared to a surplus of \$1.1 million in 2013 and a budgeted deficit for the period of \$268,000. The Paralegal General Fund generated a surplus of \$516,000 at the end of the second quarter of 2014 compared to \$515,000 at the end of the second quarter of 2013 and a budgeted deficit for the period of \$164,000. Annual fees, other revenue, professional development and investment revenue are all above budget with the latter two categories particularly contributing to a positive variance from budget. All of the expense categories on the financial statements are close to or less than budget, although there are some noteworthy negative variances in the individual accounts.
12. The Law Society's restricted funds report a deficit of \$6.5 million primarily comprising deficits of \$3.2 million in the E&O Fund, \$826,000 in the Lawyer Compensation Fund, and amortization of \$1.6 million in the Invested in Capital Assets Fund.
13. Overall, the Law Society is on track to meet or exceed its 2014 budget expectations and its financial position remains strong. However some greater than projected revenues and lesser than projected expenses have compensated for some challenges in the contingency, severance expenses, regulatory counsel fee expenses, and potential cost awards.

**Background**

14. The Financial Statements are prepared under Generally Accepted Accounting Principles for Canadian not-for-profit organizations using the restricted fund method of accounting.
15. The Financial Statements for the six months ended June 30, 2014 comprise the following statements:
  - Balance Sheet
  - Statement of Revenues and Expenses and Change in Fund Balances, detailing results of operations for lawyers and paralegals
  - Schedule of Restricted Funds
  - Supplemental schedules include Schedules of Revenues and Expenses for the Combined General Fund, Lawyer and Paralegal General Funds, the Compensation Fund and the Errors and Omissions Insurance Fund.



## Overview

16. Operationally, revenues to date exceed budget by approximately 6% or just over \$2.3 million with revenues from the licensing process and investment income particularly contributing to the excess revenue, although lawyer continuing professional development revenue is \$600,000 under budget.
17. Expenses to date are under budget by approximately \$1.3 million or 3%, primarily in the licensing process, CPD and benchers remuneration. Spending for the whole year on outside counsel and expert witnesses within professional regulation is projected to track significantly higher than approved budget for these expenses.
18. The approved 2014 budget included the transfer of \$6.0 million from the General Fund balance to the Capital Allocation Fund dedicated to the revitalization of the Law Society's information systems. This is included in the interfund transfers.
19. A detailed discussion of the June 30, 2014 interim financial statements follows.

## Balance Sheet

20. Asset balances at the end of June 2014 have increased by \$13 million from a year ago. Annual fee, licensing process and monitoring & enforcement accounts receivable have all increased slightly although there is no indication that net collections will deteriorate. Most of the prepaid expense balance relates to annual E&O insurance premiums paid or payable for the year, which are expensed over the full year.
21. The Investment in LAWPRO totaling \$35.6 million is made up of two parts. The investment represents the share capital of \$4,997,000 purchased in 1991 when LAWPRO was established plus contributed capital of \$30,645,000 accumulated between 1995 and 1997 from a special capitalization levy by the Law Society.
22. Portfolio investments are shown at fair value of \$78.1 million, an increase from \$73.3 million in 2013 due to healthy investment returns on higher capital balances. The portfolio has benefitted from beneficial fixed income durations and the surging equity markets. In 2014, \$1.5 million was transferred from the E&O Fund portfolio in compliance with the budget to fund the transfer to the General Fund. Approximately 20% of the portfolio is held in equity investments. Investments (after the reclassification of cash and near cash) are held in the following funds:

<b>Fund (\$ 000's)</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Errors & Omissions Insurance	\$29,068	\$28,311
Compensation	34,044	31,223
General	14,993	13,784
<b>Total</b>	<b>\$78,105</b>	<b>\$73,318</b>

23. Current liability balances at the end of June 2014 of \$132.4 million have increased by \$10.1 million from a year ago. The primary components are:
- deferred revenue (\$83.8 million) – made up of annual fees, licensing process revenues and insurance premiums which are recognized over the full year with the increasing balance at the end of June reflecting the increased underlying revenues in 2014;
  - due to LAWPRO (\$42.7 million) – which will decline by year-end as insurance premiums and levies collected are paid to LAWPRO.
24. The provision for unpaid grants / claims (\$11.7 million) comprises the Compensation Fund's provision for unpaid grants and a negligible amount for the E&O Fund's provision for unpaid claims. The provision for unpaid grants in the Compensation Fund represents the estimate for unpaid claims and inquiries against the Compensation Fund, supplemented by the costs for processing these claims which has increased by \$1.1 million due to an increase in grants anticipated to be closed with payment.
25. The Law Society Act permits a member who has dormant trust funds, to apply for permission to pay the money to the Law Society. Money paid to the Law Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. At the end of June, unclaimed money held in trust amounts to \$3.3 million, compared to \$2.9 million in the prior year.

#### **Statement of Revenues and Expenses and Change in Fund Balances**

26. The Lawyer General Fund incurred a surplus of \$2.7 million at the end of the second quarter of 2014, compared with a surplus of \$1.1 million in the first six months of 2013 with revenues increasing at a greater rate than expenses. As discussed below, expenses have increased from \$33.8 million to \$36.4 million, \$1.2 million less than budget. Revenues have increased from \$35 million to \$39 million. The Paralegal General Fund had a surplus of \$516,000, the same as last year.

27. The 2014 budget incorporates the use of \$446,000 in funding from the Lawyer General Fund balance and \$313,000 in funding from the Paralegal General Fund balance. Actual use of these funds is contingent on results for the year. A budgeted transfer of \$1.5 million in funding from surplus investment income in the E&O Fund has been received during the second quarter.
28. The Law Society's restricted funds report a deficit of \$6.5 million for the period (2013: deficit of \$2 million). The current deficit is primarily attributable to:
- the \$3.2 million deficit in the E&O Fund brought about by the fund's prorated 2014 premium contribution (the insurance contract with LAWPRO includes a \$5 million premium contribution in 2014 to reduce the base premium) and a year-to-date short fall in transaction levies;
  - the \$1.6 million amortization expense in the Invested in Capital Assets Fund;
  - the \$1.2 million deficit in the Capital Allocation Fund as capital expenditures funded from the previously approved \$6 million transfer from the General Fund commence;
  - the \$826,000 deficit in the Lawyer Compensation Fund due to an increase in grants anticipated to be closed with payment.
29. Annual fee revenue is recognized on a monthly basis. Total annual fees recognized in the first half of the year have increased across the board compared to 2013 due to the overall increase in the lawyer fee and because of the increased number of lawyers billed. The paralegal annual fee is the same as 2013, although the number of full-fee-paying licensees was budgeted to increase year-on-year. Annual fee revenues in total have increased from \$35.1 million to \$36.4 million.
30. Revenue from insurance premiums and levies is recognized on a monthly basis. LAWPRO's base premium of \$3,350 has not changed from 2013, leading to relatively static premium and levy revenue of \$49.9 million.
31. Professional development and competence revenue comprises licensing process and continuing professional development revenue:
- a) At \$6.2 million, lawyer licensing process revenue has increased by \$2.4 million compared to last year. The Law Society is undertaking a pilot project that will allow lawyer licensing candidates to either article or complete a Law Practice Program (LPP), starting in the 2014-2015 licensing year. The first LPP will be held in the fall of 2014. The program is currently scheduled to be held once a year. The total Licensing Process fee for 2014-2015, including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar, is \$4,710 compared to \$2,810 per candidate in 2013 for all fees associated with licensing. The Professional Development and Competence Department is in the process of working with the LPP providers to finalize candidate registration. Assuming no significant changes in September, final registrations into the LPP pathway are lower than

predicted. Revenues from licensing fees are tracking as projected.

- b) At \$1 million, paralegal licensing process revenue is 10% less than last year but still \$300,000 over budget for the period.
  - c) Lawyer continuing professional development revenue of \$3.8 million is \$600,000 under budget and has decreased by \$200,000 compared to last year. The shortfall in CPD revenue can be attributed to lower than anticipated program registrations and related publication sales. As this variance is based only on the first half of the year, it is difficult to predict whether this trend will or will not continue. Registrations for substantive programs were 21% lower in the first half of 2014 compared to 2013. Registration numbers decreased due to a variety of possible factors. Traditionally, the Fall has been CPD's busiest period and registrations will continue to be closely monitored for trends and budgeting for 2015 will be adjusted.
- 32. At \$3.6 million, total investment income has substantially increased from \$1.5 million at the end of the second quarter of 2013. The portfolio has benefitted from beneficial fixed income durations and the surging equity markets.
  - 33. Other income of \$4 million includes Ontario Reports (\$834,000), late fees (\$494,000), catering (\$469,000) and monitoring & enforcement revenues (\$326,000).
  - 34. Total regulatory expenses of \$13.9 million have increased by \$1.2 million compared to last year due to the establishment of the Tribunal office and increased spending on outside counsel fees. Spending on outside counsel and expert witnesses within professional regulation is projected to track significantly higher than approved budget for these expenses. Year-to-date expenditures total \$1.2 million in these categories compared to the budget for the whole year of \$1.6 million. Although this trend is expected to slow down there is still a significant negative variance from budget projected.
  - 35. Total professional development and competence expenses have increased from \$10.7 million to \$12.6 million. The major difference occurs in the lawyer licensing process where expenses of \$4.6 million have increased by \$2 million from the first half of 2013 because of payments for the LPP to Ryerson and Ottawa universities. Development work will continue through to August/September 2014, at which time the new LPP commences. It is estimated that LPP contract accounts will be underspent by \$250,000 to \$300,000 at year end.
  - 36. Corporate services expenses of \$10.8 million, primarily comprise I.S., Finance, H.R., Facilities and other administrative expenses and are effectively the same as last year and are in line with budget.

37. Convocation, policy and outreach expenses of \$4 million are \$560,000 under budget because of benchers remuneration but are at the same level as 2013 due to expenses associated with the new office of Executive Director, Policy, Equity and Public Affairs. The timing of benchers remuneration and expenses is not regular and depends on submissions from benchers.
38. Expenditures on outside counsel fees in both the Professional Regulation and the Office of the General Counsel are trending significantly above budget in both areas. Year-to-date regulatory expenditures on counsel fees total \$1.2 million compared to the budget for the year of \$1.6 million. Year-to-date Office of the General Counsel expenditures on counsel fees total \$341,000 compared to the budget for the year of \$483,000 (after being supplemented by \$350,000 from the contingency). The outside counsel fee budgets are likely to be overspent but are being monitored to minimize variances.
39. Revenues in the Errors and Omissions Insurance Fund have increased by \$2 million to \$51.1 million primarily because of investment returns. Expenses in the Errors and Omissions Insurance Fund have increased from \$49.7 million to \$54.4 million. The fund is reporting this deficit of \$3.2 million due to the prorated use of \$5 million of the fund balance to mitigate the 2014 base insurance levy for lawyers and a year-to-date shortfall in transaction levies.
40. Compensation Fund revenues have increased from \$4.8 million in June 2013 to \$6.2 million after a small increase in the lawyer levy and significantly improved investment returns from realized and unrealized gains on equities. Compensation Fund expenses have also increased from \$5.2 million to \$6.9 million because of an increase in the provision for unpaid grants during the period from \$952,000 to \$2.8 million. The 2013 amount was exceptionally low and the 2014 number is above the normal range. This is largely due to an increase in the number of claims and Inquires received in the first half of 2014 compared to 2013. A significant number of these claims and inquiries are for a single lawyer. The provision is adjusted monthly based on the number of new inquiries and open claims and cases closed. The combined deficit for the lawyer and paralegal Compensation Funds of \$671,000 is still in line with last year.
41. County Libraries Fund expenses are relatively static at \$3.7 million in line with the budgeted small increase in grants.
42. Included in Other Restricted Funds are:
- expenses for the Parental Leave Assistance Plan of \$82,000. The budget for 2014 raised \$400,000 and the current fund balance is \$565,000;
  - expenses for the Denison Fund of \$36,000. The Fund is effectively depleted with a fund balance of \$11,000;
  - expenses for the Repayable Allowance Fund of \$33,000. The budget for 2014 raised \$100,000 and the current fund balance is \$383,000.

## Other Schedules

43. Supplementary budget to actual income and expense schedules for the Lawyer General Fund and the Paralegal General Fund are attached. Significant variances have been analyzed above.
44. A supplementary income and expense schedule for the Compensation Fund is attached with variances analyzed above.
45. A supplementary income and expense schedule for the Errors and Omissions Insurance (E&O) Fund is attached with variances analyzed above. The E&O Fund accounts for the mandatory professional liability insurance program of the Law Society which is administered by LAWPRO. Insurance premium expense, as well as related levies and income from their investment are tracked within this fund. The Law Society is insured for lawyers' professional liability and recovers annual premium costs from lawyers through a combination of annual base levies and additional levies that are charged based on a lawyer's claims history, status, and real estate and litigation levies.

## THE LAW SOCIETY OF UPPER CANADA

### Balance Sheet

Unaudited

Stated in thousands of dollars

As at June 30

	2014	2013
<b>Assets</b>		
<b>Current Assets</b>		
1 Cash	26,311	22,929
2 Short-term investments	34,462	36,411
3 Cash and short-term investments	60,773	59,340
4 Accounts receivable	33,598	30,834
5 Prepaid expenses	57,594	52,860
6 <b>Total current assets</b>	151,965	143,034
7 <b>Investment in subsidiaries</b>	35,642	35,642
8 <b>Portfolio investments</b>	78,105	73,318
9 <b>Capital assets</b>	12,018	13,122
10 <b>Total Assets</b>	277,730	265,116
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities</b>		
11 Accounts payable and accrued liabilities	5,874	6,549
12 Deferred revenue	83,859	80,019
13 Due to LAWPRO	42,682	35,702
14 <b>Total current liabilities</b>	132,415	122,270
15 Provision for unpaid grants/claims	11,707	10,613
16 Unclaimed trust funds	3,330	2,862
17 <b>Total Liabilities</b>	147,452	135,745
<b>Fund Balances</b>		
<b>General funds</b>		
18 Lawyers	19,653	21,427
19 Paralegals	2,415	1,362
<b>Restricted funds</b>		
20 Compensation - lawyers	25,003	24,967
21 Compensation - paralegals	574	380
22 Errors and omissions insurance	60,291	62,375
23 Capital allocation	8,813	4,374
24 Invested in capital assets	12,018	13,121
24 County libraries	(26)	(50)
25 Other	1,537	1,415
26 <b>Total Fund Balances</b>	130,278	129,371
27 <b>Total Liabilities and Fund Balances</b>	277,730	265,116

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**THE LAW SOCIETY OF UPPER CANADA****Statement of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the six months ended June 30*

	2014	2013	2014	2013	2014	2013	2014	2013
	General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
<b>Revenues</b>								
1 Annual fees	24,714	23,523	1,860	1,472	9,868	10,083	36,442	35,078
2 Insurance premiums and levies	-	-	-	-	49,875	48,717	49,875	48,717
3 Professional development and competence	10,012	7,765	1,358	1,436	-	-	11,370	9,201
4 Investment income	782	403	65	30	2,727	1,019	3,574	1,452
5 Other	3,628	3,265	334	292	99	85	4,061	3,642
6 <b>Total revenues</b>	<b>39,136</b>	<b>34,956</b>	<b>3,617</b>	<b>3,230</b>	<b>62,569</b>	<b>59,904</b>	<b>105,322</b>	<b>98,090</b>
<b>Expenses</b>								
7 Professional regulation, tribunal and compliance	12,871	11,739	1,049	923	-	-	13,920	12,662
8 Professional development and competence	11,643	9,812	995	924	-	-	12,638	10,736
9 Corporate services	9,944	10,235	825	808	-	-	10,769	11,043
10 Convocation, policy and outreach	3,775	3,756	288	251	-	-	4,063	4,007
11 Services to members and public	1,869	1,967	113	106	-	-	1,982	2,073
12 Allocated to Compensation Fund	(3,684)	(3,687)	(169)	(297)	-	-	(3,853)	(3,984)
13 Restricted (schedule of restricted funds)	-	-	-	-	69,080	61,947	69,080	61,947
14 <b>Total expenses</b>	<b>36,418</b>	<b>33,822</b>	<b>3,101</b>	<b>2,715</b>	<b>69,080</b>	<b>61,947</b>	<b>108,599</b>	<b>98,484</b>
15 <b>Surplus (Deficit)</b>	<b>2,718</b>	<b>1,134</b>	<b>516</b>	<b>515</b>	<b>(6,511)</b>	<b>(2,043)</b>	<b>(3,277)</b>	<b>(394)</b>
16 <b>Fund balances, beginning of year</b>	<b>21,410</b>	<b>17,385</b>	<b>1,882</b>	<b>847</b>	<b>110,263</b>	<b>111,533</b>	<b>133,555</b>	<b>129,765</b>
17 <b>Interfund transfers</b>	<b>(4,475)</b>	<b>2,908</b>	<b>17</b>	<b>-</b>	<b>4,458</b>	<b>(2,908)</b>	<b>-</b>	<b>-</b>
18 <b>Fund balances, end of period</b>	<b>19,653</b>	<b>21,427</b>	<b>2,415</b>	<b>1,362</b>	<b>108,210</b>	<b>106,582</b>	<b>130,278</b>	<b>129,371</b>

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**THE LAW SOCIETY OF UPPER CANADA****Schedule of Restricted Funds***Unaudited**Stated in thousands of dollars**For the six months ended June 30*

		2014							2013	
		Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital assets	County libraries	Other restricted	Total Restricted funds	Total Restricted funds
		Lawyer	Paralegal							
1	Fund balances, beginning of year	25,829	419	65,042	3,953	13,653	-	1,367	110,263	111,533
Revenues										
2	Annual fees	4,386	328	-	1,031	-	3,723	400	9,868	10,083
3	Insurance premiums and levies	-	-	49,875	-	-	-	-	49,875	48,717
4	Investment income	1,483	-	1,244	-	-	-	-	2,727	1,019
5	Other	30	-	-	69	-	-	-	99	85
6	Total revenues	5,899	328	51,119	1,100	-	3,723	400	62,569	59,904
Expenses										
8	Allocated expenses	3,684	169	-	-	-	-	-	3,853	3,984
9	Direct expenses	3,041	4	54,370	2,277	1,635	3,749	151	65,227	57,963
10	Total expenses	6,725	173	54,370	2,277	1,635	3,749	151	69,080	61,947
11	(Deficit) Surplus	(826)	155	(3,251)	(1,177)	(1,635)	(26)	249	(6,511)	(2,043)
12	Interfund transfers	-	-	(1,500)	6,037	-	-	(79)	4,458	(2,908)
13	Fund balances, end of period	25,003	574	60,291	8,813	12,018	(26)	1,537	108,210	106,582

**THE LAW SOCIETY OF UPPER CANADA**  
**Lawyers and Paralegals General Fund**  
**Schedule of Revenues and Expenses**

*Unaudited*

*Stated in thousands of dollars*

*For the six months ended June 30*

	2014 Actual	Budget YTD	Variance
<b>REVENUES</b>			
1 Annual fees	26,574	26,114	460
2 Professional development and competence	11,370	10,447	923
3 Investment income	847	374	473
4 Ontario reports revenue	891	817	74
5 Other	3,071	2,662	409
6 <b>Total revenues</b>	<b>42,753</b>	<b>40,414</b>	<b>2,339</b>
<b>EXPENSES</b>			
7 Professional regulation, tribunals and compliance	13,920	13,903	(17)
8 Professional development and competence	12,638	13,645	1,007
9 Corporate services	10,769	10,672	(97)
10 Convocation, policy and outreach	4,063	4,638	575
11 Services to members and public	1,982	2,015	33
12 Allocated to Compensation Fund	(3,853)	(4,027)	(174)
13 <b>Total expenses</b>	<b>39,519</b>	<b>40,846</b>	<b>1,327</b>
14 <b>Surplus (Deficit)</b>	<b>3,234</b>	<b>(432)</b>	<b>3,666</b>

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**THE LAW SOCIETY OF UPPER CANADA****General Fund - Lawyers****Schedule of Revenues and Expenses***Unaudited**Stated in thousands of dollars**For the six months ended June 30*

	2014 Actual	Budget YTD	Variance
<b>REVENUES</b>			
1 Annual fees	24,714	24,402	312
2 Professional development and competence	10,012	9,449	563
3 Investment income	782	347	435
4 Ontario reports revenue	834	760	74
5 Other	2,794	2,432	362
6 <b>Total revenues</b>	<b>39,136</b>	<b>37,390</b>	<b>1,746</b>
<b>EXPENSES</b>			
7 Professional regulation, tribunals and compliance	12,871	12,827	(44)
8 Professional development and competence	11,643	12,571	928
9 Corporate services	9,944	9,787	(157)
10 Convocation, policy and outreach	3,775	4,336	561
11 Services to members and public	1,869	1,900	31
12 Allocated to Compensation Fund	(3,684)	(3,763)	(79)
13 <b>Total expenses</b>	<b>36,418</b>	<b>37,658</b>	<b>1,240</b>
14 <b>Surplus (Deficit)</b>	<b>2,718</b>	<b>(268)</b>	<b>2,986</b>

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**THE LAW SOCIETY OF UPPER CANADA**  
**General Fund - Paralegals**  
**Schedule of Revenues and Expenses**

*Unaudited*

*Stated in thousands of dollars*

*For the six months ended June 30*

	2014 Actual	Budget YTD	Variance
<b>REVENUES</b>			
1 Annual fees	1,860	1,712	148
2 Professional development and competence	1,358	998	360
3 Investment income	65	27	38
4 Ontario reports revenue	57	57	-
5 Other	277	230	47
6 <b>Total revenues</b>	<b>3,617</b>	<b>3,024</b>	<b>593</b>
<b>EXPENSES</b>			
7 Professional regulation, tribunals and compliance	1,049	1,076	27
8 Professional development and competence	995	1,074	79
9 Corporate services	825	885	60
10 Convocation, policy and outreach	288	302	14
11 Services to members and public	113	115	2
12 Allocated to Compensation Fund	(169)	(264)	(95)
13 <b>Total expenses</b>	<b>3,101</b>	<b>3,188</b>	<b>87</b>
14 <b>Surplus (Deficit)</b>	<b>516</b>	<b>(164)</b>	<b>680</b>

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**THE LAW SOCIETY OF UPPER CANADA****Compensation Fund****Schedule of Revenues and Expenses and Change in Fund Balances***Unaudited**Stated in thousands of dollars**For the six months ended June 30*

	2014			2013		
	Lawyers	Paralegals	Total	Lawyers	Paralegals	Total
<b>Revenues</b>						
1 Annual fees	4,386	328	4,714	3,987	298	4,285
2 Investment income	1,483	-	1,483	549	-	549
3 Recoveries	30	-	30	20	-	20
4 <b>Total Revenues</b>	<b>5,899</b>	<b>328</b>	<b>6,227</b>	<b>4,556</b>	<b>298</b>	<b>4,854</b>
<b>Expenses</b>						
5 Provision for unpaid grants	2,765	4	2,769	948	4	952
6 Spot audit	2,006	81	2,087	1,926	196	2,122
7 Share of investigation and discipline	999	35	1,034	928	43	971
8 Administrative	708	53	761	875	58	933
9 Salaries and benefits	247	-	247	243	-	243
10 <b>Total Expenses</b>	<b>6,725</b>	<b>173</b>	<b>6,898</b>	<b>4,920</b>	<b>301</b>	<b>5,221</b>
11 <b>(Deficit) Surplus</b>	<b>(826)</b>	<b>155</b>	<b>(671)</b>	<b>(364)</b>	<b>(3)</b>	<b>(367)</b>
12 Fund balances, beginning of year	25,829	419	26,248	25,331	383	25,714
13 <b>Fund Balances, end of period</b>	<b>25,003</b>	<b>574</b>	<b>25,577</b>	<b>24,967</b>	<b>380</b>	<b>25,347</b>

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**THE LAW SOCIETY OF UPPER CANADA**  
**Errors and Omissions Insurance Fund**  
**Schedule of Revenues and Expenses and Change in Fund Balance**

*Unaudited*

*Stated in thousands of dollars*

*For the six months ended June 30*

	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>REVENUES</b>		
1 Insurance premiums and levies	<b>49,875</b>	48,717
2 Investment income	<b>1,244</b>	470
3 <b>Total revenues</b>	<b>51,119</b>	49,187
<b>EXPENSES</b>		
4 Claims	<b>(2)</b>	(11)
5 Insurance	<b>54,372</b>	49,733
6 <b>Total expenses</b>	<b>54,370</b>	49,722
7 <b>Deficit</b>	<b>(3,251)</b>	(535)
8 Interfund transfers	<b>(1,500)</b>	<b>(3,000)</b>
9 Change in fund balance	<b>(4,751)</b>	(3,535)
10 Fund balance, beginning of year	<b>65,042</b>	65,910
11 <b>Fund balance, end of period</b>	<b>60,291</b>	62,375

08-08-2014

**TAB 8.3**

**FOR INFORMATION**

**LIBRARYCO INC. FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
JUNE 30, 2014**

46. **Convocation is requested to receive the second quarter financial statements for LibraryCo for information.**
47. LibraryCo Inc. is the central manager of the Ontario county courthouse library system in accordance with the objectives, policies and principles established and approved by the Law Society, in consultation with the County and District Law Presidents' Association and the Toronto Lawyers' Association. LibraryCo is a wholly-owned subsidiary of the Law Society. There is a quarterly financial reporting schedule to the shareholder. These interim statements convey the performance of LibraryCo before the end of the year. Unlike annual statements, interim statements do not have to be audited. The statements have been approved by LibraryCo's board.
48. The Law Society provides administrative services to LibraryCo, for a fee, under an administrative services agreement.



**LIBRARYCO INC.  
FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

**KEY POINT SUMMARY**

**Overall Results**

Results for the second quarter identify a deficit of \$202,610 compared to a budgeted deficit of \$245,776. Total expenses are \$4,498,141 and have not varied significantly from budget.

**Revenues**

- 49. The Law Society grant (line 1) is the lawyer-based fee that is transferred to LibraryCo. This transfer includes amounts for central administration and quarterly transfers to the 48 libraries. The actual grant from the Law Society was \$3.7 million and matched budgeted amounts for the period.
- 50. The Law Foundation of Ontario grant (line 2) is provided to LibraryCo to subsidize the purchase of electronic resources and the amount received equalled the amount budgeted.

**Expenses**

- 51. Total expenses were \$4,498,141 compared to a budgeted total of \$4,537,040.
- 52. Administration (line 6) of \$263,850 represents the service fee paid to the Law Society and equals budget.
- 53. Professional fees (line 7) are lower than budget by nearly \$1,500 primarily because of consulting fees which have been earmarked for the payment of the facilitator for the strategic planning session which was expensed in July.
- 54. Other head-office expenses (line 8) are lower than budget for the period by approximately \$8,500 primarily because of publication expenses within LibraryCo, 1-800 line charges and web initiatives.
- 55. Electronic product expenses of \$739,000 (line 10) were paid in February and are within budget.
- 56. Group benefits and insurance (line 11) are lower than budget by \$12,000 as group benefits premiums were budgeted prior to the premium increase being finalized at a slightly lower rate. Expected savings for the year are estimated at approximately \$20,000.



57. Other centralized expenses (line 12) are lower than budget by nearly \$16,000 primarily because of publications, COLAL meeting expenses, COLAL continuing education, staff & travel, and courier/postage costs. Publication costs are \$4,000 lower than budgeted, COLAL meeting expenses are \$2,000 lower than budgeted and COLAL continuing education costs are nearly \$5,000 lower than budgeted however, these are a result of timing differences rather than savings in the current year. Staff and travel expenses have a variance of \$3,000 and do not follow a pattern. Courier costs have decreased significantly in the first half of the year as a result of the recent evaluation and replacement of courier providers resulting in a savings of around \$2,000.
58. County and District law libraries grants (line 14) are over budget by \$1,200 due to the late adjustment for the Manitoulin grant which was approved by the Board after initially not being included in the budget.
59. Capital and special needs grants (line 16) of \$25,000 were paid to Thunder Bay in April 2014 to assist with moving costs as planned. Capital and special needs grants are under budget by \$1,300 as computer grants do not follow a pattern.

### **Balance Sheet**

60. Cash and short-term investments (line 1) have decreased by \$144,000 due to operating deficits and an increase in prepaid expenses.
61. Prepaid expenses (line 3) increased by nearly \$7,000 as the Directors and Officers Insurance Policy for the Associations was paid in May.
62. Accounts payable and accrued liabilities (line 5) are \$7,600 higher than 2013 as the several expense reimbursements for bursaries related to the CALL conference at the end of May were submitted to LibraryCo for reimbursement in late June and were paid in July.
63. The General Fund has decreased by \$150,000 over the last 12 months due to the operating results. Based on the budget and estimated savings for 2014, a projected balance of \$139,500 in the General Fund is expected at the end of 2014 (see below). The Reserve Fund is projected to have a balance at the end of 2014 of \$500,000 comprising a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000 in accordance with Board policy.

General Fund (2014 budgeted balance)	\$107,000
Estimated Savings:	
Group Benefits & Insurance	20,000
Other head-office expenses	8,500
Courier Costs	4,000
General Fund (estimated balance at Dec. 31, 2014)	<u>\$139,500</u>

# Convocation - Audit and Finance Committee Report

## LIBRARYCO INC.

### Schedule of Actual and Budgeted Revenues and Expenses

#### Stated in Dollars

For the six months ended June 30

Unaudited

	2014 Actual	YTD Budget	Variance	Annual Budget
<b>REVENUES</b>				
1 Law Society of Upper Canada grant	3,749,261	3,749,264	(3)	7,498,700
2 Law Foundation of Ontario grant	542,000	542,000	-	542,000
3 Other Income	4,270	-	4,270	-
4 <b>Total revenues</b>	<b>4,295,531</b>	<b>4,291,264</b>	<b>4,267</b>	<b>8,040,700</b>
<b>EXPENSES</b>				
<b>Head office/administration</b>				
5 Salaries and benefits	74,239	74,490	251	155,000
6 Administration	263,850	263,850	-	527,700
7 Professional fees	7,503	9,000	1,497	18,000
8 Other	30,174	38,750	8,576	61,100
9 <b>Total Head office/administration expenses</b>	<b>375,766</b>	<b>386,090</b>	<b>10,324</b>	<b>761,800</b>
<b>Law Libraries - centralized purchases</b>				
10 Electronic products and services	739,332	740,000	668	740,000
11 Group benefits and insurance	155,090	167,100	12,010	333,000
12 Other	54,787	70,600	15,813	158,400
13 <b>Total Law Libraries - centralized purchases</b>	<b>949,209</b>	<b>977,700</b>	<b>28,491</b>	<b>1,231,400</b>
14 County and District law libraries - grants	3,140,465	3,139,250	(1,215)	6,278,500
15 Capital and special needs grants	32,701	34,000	1,299	45,000
16 <b>Total County and District Law Libraries Expenses</b>	<b>3,173,166</b>	<b>3,173,250</b>	<b>84</b>	<b>6,323,500</b>
17 <b>Total expenses</b>	<b>4,498,141</b>	<b>4,537,040</b>	<b>38,900</b>	<b>8,316,700</b>
18 <b>Deficit</b>	<b>(202,610)</b>	<b>(245,776)</b>	<b>43,167</b>	<b>(276,000)</b>

**LIBRARYCO INC.****Balance Sheet****Stated in Dollars***As at June 30***Unaudited**

	2014	2013
<b>Assets</b>		
<b>Current Assets</b>		
1 Cash and short-term investments	666,181	810,190
2 Accounts receivable	17,243	22,836
3 Prepaid expenses	73,935	66,996
4 <b>Total Assets</b>	<b>757,359</b>	<b>900,021</b>
<b>Liabilities, Share Capital and Fund Balances</b>		
<b>Liabilities</b>		
5 Accounts payable and accrued liabilities	76,833	69,194
6 <b>Total Liabilities</b>	<b>76,833</b>	<b>69,194</b>
<b>Share Capital and Fund Balances</b>		
7 Share capital	200	200
8 General fund	180,326	330,627
9 Reserve fund	500,000	500,000
10 <b>Total Share Capital and Fund Balances</b>	<b>680,526</b>	<b>830,827</b>
11 <b>Total Liabilities, Share Capital and Fund Balances</b>	<b>757,359</b>	<b>900,021</b>

**LIBRARYCO INC.**  
**Statement of Changes in Fund Balances**  
**Stated in Dollars**  
*For the six months ended June 30*

	<b>2014</b>			<b>2013</b>
	General Fund	Reserve Fund	<b>Total</b>	<b>Total</b>
1 Balance, beginning of year	382,936	500,000	<b>882,936</b>	<b>971,188</b>
			-	-
2 Deficit	(202,610)	-	<b>(202,610)</b>	<b>(140,561)</b>
3 <b>Balance, end of period</b>	<b>180,326</b>	<b>500,000</b>	<b>680,326</b>	<b>830,627</b>

TAB 8.4

**FOR INFORMATION**

**PERFORMANCE OF INVESTMENT MANAGER**

64. **Convocation is requested to receive a report on the performance of the Law Society's long-term investments for the six months to June 30, 2014 for information.**
65. Under the Law Society's Investment Policy, the Audit & Finance Committee shall periodically report to Convocation on the investment returns of the portfolio investments. The Law Society's long-term investments are divided into three portfolios for the General Fund (June 30, 2014: \$14.9 million), the Compensation Fund (June 30, 2014: \$34 million), and the Errors & Omissions Insurance Fund (June 30, 2014: \$29.1 million). All the investments are managed by Foyston Gordon & Payne under the same investment policy. A copy of this policy, approved by Convocation in May, 2014 under the annual review process, is attached for information.
66. Approximately 20% of the portfolio administered is held in equity investments with the balance in fixed income securities.
67. We receive biannual reports on investment performance from AON Hewitt, our investment consultants.
68. The Investment Manager has exceeded the performance benchmark for the most recent 6 month and 4 year period ending June 30, 2014.

**Aon Hewitt**  
Investment Consulting

# Streamlined Performance Review and Investment Manager Evaluation

*Law Society of Upper Canada:  
Errors & Omissions Insurance Fund, Compensation Fund and General Fund*

*Semi-Annual Period Ending 30 June 2014*

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## Executive Summary



## Executive Summary

## Commentary and Recommendations

As of 30 June 2014

	Comments	Recommendations
<b>E&amp;O Insurance Fund Performance</b>	<ul style="list-style-type: none"> <li>▪ The overall gross return over the 4-year period ending 30 June 2014 was 5.45%, resulting in an outperformance of 1.35% relative to the benchmark.</li> <li>▪ Over the most recent 6-month period, the fund outperformed its benchmark by 0.88%.</li> <li>▪ Positive returns within Canadian fixed income, an overweight to Canadian equities and an underweight to Canadian fixed income added value to the overall portfolio. Some of this value added was offset by an overweight position to short-term securities.</li> <li>▪ FGP Canadian equities slightly underperformed the Index due to negative stock picks, primarily in Materials, Financials and Telecommunications. An overweight to Consumer Discretionary and cash as well as an underweight to Materials also detracted value from the fund. Strong stock picks in Energy along with an overweight to Energy and an underweight to Health Care were a positive offset.</li> <li>▪ Fixed income outperformance was mainly due to its overweight in the corporate issues and a slightly lower than Index duration.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No action is required.</li> </ul>
<b>Compensation Fund Performance</b>	<ul style="list-style-type: none"> <li>▪ The overall gross return over the 4-year period ending 30 June 2014 was 5.46%, resulting in an outperformance of 1.36% relative to the benchmark.</li> <li>▪ Over the most recent 6-month period, the fund outperformed its benchmark by 0.89%. Performance attribution comments for this fund are the same as the E&amp;O Insurance fund comments above.</li> <li>▪ The short-term component underperformed its benchmark over the 5-year period ending 30 June 2014 due the underperformance of its USD currency exposure in Q2 2009 and Q3 2009 (approximately 20% throughout this period). The USD exposure was sold off by the end of Q3 2009.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No action is required.</li> </ul>
<b>General Fund Performance</b>	<ul style="list-style-type: none"> <li>▪ The overall gross return over the 4-year period ending 30 June 2014 was 5.46%, resulting in an outperformance of 1.36% relative to the benchmark.</li> <li>▪ Over the most recent 6-month period, the fund outperformed its benchmark by 0.89%. Performance attribution comments for this fund are the same as the E&amp;O Insurance fund comments above.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No action is required.</li> </ul>

## Executive Summary

**Commentary and Recommendations**

As of 30 June 2014

	Comments	Recommendations
<b>Portfolio Rebalancing</b>	<ul style="list-style-type: none"> <li>All asset classes were within their allowable ranges as at 30 June 2014.</li> </ul>	<ul style="list-style-type: none"> <li>No action is required.</li> </ul>
<b>Statement of Investment Policies and Procedures (SIPP)</b>	<ul style="list-style-type: none"> <li>The SIPP was last updated in May 2014.</li> </ul>	<ul style="list-style-type: none"> <li>No action is required.</li> </ul>
<b>SIPP Compliance</b>	<ul style="list-style-type: none"> <li>Current Concerns: None</li> </ul>	<ul style="list-style-type: none"> <li>No action is required.</li> </ul>
<b>Foyston, Gordon &amp; Payne (FGP)</b>	<ul style="list-style-type: none"> <li>There were no significant changes at FGP during the first and second quarters of 2014.</li> </ul>	<ul style="list-style-type: none"> <li>No action is required.</li> </ul>

## Executive Summary

**E&O Insurance Fund Asset Allocation and Annualized Performance**

As of 30 June 2014

	Market Value (\$000)	%	Performance (%)							
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
E&O Insurance Fund (Gross)	30,708	100.0	4.24	8.45	6.68	5.09	5.45	5.84	4.62	1/04/2006
E&O Insurance Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.39	3.72	
Value Added			0.88	1.73	2.17	1.52	1.35	1.45	0.90	
E&O Insurance Fund (Net)	30,708	100.0	4.23	8.36	6.58	4.98	5.34	5.72	4.48	1/04/2006
E&O Insurance Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.39	3.72	
Value Added			0.87	1.64	2.07	1.41	1.24	1.33	0.76	
E&O Canadian Equities	6,362	20.7	12.65 (37)	30.89 (39)	25.96 (5)	12.68 (18)	15.13 (17)	14.88 (16)	7.58 (25)	1/04/2006
S&P/TSX Capped Composite			12.86 (28)	28.66 (71)	17.82 (94)	7.60 (89)	10.78 (87)	11.01 (72)	5.73 (67)	
Value Added			-0.21	2.23	8.14	5.08	4.35	3.87	1.85	
E&O Canadian Fixed Income	22,706	73.9	2.22	4.04	3.20	3.42	3.43	4.22	4.66	1/04/2006
FTSE TMX Short Term Bond			1.75	3.21	2.28	2.78	2.88	3.16	4.15	
Value Added			0.47	0.83	0.92	0.64	0.55	1.06	0.51	
E&O Short-Term	1,639	5.3	0.52 (71)	1.06 (70)	1.09 (68)	1.05 (77)	1.04 (74)	-	0.93 (74)	1/10/2009
FTSE TMX 91-Day T-Bill			0.44 (96)	0.97 (93)	0.99 (86)	0.98 (84)	0.96 (86)	0.83 (86)	0.86 (86)	
Value Added			0.08	0.09	0.10	0.07	0.08	-	0.07	

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.  
 Returns for periods greater than one year are annualized.

## Executive Summary

**E&O Insurance Fund Annual Performance**

As of June 30

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>E&amp;O Insurance Fund (Gross)</b>	<b>8.45</b>	<b>4.94</b>	<b>1.98</b>	<b>6.54</b>	<b>7.43</b>	<b>-0.46</b>	<b>1.42</b>	<b>11.24</b>	-	-	-
E&O Insurance Fund Benchmark	6.72	2.34	1.70	5.70	5.57	-0.80	2.82	8.39	-	-	-
Value Added	1.73	2.60	0.28	0.84	1.86	0.34	-1.40	2.85	-	-	-
<b>E&amp;O Insurance Fund (Net)</b>	<b>8.36</b>	<b>4.82</b>	<b>1.86</b>	<b>6.40</b>	<b>7.29</b>	<b>-0.66</b>	<b>1.26</b>	<b>11.03</b>	-	-	-
E&O Insurance Fund Benchmark	6.72	2.34	1.70	5.70	5.57	-0.80	2.82	8.39	-	-	-
Value Added	1.64	2.48	0.16	0.70	1.72	0.14	-1.56	2.64	-	-	-
<b>E&amp;O Canadian Equities</b>	<b>30.89 (39)</b>	<b>21.21 (5)</b>	<b>-9.83 (50)</b>	<b>22.80 (26)</b>	<b>13.89 (23)</b>	<b>-18.85 (25)</b>	<b>-6.78 (95)</b>	<b>26.80 (22)</b>	-	-	-
S&P/TSX Capped Composite	28.66 (71)	7.90 (94)	-10.25 (55)	20.87 (53)	11.95 (43)	-25.69 (62)	6.75 (32)	22.73 (62)	19.64 (44)	18.04 (60)	24.48 (52)
Value Added	2.23	13.31	0.42	1.93	1.94	6.84	-13.53	4.07	-	-	-
<b>E&amp;O Canadian Fixed Income</b>	<b>4.04</b>	<b>2.37</b>	<b>3.87</b>	<b>3.44</b>	<b>7.43</b>	<b>6.16</b>	<b>6.91</b>	<b>5.39</b>	-	-	-
FTSE TMX Short Term Bond	3.21	1.36	3.80	3.16	4.31	8.02	6.46	4.02	0.09	6.54	3.69
Value Added	0.83	1.01	0.07	0.28	3.12	-1.86	0.45	1.37	-	-	-
<b>E&amp;O Short-Term</b>	<b>1.06 (70)</b>	<b>1.13 (60)</b>	<b>0.96 (81)</b>	<b>0.99 (56)</b>	-	-	-	-	-	-	-
FTSE TMX 91-Day T-Bill	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)	2.65 (73)
Value Added	0.09	0.13	0.00	0.10	-	-	-	-	-	-	-

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.

## Executive Summary

## Compensation Fund Asset Allocation and Annualized Performance

As of 30 June 2014

	Market Value (\$000)	%	Performance (%)									
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date		
<b>Compensation Fund (Gross)</b>	<b>36,071</b>	<b>100.0</b>	<b>4.25</b>	<b>8.43</b>	<b>6.72</b>	<b>5.11</b>	<b>5.46</b>	<b>5.95</b>	<b>5.67</b>	<b>1/06/2003</b>		
Compensation Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.55	5.01			
Value Added			0.89	1.71	2.21	1.54	1.36	1.40	0.66			
<b>Compensation Fund (Net)</b>	<b>36,071</b>	<b>100.0</b>	<b>4.25</b>	<b>8.35</b>	<b>6.61</b>	<b>5.01</b>	<b>5.37</b>	<b>5.88</b>	<b>5.58</b>	<b>1/06/2003</b>		
Compensation Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.55	5.01			
Value Added			0.89	1.63	2.10	1.44	1.27	1.33	0.57			
<b>Compensation Canadian Equities</b>	<b>7,373</b>	<b>20.4</b>	<b>12.71 (35)</b>	<b>30.97 (36)</b>	<b>25.99 (5)</b>	<b>12.70 (18)</b>	<b>15.14 (17)</b>	<b>14.89 (16)</b>	<b>12.07 (26)</b>	<b>1/06/2003</b>		
S&P/TSX Capped Composite			12.86 (28)	28.66 (71)	17.82 (94)	7.60 (89)	10.78 (87)	11.01 (72)	10.24 (65)			
Value Added			-0.15	2.31	8.17	5.10	4.36	3.88	1.83			
<b>Compensation Canadian Fixed Income</b>	<b>26,671</b>	<b>73.9</b>	<b>2.22</b>	<b>4.04</b>	<b>3.21</b>	<b>3.43</b>	<b>3.43</b>	<b>4.31</b>	<b>5.08</b>	<b>1/06/2003</b>		
Compensation Fixed Income Benchmark			1.75	3.21	2.28	2.78	2.88	3.42	4.55			
Value Added			0.47	0.83	0.93	0.65	0.55	0.89	0.53			
<b>Compensation Short-Term</b>	<b>2,027</b>	<b>5.6</b>	<b>0.53 (68)</b>	<b>1.08 (68)</b>	<b>1.10 (68)</b>	<b>1.05 (77)</b>	<b>1.04 (73)</b>	<b>0.07 (100)</b>	<b>1.84 (93)</b>	<b>1/06/2003</b>		
FTSE TMX 91-Day T-Bill			0.44 (96)	0.97 (93)	0.99 (86)	0.98 (84)	0.96 (86)	0.83 (86)	2.07 (85)			
Value Added			0.09	0.11	0.11	0.07	0.08	-0.76	-0.23			

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.  
 Returns for periods greater than one year are annualized.

## Executive Summary

## Compensation Fund Annual Performance

As of June 30

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Compensation Fund (Gross)</b>	<b>8.43</b>	<b>5.03</b>	<b>1.98</b>	<b>6.49</b>	<b>7.97</b>	<b>3.91</b>	<b>3.36</b>	<b>7.93</b>	<b>0.75</b>	<b>10.28</b>	<b>6.10</b>
Compensation Fund Benchmark	6.72	2.34	1.70	5.70	6.40	2.72	4.91	6.85	0.78	11.29	5.83
Value Added	1.71	2.69	0.28	0.79	1.57	1.19	-1.55	1.08	-0.03	-1.01	0.27
<b>Compensation Fund (Net)</b>	<b>8.35</b>	<b>4.91</b>	<b>1.86</b>	<b>6.46</b>	<b>7.95</b>	<b>3.85</b>	<b>3.26</b>	<b>7.79</b>	<b>0.63</b>	<b>10.13</b>	<b>5.99</b>
Compensation Fund Benchmark	6.72	2.34	1.70	5.70	6.40	2.72	4.91	6.85	0.78	11.29	5.83
Value Added	1.63	2.57	0.16	0.76	1.55	1.13	-1.65	0.94	-0.15	-1.16	0.16
<b>Compensation Canadian Equities</b>	<b>30.97 (36)</b>	<b>21.21 (5)</b>	<b>-9.83 (50)</b>	<b>22.80 (26)</b>	<b>13.89 (23)</b>	<b>18.85 (25)</b>	<b>-6.78 (95)</b>	<b>26.80 (22)</b>	<b>16.48 (66)</b>	<b>20.37 (35)</b>	<b>26.78 (25)</b>
S&P/TSX Capped Composite	28.66 (71)	7.90 (94)	10.25 (55)	20.87 (53)	11.95 (43)	25.69 (62)	6.75 (32)	22.73 (62)	19.64 (44)	18.04 (60)	24.48 (52)
Value Added	2.31	13.31	0.42	1.93	1.94	6.84	13.53	4.07	-3.16	2.33	2.30
<b>Compensation Canadian Fixed Income</b>	<b>4.04</b>	<b>2.39</b>	<b>3.87</b>	<b>3.44</b>	<b>7.88</b>	<b>6.33</b>	<b>6.95</b>	<b>5.47</b>	<b>-0.17</b>	<b>13.03</b>	<b>3.00</b>
Compensation Fixed Income Benchmark	3.21	1.36	3.80	3.16	5.62	7.02	6.80	4.77	-0.66	11.97	3.27
Value Added	0.83	1.03	0.07	0.28	2.26	-0.69	0.15	0.70	0.49	1.06	-0.27
<b>Compensation Short-Term</b>	<b>1.08 (68)</b>	<b>1.12 (61)</b>	<b>0.96 (81)</b>	<b>0.99 (56)</b>	<b>-3.72 (100)</b>	<b>5.27 (1)</b>	<b>3.72 (88)</b>	<b>3.76 (98)</b>	<b>2.26 (99)</b>	<b>2.41 (67)</b>	<b>2.47 (95)</b>
FTSE TMX 91-Day T-Bill	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)	2.65 (73)
Value Added	0.11	0.12	0.00	0.10	-4.05	3.29	-0.41	-0.51	-0.89	0.06	-0.18

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.

## Executive Summary

## General Fund Asset Allocation and Annualized Performance

As of 30 June 2014

	Market Value (\$000)	%	Performance (%)								Inception Date
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception		
General Fund (Gross)	15,916	100.0	4.25	8.41	6.71	5.11	5.46	5.30	4.66	1/04/2004	
General Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.33	4.22		
Value Added			0.89	1.69	2.20	1.54	1.36	0.97	0.44		
General Fund (Net)	15,916	100.0	4.25	8.34	6.61	5.00	5.37	5.23	4.58	1/04/2004	
General Fund Benchmark			3.36	6.72	4.51	3.57	4.10	4.33	4.22		
Value Added			0.89	1.62	2.10	1.43	1.27	0.90	0.36		
General Canadian Equities	3,223	20.3	12.72 (35)	30.97 (35)	26.00 (5)	12.70 (18)	15.15 (17)	14.89 (16)	10.44 (23)	1/04/2004	
S&P/TSX Capped Composite			12.86 (28)	28.66 (71)	17.82 (94)	7.60 (89)	10.78 (87)	11.01 (72)	8.55 (71)		
Value Added			-0.14	2.31	8.18	5.10	4.37	3.88	1.89		
General Canadian Fixed Income	11,769	73.9	2.22	4.04	3.22	3.44	3.44	3.50	3.99	1/04/2004	
FTSE TMX Short Term Bond			1.75	3.21	2.28	2.78	2.88	3.16	3.85		
Value Added			0.47	0.83	0.94	0.66	0.56	0.34	0.14		
General Short-Term	923	5.8	0.52 (70)	1.08 (69)	1.06 (71)	1.02 (80)	0.99 (82)	0.80 (94)	2.31 (11)	1/04/2004	
FTSE TMX 91-Day T-Bill			0.44 (96)	0.97 (93)	0.99 (86)	0.98 (84)	0.96 (86)	0.83 (86)	1.99 (86)		
Value Added			0.08	0.11	0.07	0.04	0.03	-0.03	0.32		

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.  
 Returns for periods greater than one year are annualized.

## Executive Summary

## General Fund Annual Performance

As of June 30

	Performance (%)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund (Gross)</b>	<b>8.41</b>	<b>5.03</b>	<b>1.98</b>	<b>6.52</b>	<b>4.68</b>	<b>5.33</b>	<b>3.16</b>	<b>6.82</b>	<b>1.25</b>	<b>4.73</b>	-
General Fund Benchmark	6.72	2.34	1.70	5.70	5.25	3.58	4.64	6.19	1.42	6.67	-
Value Added	1.69	2.69	0.28	0.82	-0.57	1.75	-1.48	0.63	-0.17	-1.94	-
<b>General Fund (Net)</b>	<b>8.34</b>	<b>4.91</b>	<b>1.86</b>	<b>6.48</b>	<b>4.67</b>	<b>5.26</b>	<b>3.06</b>	<b>6.70</b>	<b>1.14</b>	<b>4.61</b>	-
General Fund Benchmark	6.72	2.34	1.70	5.70	5.25	3.58	4.64	6.19	1.42	6.67	-
Value Added	1.62	2.57	0.16	0.78	-0.58	1.68	-1.58	0.51	-0.28	-2.06	-
<b>General Canadian Equities</b>	<b>30.97 (35)</b>	<b>21.21 (5)</b>	<b>-9.83 (50)</b>	<b>22.80 (26)</b>	<b>13.89 (23)</b>	<b>-18.85 (25)</b>	<b>-6.78 (95)</b>	<b>26.80 (22)</b>	<b>16.48 (66)</b>	<b>20.37 (35)</b>	-
S&P/TSX Capped Composite	28.66 (71)	7.90 (94)	-10.25 (55)	20.87 (53)	11.95 (43)	-25.69 (62)	6.75 (32)	22.73 (62)	19.64 (44)	18.04 (60)	24.48 (52)
Value Added	2.31	13.31	0.42	1.93	1.94	6.84	-13.53	4.07	-3.16	2.33	-
<b>General Canadian Fixed Income</b>	<b>4.04</b>	<b>2.41</b>	<b>3.87</b>	<b>3.44</b>	<b>3.75</b>	<b>7.90</b>	<b>6.79</b>	<b>3.69</b>	<b>0.54</b>	<b>5.71</b>	-
FTSE TMX Short Term Bond	3.21	1.36	3.80	3.16	4.31	8.02	6.46	4.02	0.09	6.54	3.69
Value Added	0.83	1.05	0.07	0.28	-0.56	-0.12	0.33	-0.33	0.45	-0.83	-
<b>General Short-Term</b>	<b>1.08 (69)</b>	<b>1.04 (75)</b>	<b>0.93 (83)</b>	<b>0.90 (84)</b>	<b>0.05 (100)</b>	<b>8.48 (1)</b>	<b>3.76 (88)</b>	<b>3.05 (100)</b>	<b>2.29 (98)</b>	<b>1.94 (98)</b>	-
FTSE TMX 91-Day T-Bill	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)	2.65 (73)
Value Added	0.11	0.04	-0.03	0.01	-0.28	6.50	-0.37	-1.22	-0.86	-0.41	-

The total fund performance prior to 30 June 2009 includes a U.S. equities component.  
 Parentheses contain percentile rankings.



## Capital Market Performance

## Capital Market Performance

## Major Capital Markets' Returns

As of 30 June 2014

	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
<b>Canadian Equity</b>							
S&P/TSX Composite	12.9	28.7	17.8	7.6	10.8	11.0	8.8
<b>Foreign Equity</b>							
S&P 500 (CAD)	7.4	25.8	25.3	20.5	20.0	16.8	5.3
S&P 500 (USD)	7.1	24.6	22.6	16.6	20.0	18.8	7.8
MSCI EAFE (Net) (CAD)	5.0	24.8	23.8	11.7	13.3	9.9	4.5
MSCI World (Net) (CAD)	6.4	25.2	24.0	15.5	16.3	13.0	4.8
<b>Real Estate</b>							
REALpac / IPD Canada Property Index	2.9	9.5	11.4	12.5	12.7	10.9	11.8
<b>Fixed Income</b>							
FTSE TMX Universe Bond	4.8	5.3	2.5	4.8	4.8	5.2	5.5
FTSE TMX 91-Day T-Bill	0.4	1.0	1.0	1.0	1.0	0.8	2.0
<b>Consumer Price Index</b>							
Canadian CPI, unadjusted	2.6	2.4	1.8	1.7	2.0	1.8	1.8

**Canadian Equities**

The S&P/TSX Composite Index gained 12.9% during the last 6-month period and 28.7% during the last twelve months, led by the Energy sector which returned 21.1% and 36.4%, respectively. The other top performer of the last six months period was Materials (16.6%) while the remaining 8 sectors underperformed the overall index. The bottom three included Telecommunication Services (5.1%), Health care (5.2%), and Financials (8.7%). For the one year period, the other top performers were Industrials (34.5%) and Health care (32.7%) while at the bottom were Utilities (9.9%), Consumer Staples (18.6%) and Telecommunication Services (19.0%).

**U.S. Equities**

The S&P 500 (USD) posted a return of 7.1% for the last 6-month period. The three top performing sectors were Utilities (18.7%), Energy (13.0%), and Health Care (10.6%), while the bottom three sectors included Consumer Discretionary (0.6%), Industrials (4.0%), and Telecommunication Services (4.3%). For the past twelve months the top three performing sectors were Materials (32.6%), Information Technology (31.6%), and Health Care (30.1 %) while the three worst performing sectors were Telecommunication Services (5.1%), Consumer Staples (15.2%), and Financials (19.1%).

**Non-North American Equities**

The MSCI EAFE delivered a return of 5.0% over the last six months (CAD). The three top performing sectors were Utilities (14.4 %), Energy (13.5%), and Health Care (11.9 %), while the bottom three included Telecommunication Services (-2.4%), Information Technology (0.9%), and Consumer Discretionary (1.8%). The top sectors for the past twelve months were Utilities (35.9%), Energy (33.7%), and Telecommunication Services (29.1%), while the bottom three were Consumer Staples (18.9%), Information Technology (20.4%), and Consumer Discretionary (22.1%).

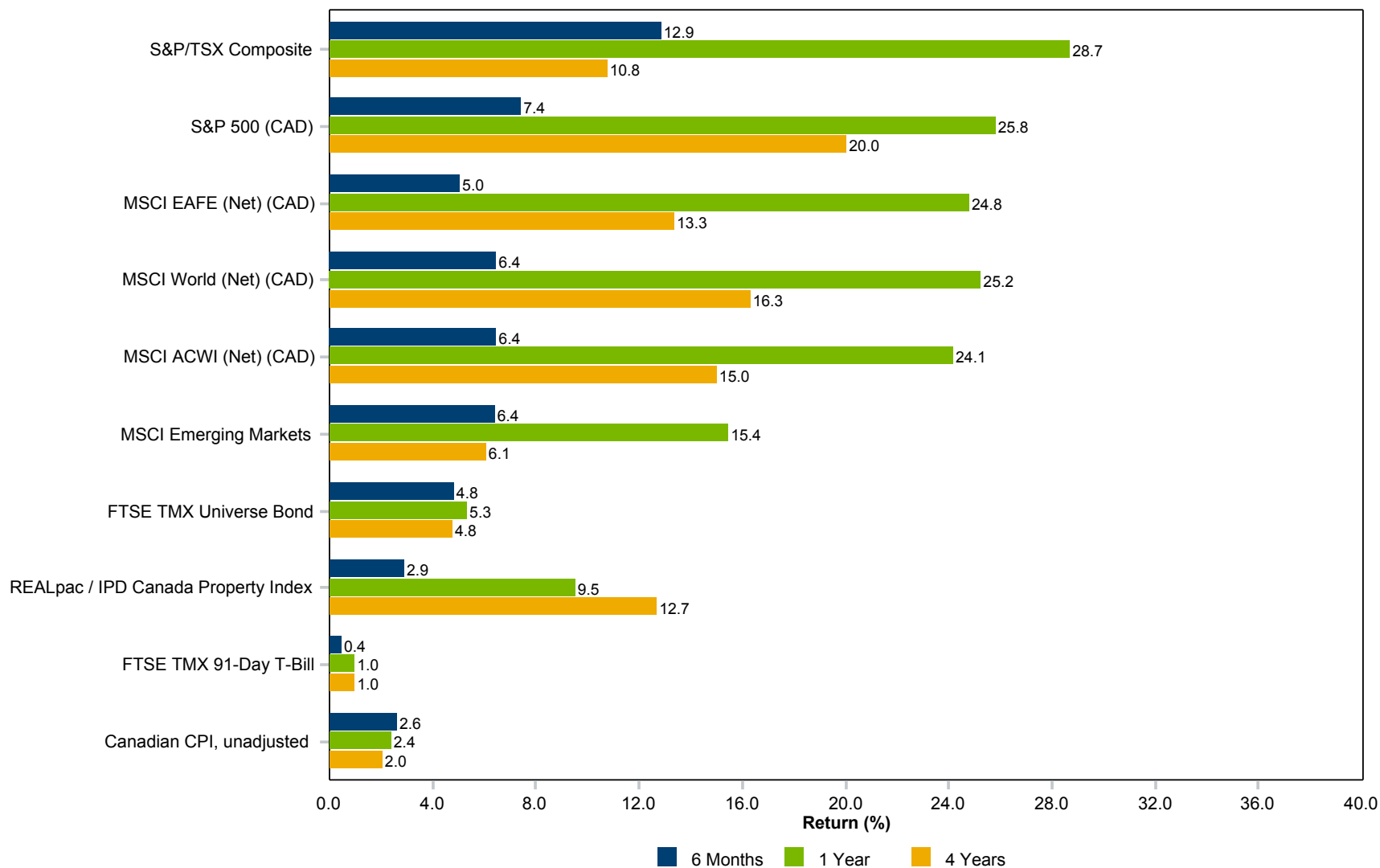
**Fixed Income**

The Canadian bond market as measured by the FTSE TMX Universe Bond Index gained 4.8% for the last six months, and 5.3% over the last 12 months. Rising inflation expectations have led to a rebound of real return bonds which gained 10.7% during the last six months and 8.1% during the last 12 months. Money market (FTSE TMX 91-Day T-Bill) continued its pattern of low returns as the Bank of Canada left the Bank Rate unchanged.

Capital Market Performance

Comparative Performance

As of 30 June 2014



## E&O Insurance Fund Analysis

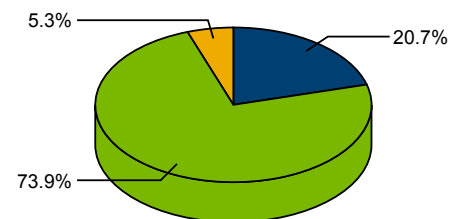
## E&amp;O Insurance Fund

## Asset Allocation by Segment

## E&amp;O Insurance Fund

Segments	Market Value (\$)	Allocation (%)
Canadian Equity	6,362,392	20.7
Canadian Fixed Income	22,706,481	73.9
Short-Term	1,639,180	5.3
Cash	-	0.0

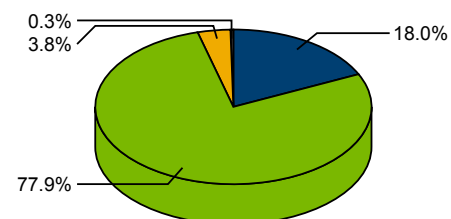
June 30, 2014 : \$30,708,053



Segments	Market Value (\$)	Allocation (%)
Canadian Equity	5,559,678	18.0
Canadian Fixed Income	24,089,311	77.9
Short-Term	1,171,394	3.8
Cash	104,115	0.3



December 31, 2013 : \$30,924,498

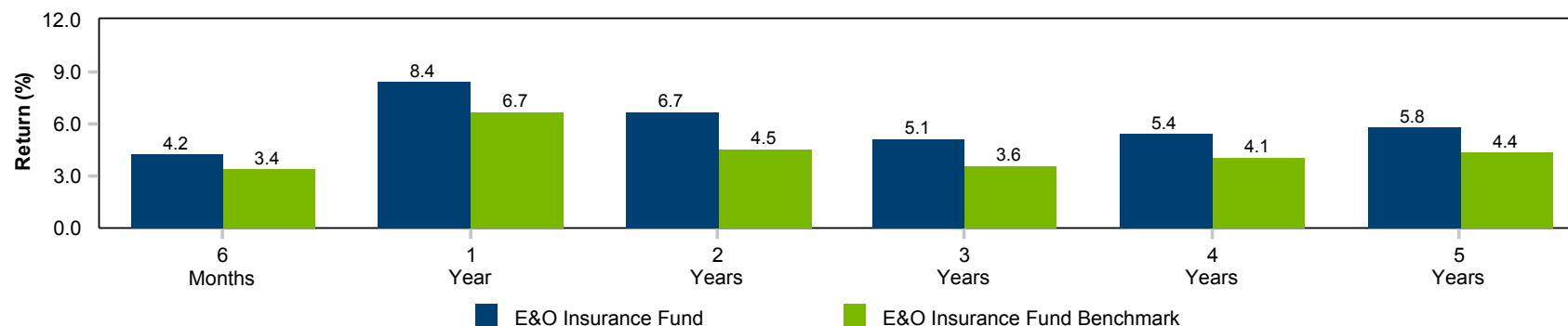


## E&amp;O Insurance Fund

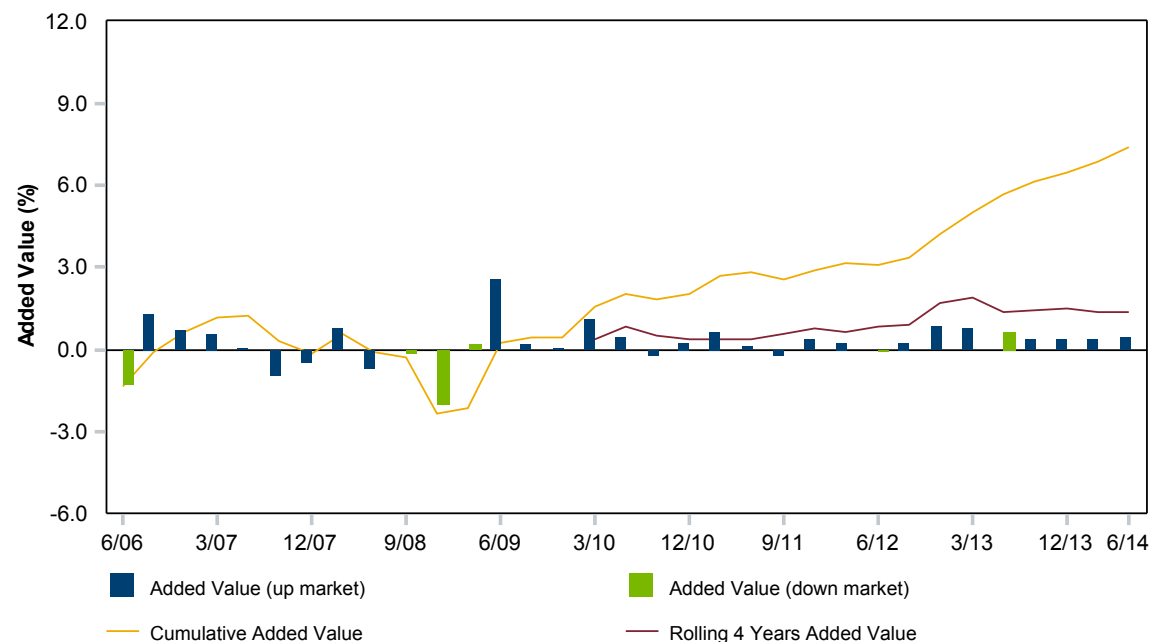
## E&amp;O Insurance Fund Performance Summary

As of 30 June 2014

## Return Summary



## Added Value History (%)



## Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	27	126.8
Down Markets	6	135.5
<b>Batting Average</b>		
Up Markets	27	81.5
Down Markets	6	33.3
Overall	33	72.7

Positive returns within Canadian fixed income, an overweight to Canadian equities and an underweight to Canadian fixed income added value to the overall portfolio. Some of this value added was offset by an overweight position to short-term securities.

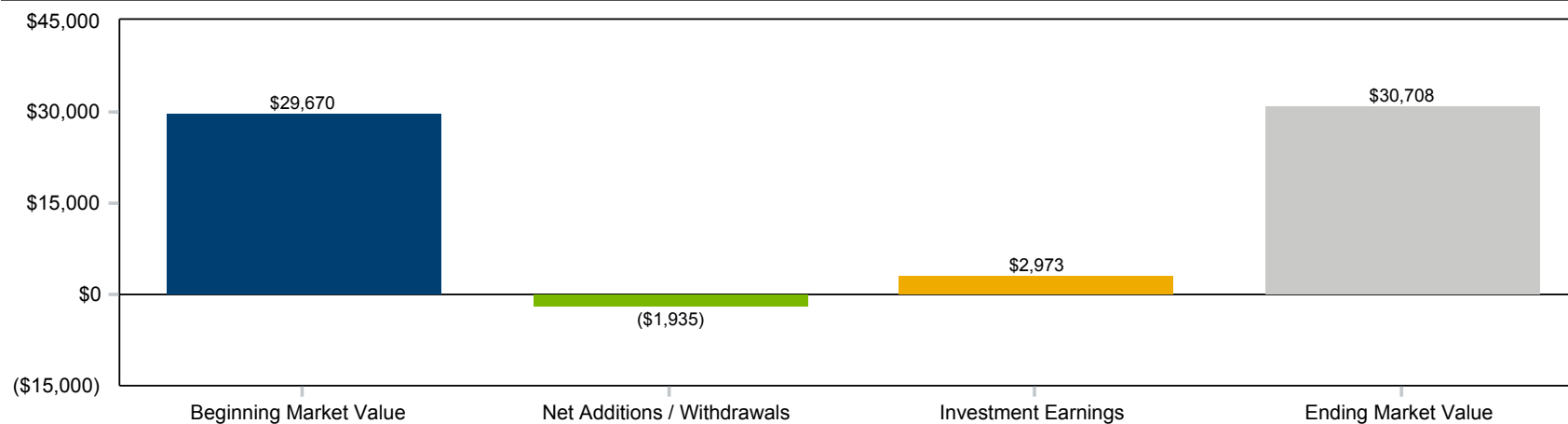
FGP Canadian equities slightly underperformed the Index due to negative stock picks, primarily in Materials, Financials and Telecommunications. An overweight to Consumer Discretionary and cash as well as an underweight to Materials also detracted value from the fund. Strong stock picks in Energy along with an overweight to Energy and an underweight to Health Care were a positive offset.

Fixed income outperformance was mainly due to its overweight in the corporate issues and a slightly lower than Index duration.

## E&amp;O Insurance Fund

**E&O Insurance Fund Asset Summary**

As of 30 June 2014

**Change in Market Value (\$'000)**  
From 1 January 2013 to 30 June 2014**Summary of Cash Flows (\$'000)**

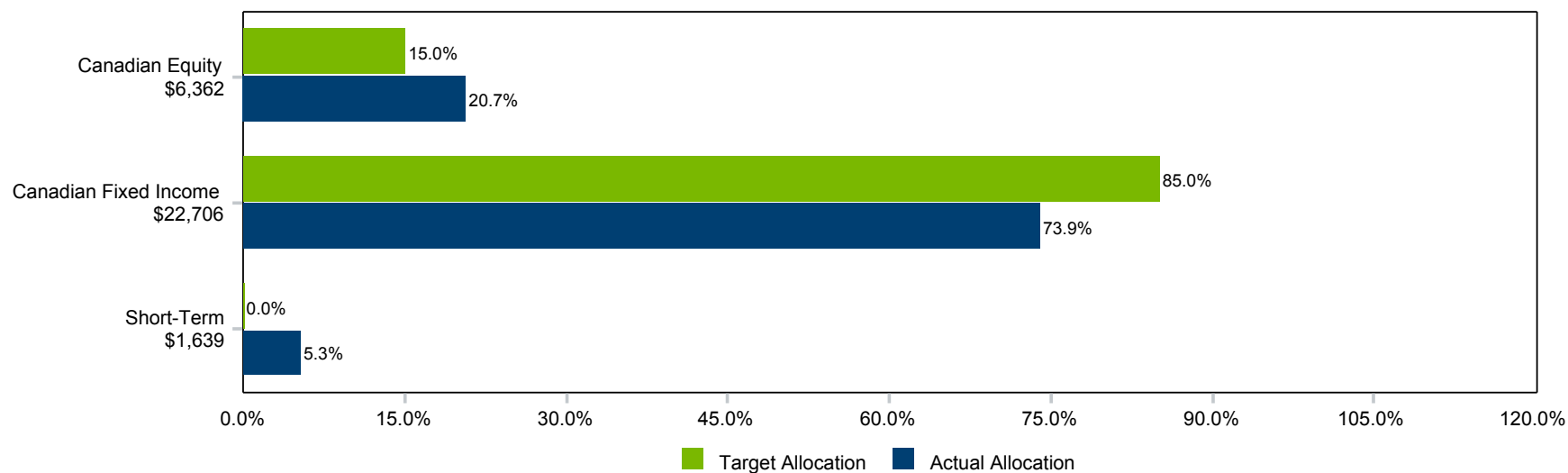
	Jan-2013 To Jun-2014
<b>E&amp;O Insurance Fund</b>	
Beginning Market Value	29,670
+/- Net Cash Flows	-1,935
+/- Income	1,472
+/- Capital Gains / Losses	1,501
<b>= Ending Market Value</b>	<b>30,708</b>

Note: Capital Gains / Losses also includes Accretion / Amortization

## E&amp;O Insurance Fund

## Asset Allocation Compliance

As of 30 June 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	30,708	100.0	100.0	0.0		
Canadian Equity	6,362	20.7	15.0	5.7	5.0	25.0
Canadian Fixed Income	22,706	73.9	85.0	-11.1	60.0	95.0
Short-Term	1,639	5.3	0.0	5.3	0.0	15.0



## Compensation Fund Analysis

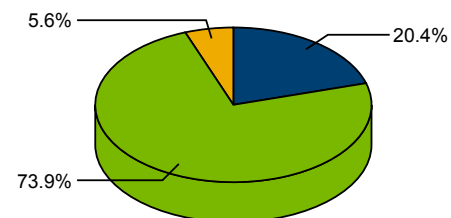
## Compensation Fund

## Asset Allocation by Segment

## Compensation Fund

Segments	Market Value (\$)	Allocation (%)
Canadian Equity	7,372,921	20.4
Canadian Fixed Income	26,670,792	73.9
Short-Term	2,026,969	5.6
Cash	-	0.0

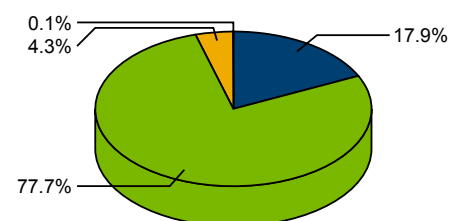
June 30, 2014 : \$36,070,683



Segments	Market Value (\$)	Allocation (%)
Canadian Equity	6,189,635	17.9
Canadian Fixed Income	26,891,133	77.7
Short-Term	1,497,542	4.3
Cash	20,297	0.1



December 31, 2013 : \$34,598,606

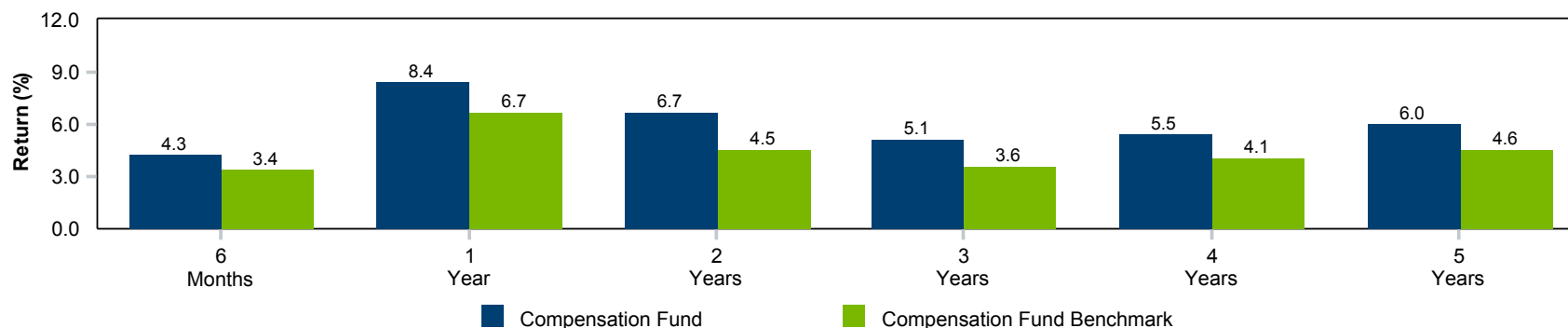


## Compensation Fund

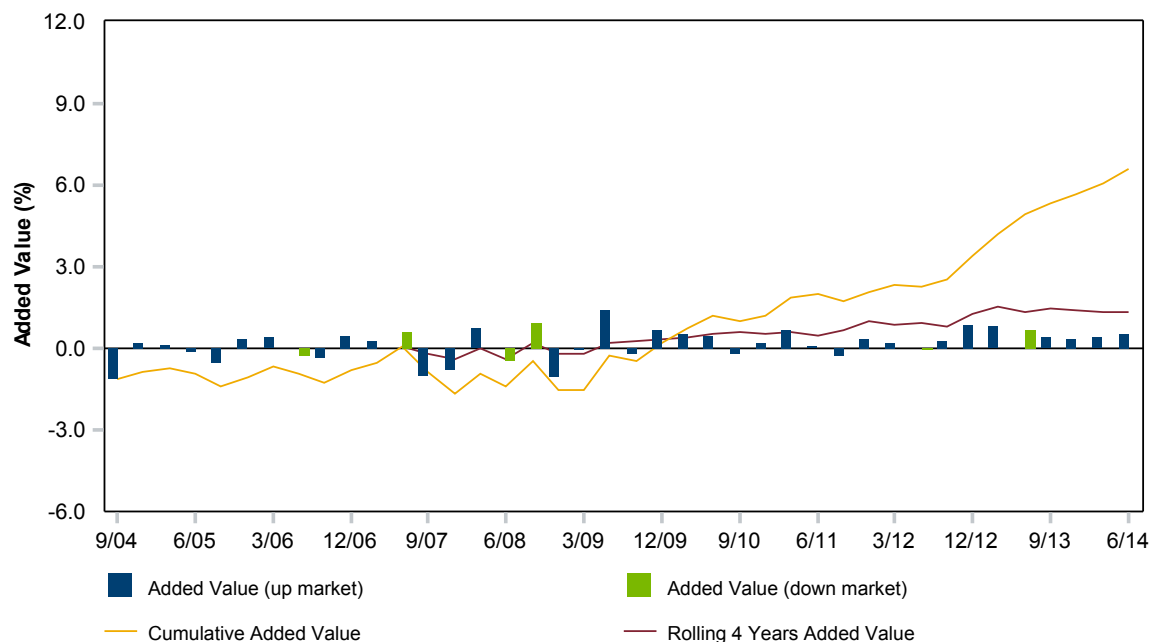
## Compensation Fund Performance Summary

As of 30 June 2014

## Return Summary



## Added Value History (%)



## Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	34	109.3
Down Markets	6	76.4
<b>Batting Average</b>		
Up Markets	34	67.6
Down Markets	6	50.0
Overall	40	65.0

Positive returns within Canadian fixed income, an overweight to Canadian equities and an underweight to Canadian fixed income added value to the overall portfolio. Some of this value added was offset by an overweight position to short-term securities.

FGP Canadian equities slightly underperformed the Index due to negative stock picks, primarily in Materials, Financials and Telecommunications. An overweight to Consumer Discretionary and cash as well as an underweight to Materials also detracted value from the fund. Strong stock picks in Energy along with an overweight to Energy and an underweight to Health Care were a positive offset.

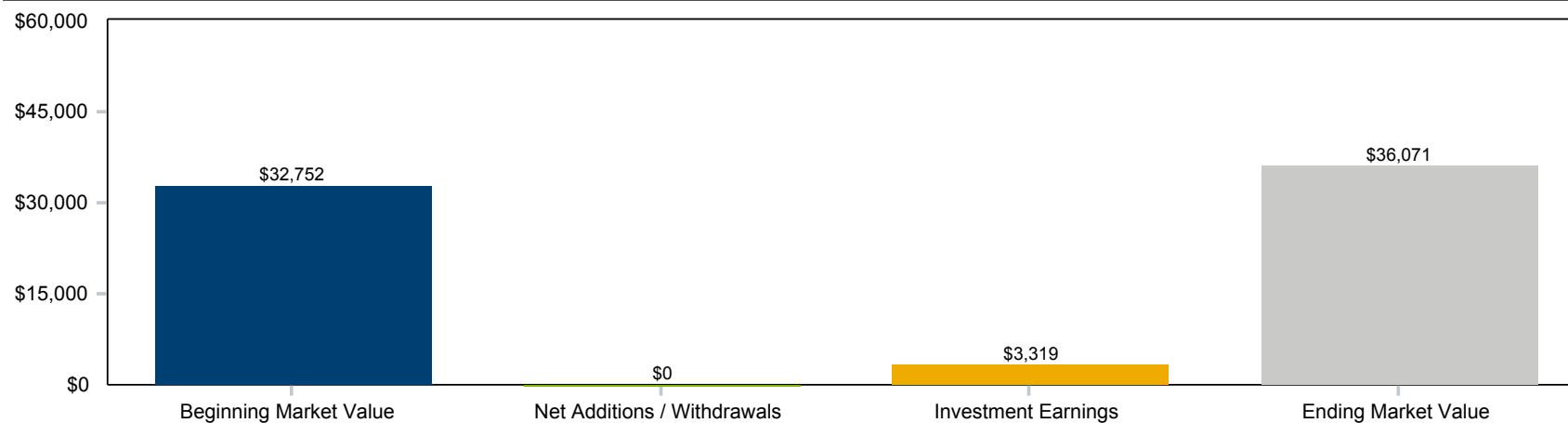
Fixed income outperformance was mainly due to its overweight in the corporate issues and a slightly lower than Index duration.

## Compensation Fund

## Compensation Fund Asset Summary

As of 30 June 2014

Change in Market Value (\$000)  
From 1 January 2013 to 30 June 2014



## Summary of Cash Flows (\$000)

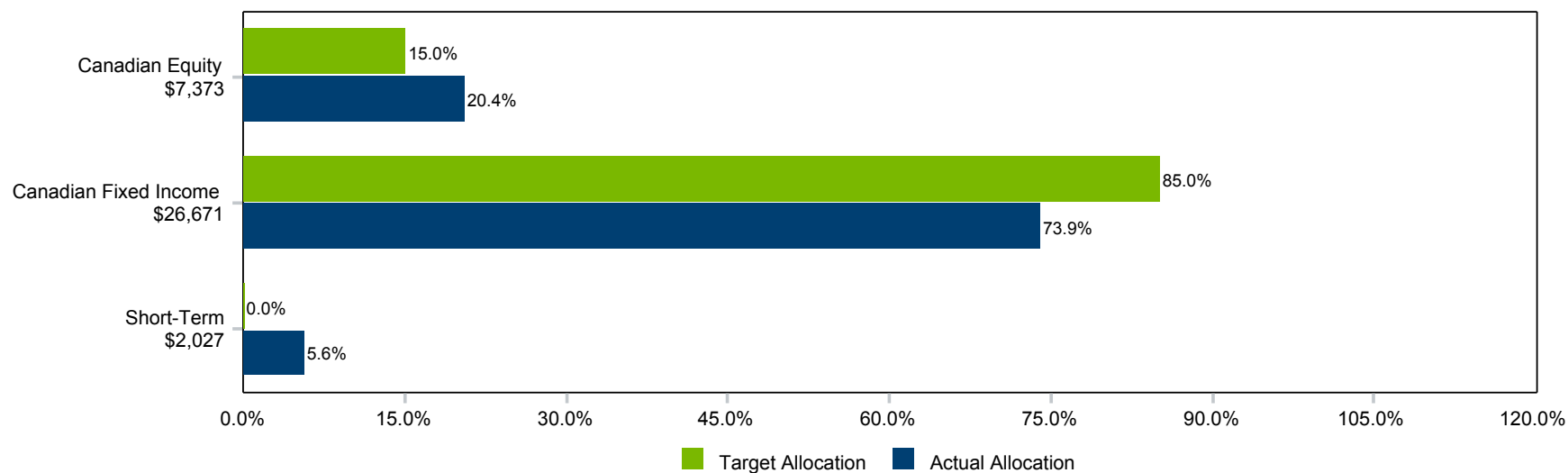
	Jan-2013 To Jun-2014
<b>Compensation Fund</b>	
Beginning Market Value	32,752
+/- Net Cash Flows	-
+/- Income	1,615
+/- Capital Gains / Losses	1,704
<b>= Ending Market Value</b>	<b>36,071</b>

Note: Capital Gains / Losses also includes Accretion / Amortization

## Compensation Fund

## Asset Allocation Compliance

As of 30 June 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	36,071	100.0	100.0	0.0		
Canadian Equity	7,373	20.4	15.0	5.4	5.0	25.0
Canadian Fixed Income	26,671	73.9	85.0	-11.1	60.0	95.0
Short-Term	2,027	5.6	0.0	5.6	0.0	15.0

## General Fund Analysis

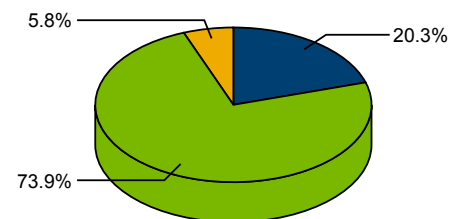
## General Fund

## Asset Allocation by Segment

## General Fund

Segments	Market Value (\$)	Allocation (%)
Canadian Equity	3,223,326	20.3
Canadian Fixed Income	11,769,437	73.9
Short-Term	922,758	5.8
Cash	-	0.0

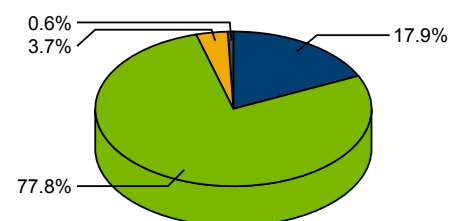
June 30, 2014 : \$15,915,520



Segments	Market Value (\$)	Allocation (%)
Canadian Equity	2,734,472	17.9
Canadian Fixed Income	11,874,571	77.8
Short-Term	558,731	3.7
Cash	99,139	0.6



December 31, 2013 : \$15,266,913

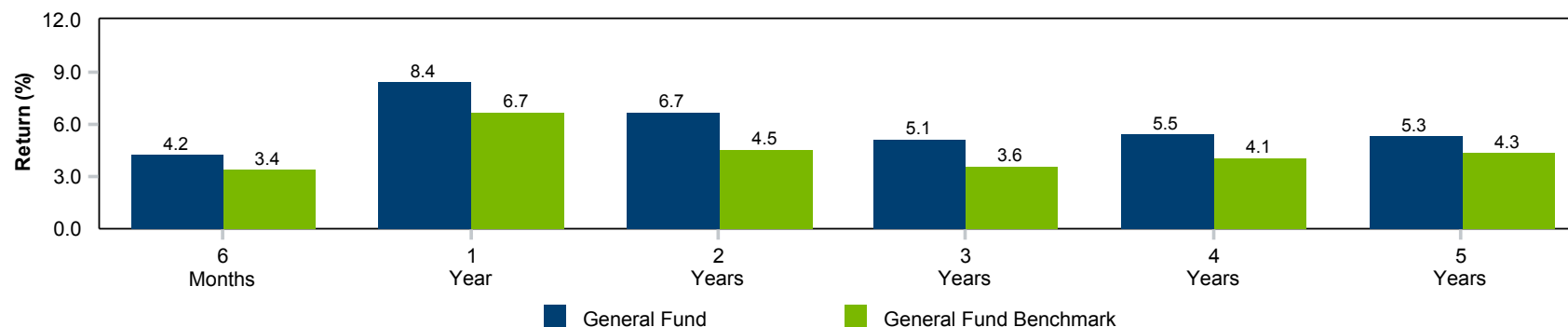


## General Fund

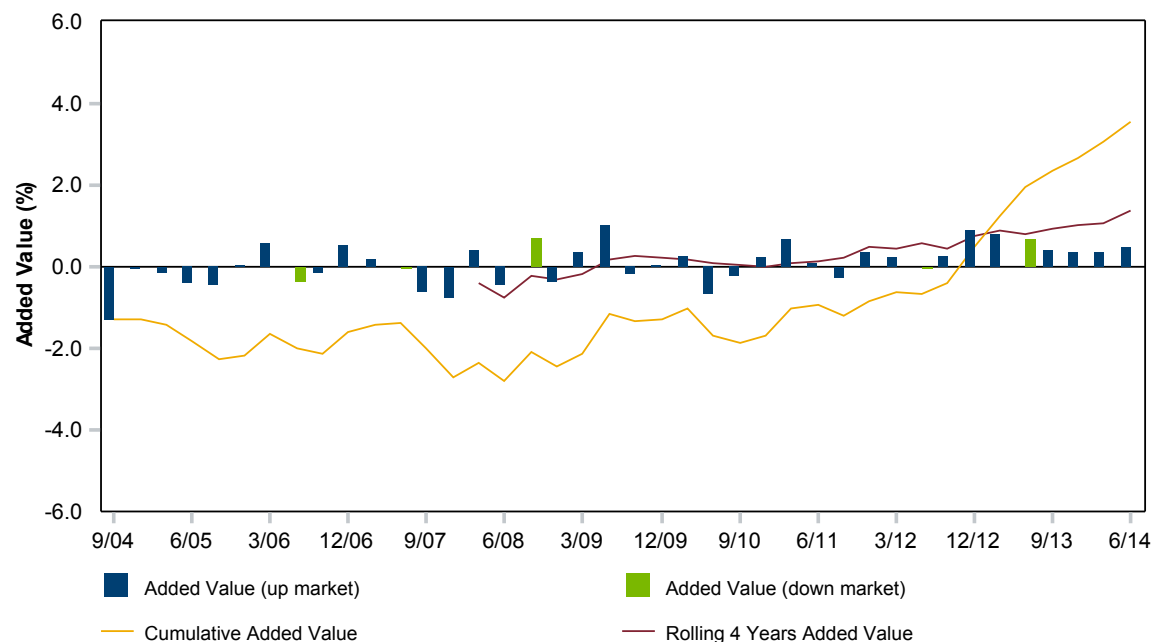
## General Fund Performance Summary

As of 30 June 2014

## Return Summary



## Added Value History (%)



## Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	35	105.6
Down Markets	6	44.6
<b>Batting Average</b>		
Up Markets	35	62.9
Down Markets	6	66.7
Overall	41	63.4

Positive returns within Canadian fixed income, an overweight to Canadian equities and an underweight to Canadian fixed income added value to the overall portfolio. Some of this value added was offset by an overweight position to short-term securities.

FGP Canadian equities slightly underperformed the Index due to negative stock picks, primarily in Materials, Financials and Telecommunications. An overweight to Consumer Discretionary and cash as well as an underweight to Materials also detracted value from the fund. Strong stock picks in Energy along with an overweight to Energy and an underweight to Health Care were a positive offset.

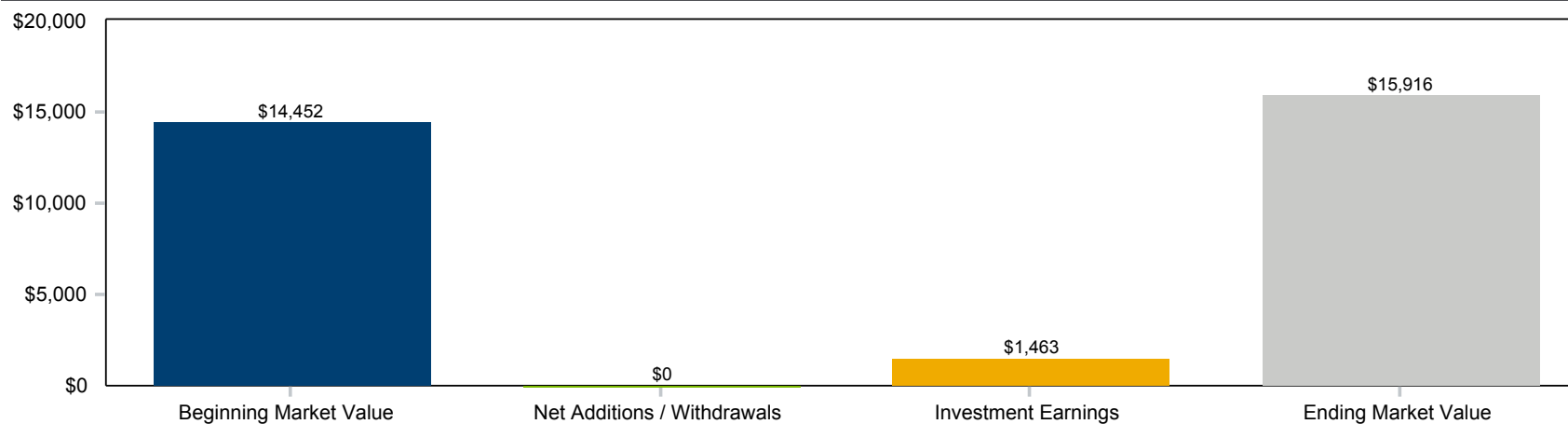
Fixed income outperformance was mainly due to its overweight in the corporate issues and a slightly lower than Index duration.



## General Fund

## General Fund Asset Summary

As of 30 June 2014

Change in Market Value (\$000)  
From 1 January 2013 to 30 June 2014

## Summary of Cash Flows (\$000)

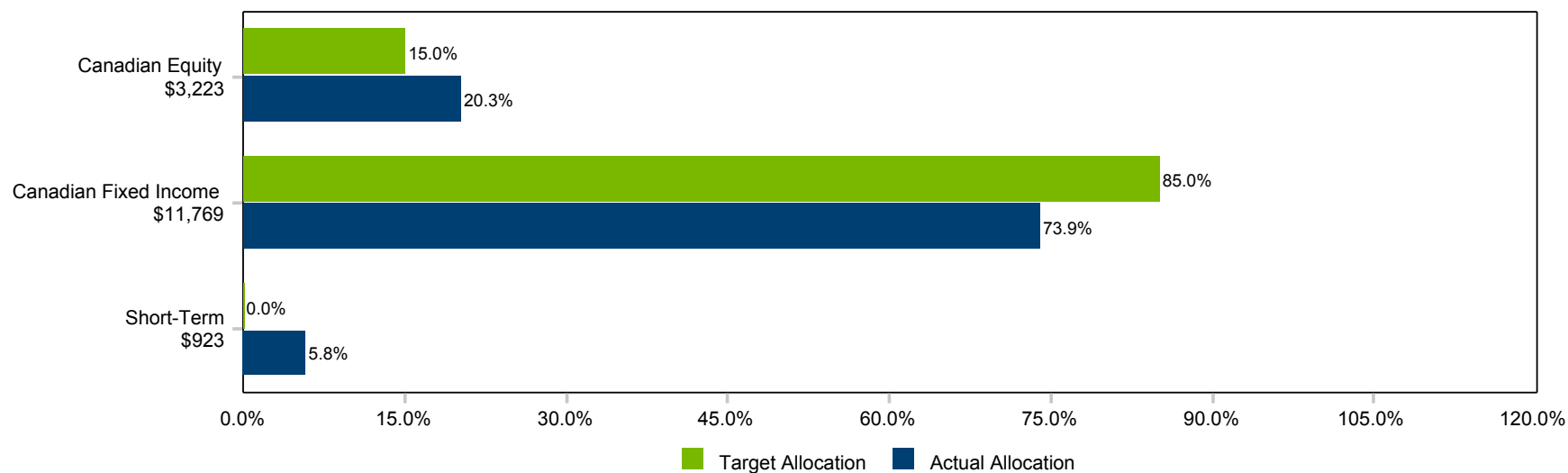
	Jan-2013 To Jun-2014
<b>General Fund</b>	
Beginning Market Value	14,452
+/- Net Cash Flows	-
+/- Income	713
+/- Capital Gains / Losses	750
<b>= Ending Market Value</b>	<b>15,916</b>

Note: Capital Gains / Losses also includes Accretion / Amortization

General Fund

**Asset Allocation Compliance**

As of 30 June 2014 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	15,916	100.0	100.0	0.0		
Canadian Equity	3,223	20.3	15.0	5.3	5.0	25.0
Canadian Fixed Income	11,769	73.9	85.0	-11.1	60.0	95.0
Short-Term	923	5.8	0.0	5.8	0.0	15.0

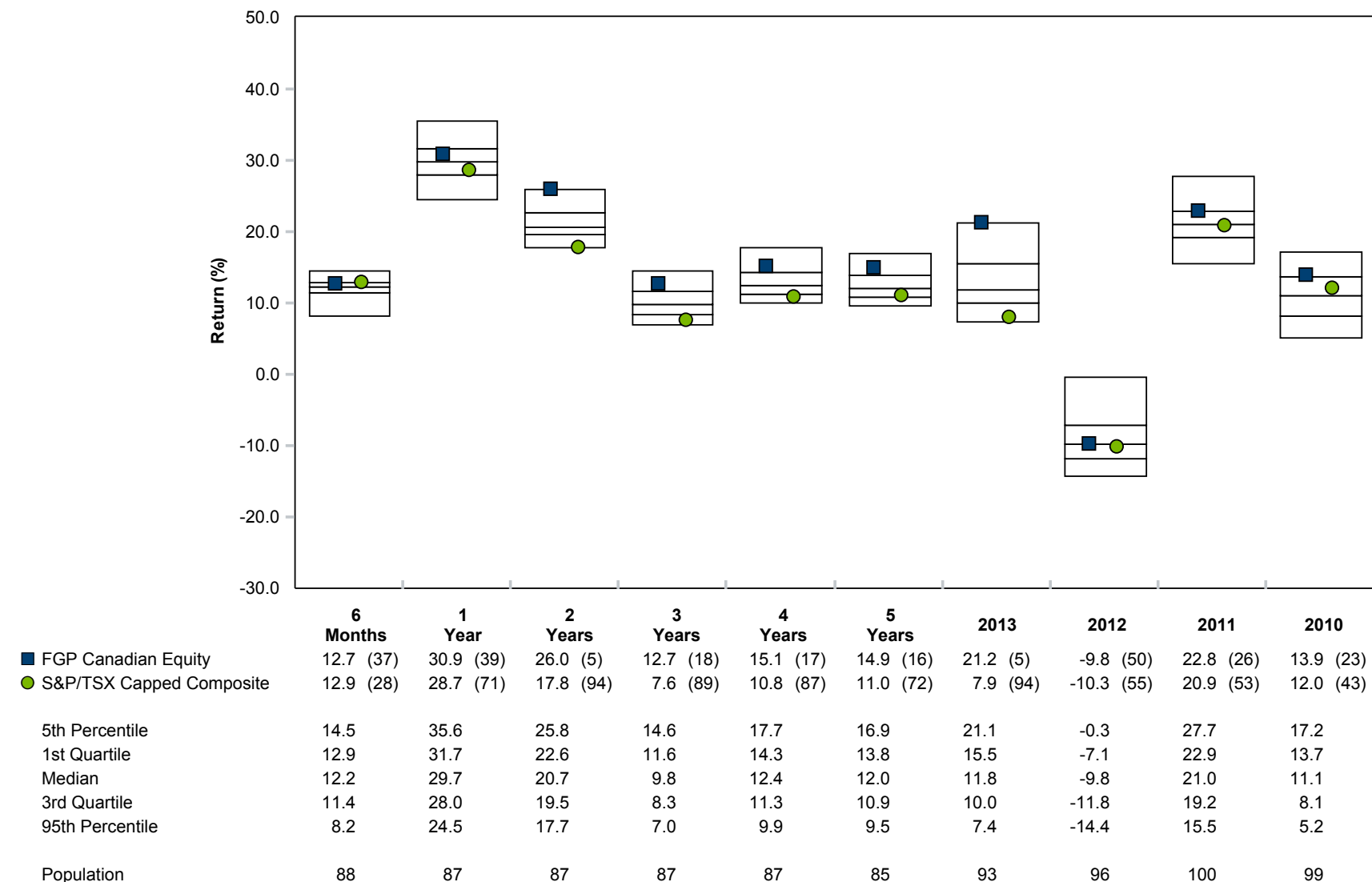
## Asset Class Analysis

## Canadian Equity Funds

## Peer Group Analysis

As of 30 June 2014

Canadian Equity



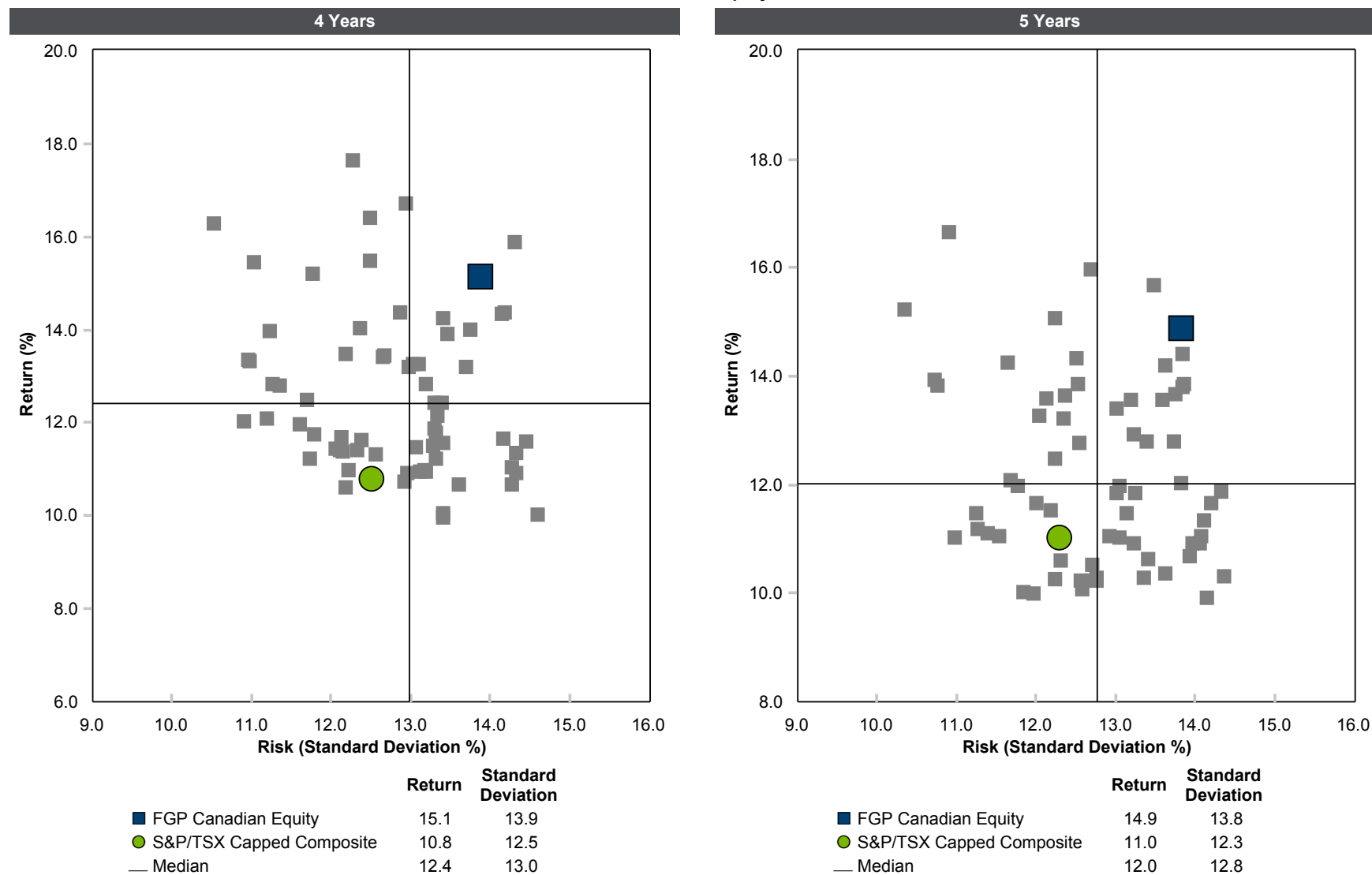
Parentheses contain percentile rankings.  
 Returns for periods greater than one year are annualized.  
 Source: Aon Hewitt Manager Universe.

## Canadian Equity Funds

## Peer Group Scattergram

Periods Ending 30 June 2014

Canadian Equity



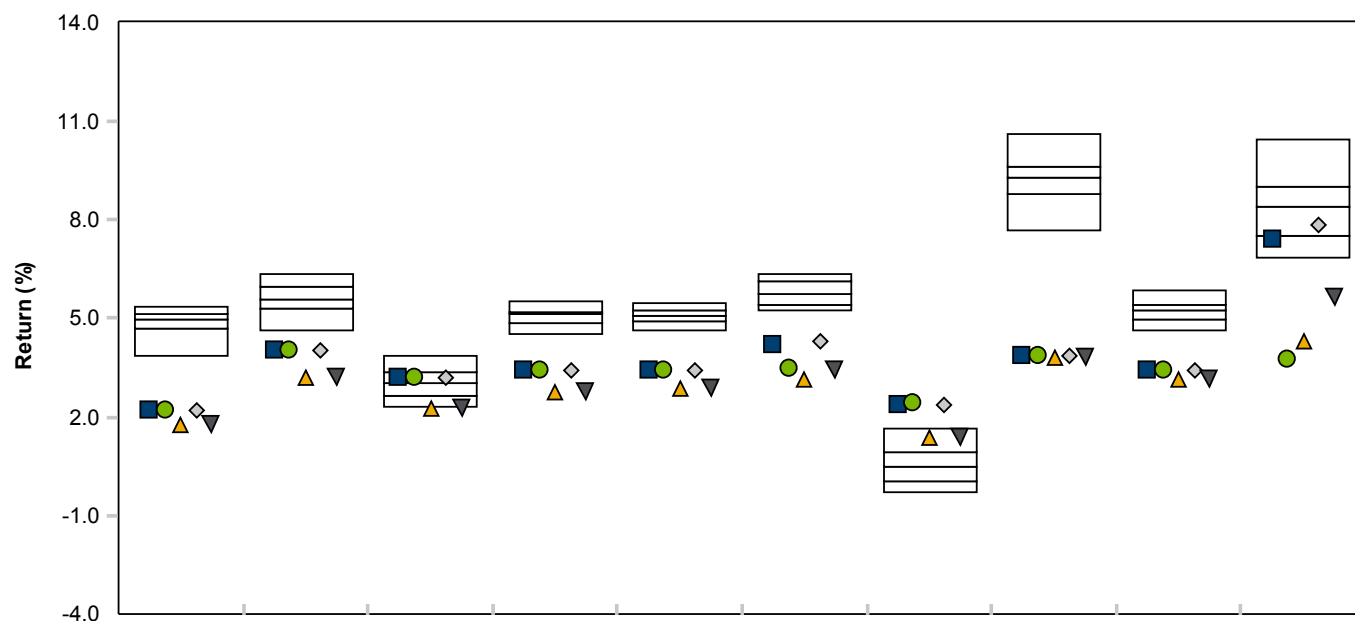
Returns for periods greater than one year are annualized.  
Source: Aon Hewitt Manager Universe.

## Fixed Income Funds

## Peer Group Analysis

As of 30 June 2014

Canadian Bonds



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2013	2012	2011	2010
■ E&O Fixed Income	2.2 (100)	4.0 (98)	3.2 (35)	3.4 (100)	3.4 (100)	4.2 (100)	2.4 (1)	3.9 (100)	3.4 (100)	7.4 (77)
● General Fixed Income	2.2 (100)	4.0 (98)	3.2 (34)	3.4 (100)	3.4 (100)	3.5 (100)	2.4 (1)	3.9 (100)	3.4 (100)	3.8 (100)
▲ FTSE TMX Short Term Bond	1.7 (100)	3.2 (100)	2.3 (97)	2.8 (100)	2.9 (100)	3.2 (100)	1.4 (13)	3.8 (100)	3.2 (100)	4.3 (100)
◆ Compensation Fixed Income	2.2 (100)	4.0 (98)	3.2 (34)	3.4 (100)	3.4 (100)	4.3 (100)	2.4 (1)	3.9 (100)	3.4 (100)	7.9 (63)
▼ Compensation Fixed Income Benchmark	1.7 (100)	3.2 (100)	2.3 (97)	2.8 (100)	2.9 (100)	3.4 (100)	1.4 (13)	3.8 (100)	3.2 (100)	5.6 (100)
5th Percentile	5.3	6.4	3.9	5.5	5.5	6.4	1.7	10.6	5.9	10.4
1st Quartile	5.1	6.0	3.4	5.2	5.3	6.1	0.9	9.6	5.4	9.0
Median	5.0	5.6	3.0	5.1	5.1	5.7	0.5	9.3	5.2	8.4
3rd Quartile	4.7	5.3	2.7	4.9	4.9	5.4	0.1	8.8	5.0	7.5
95th Percentile	3.9	4.6	2.3	4.5	4.7	5.2	-0.3	7.7	4.6	6.9
Population	50	50	50	50	50	50	53	56	59	59

Parentheses contain percentile rankings.

Returns for periods greater than one year are annualized.

For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.

Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.

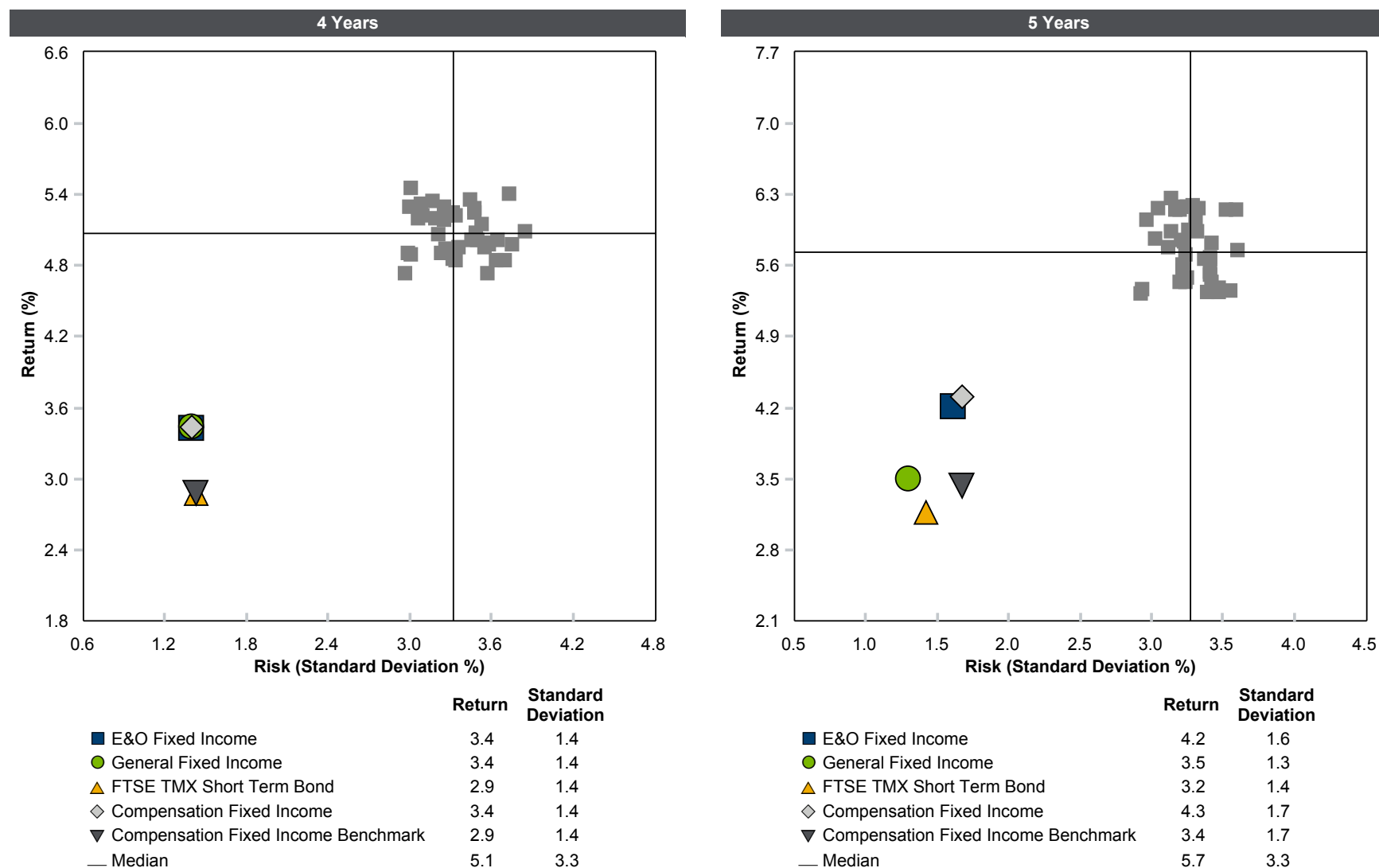
Source: Aon Hewitt Manager Universe.

## Fixed Income Funds

## Peer Group Scattergram

Periods Ending 30 June 2014

Canadian Bonds



Returns for periods greater than one year are annualized.

For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.

Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.

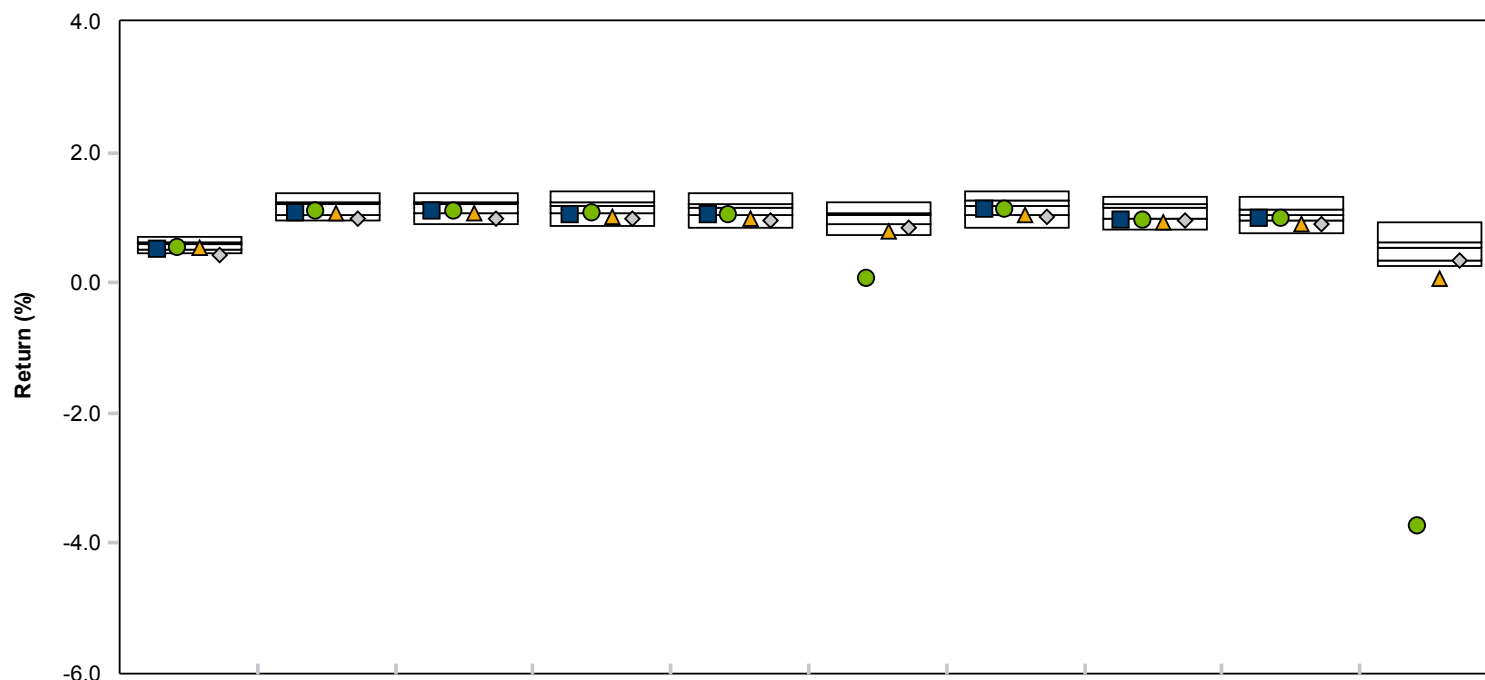
Source: Aon Hewitt Manager Universe.

## Money Market Funds

## Peer Group Analysis

As of 30 June 2014

Money Market



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2013	2012	2011	2010
■ E&O Short-Term	0.5 (71)	1.1 (70)	1.1 (68)	1.1 (77)	1.0 (74)	N/A	1.1 (60)	1.0 (81)	1.0 (56)	N/A
● Compensation Short-Term	0.5 (68)	1.1 (68)	1.1 (68)	1.1 (77)	1.0 (73)	0.1 (100)	1.1 (61)	1.0 (81)	1.0 (56)	-3.7 (100)
▲ General Short-Term	0.5 (70)	1.1 (69)	1.1 (71)	1.0 (80)	1.0 (82)	0.8 (94)	1.0 (75)	0.9 (83)	0.9 (84)	0.0 (100)
◆ FTSE TMX 91-Day T-Bill	0.4 (96)	1.0 (93)	1.0 (86)	1.0 (84)	1.0 (86)	0.8 (86)	1.0 (79)	1.0 (81)	0.9 (85)	0.3 (77)
5th Percentile	0.7	1.4	1.4	1.4	1.4	1.2	1.4	1.3	1.3	0.9
1st Quartile	0.6	1.2	1.2	1.2	1.2	1.1	1.3	1.2	1.1	0.6
Median	0.6	1.2	1.2	1.2	1.2	1.0	1.2	1.2	1.0	0.5
3rd Quartile	0.5	1.0	1.1	1.1	1.0	0.9	1.0	1.0	0.9	0.3
95th Percentile	0.5	1.0	0.9	0.9	0.8	0.7	0.8	0.8	0.7	0.3
Population	31	31	31	31	31	31	34	36	37	38

Parentheses contain percentile rankings.  
Returns for periods greater than one year are annualized.  
Source: Aon Hewitt Manager Universe.

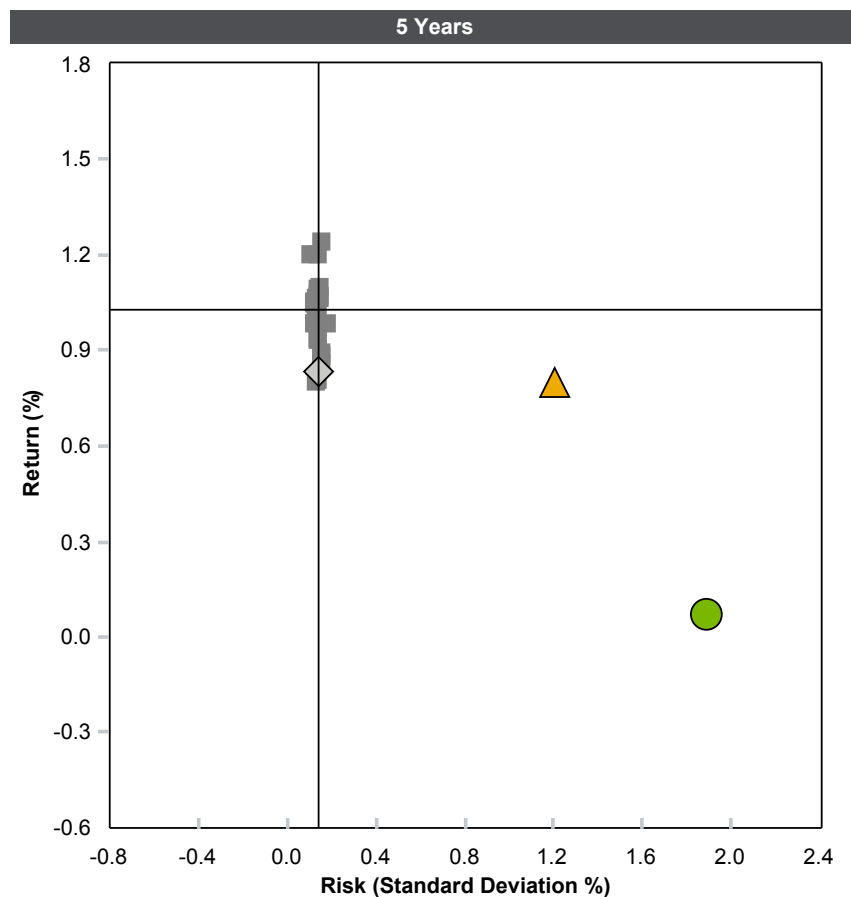
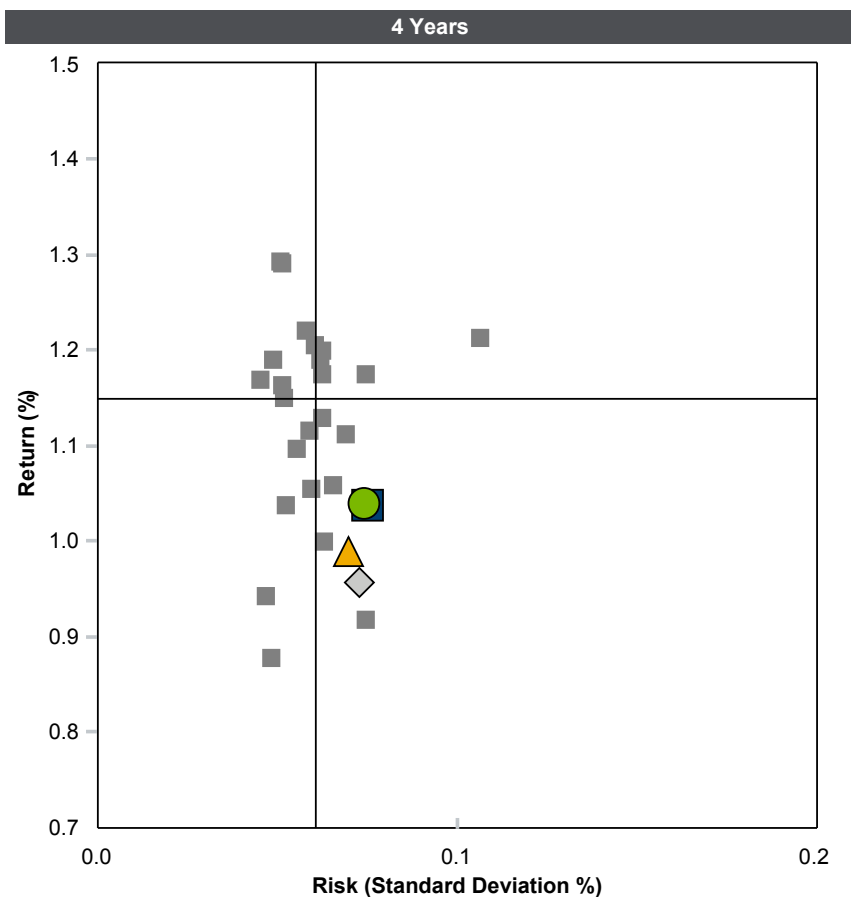


## Money Market Funds

## Peer Group Scattergram

Periods Ending 30 June 2014

Money Market



Returns for periods greater than one year are annualized.  
Source: Aon Hewitt Manager Universe.

## Appendix A - Plan Information

## Plan Information

## Summary of Investment Objectives

The investment policy contains specific performance objectives for the fund and for the investment manager.

Investment rates of return are reported on a calendar basis and include realized and unrealized capital gains and losses, plus income.

Returns are calculated on a time-weighted basis and are compared to the objectives described below in order to assess the performance of the investment manager.

The primary objective is to outperform a benchmark portfolio over moving four-year periods. The specific benchmark weights are provided on the following page.

Management Mandates:                      Active management of the asset allocation  
    Active management of the asset classes

Management Structure:                      One Short-Term bond mandate  
    One Canadian Equity mandate

Management Firm:                              Foyston, Gordon & Payne Inc. (FGP)

Investment Products:	Prior to 30 June 2009	From 1 July 2009 to 21 May 2010	After 21 May 2010
<u>E&amp;O Insurance Fund</u>			
Short-Term	-	Pooled	Pooled
Canadian Bonds	Pooled	Pooled	Segregated
Canadian Equities	Pooled	Pooled	Pooled
Private U.S. Equities	Pooled	-	-
<u>Compensation &amp; General Fund</u>			
Short-Term	Pooled	Pooled	Pooled
Canadian Bonds	Segregated	Segregated	Segregated
Canadian Equities	Pooled	Pooled	Pooled
Private U.S. Equities	Segregated	-	-

*Note: Segregated = Individual Securities*

## Plan Information

## Summary of Investment Objectives

## Blended Benchmark Composition

## E&amp;O Insurance Fund Benchmark

Components	Weight (%)
Mar-2006	
S&P/TSX Composite	15.00
S&P 500 (CAD)	15.00
FTSE TMX Short Term Bond	70.00
Jul-2009	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

## Compensation Fund Benchmark

Components	Weight (%)
Jun-2003	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jan-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Universe Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Universe Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

## General Fund Benchmark

Components	Weight (%)
Mar-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Short Term Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

## Compensation Fund Fixed Income Benchmark

Components	Weight (%)
Jun-2003	
FTSE TMX Short Term Bond	100.00
Jan-2004	
FTSE TMX Universe Bond	100.00
Apr-2010	
FTSE TMX Short Term Bond	100.00

## Appendix B - Manager Updates

Manager Updates

Manager Updates

As of 30 June 2014

**Foyston, Gordon & Payne ("FGP")**

**Q2 2014**

**Business**

There were no significant events.

**Staff**

There were no significant events.

**Q1 2014**

**Business**

On 1 January 2014, FGP launched the FGP Long Bond Fund. FGP has been managing a Long Bond strategy on a segregated basis since August 2008 and is now offering the FGP Long Bond Fund on a pooled fund basis.

**Staff**

There were no significant events.

## Appendix C - Capital Markets Environment

## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## Update on Europe

The European Union ("EU") comprising 28 countries represents a major economic block in the world economy. Although the U.S. garners a large amount of press as the world's largest economy, the EU is in fact larger than the U.S. totalling 24% of the World's GDP in 2013 according to the International Monetary Fund, compared to 22% for the U.S.

Although the region is slowly exiting from a recession and predictions are for continued growth, the risk remains to the downside. First quarter GDP 2014 saw a 0.3% increase and EU growth is expected to be approximately 1.5% for the year.

Six years after the Financial Crisis of 2008, Europe is still dealing with the aftershocks. These include: slow growth, low inflation, a weak banking system and very high levels of sovereign debt. These problems are further aggravated by a rapidly ageing population. For these reasons Europe remains in a precarious state and is not well equipped to deal with geopolitical or exogenous economic shocks.

The most recent geopolitical threats include the Ukraine and concerns regarding the stability of Banco Espírito Santo, one of Portugal's largest banks. The instability of the Ukraine is highlighted by the recent downing of a Malaysian airlines passenger plane over Ukrainian territory controlled by pro-Russia rebels. This could lead to more economic sanctions against Russia and increased tension in the region.





## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## The Stock Market

From a capital markets perspective, Europe has made great strides. The European debt crisis started in early 2009 requiring some member countries to seek assistance from the European Central Bank ("ECB") and the International Monetary Fund ("IMF").

The liquidity crisis plunged the EU into a recession with falling stock markets and double digit yields on sovereign debt for some countries. At one point there were questions concerning the future of the Eurozone Monetary Union.

Although the situation has improved the support of the ECB is still required. The ECB just announced a new stimulus initiative designed to increase both loan growth and GDP, providing up to 700 billion euros in low interest rate loans to banks.



The chart above shows the price performance for the Euro STOXX 50. This blue chip index has experienced very high returns for the last 2 years as have all European stock indices.

## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## The Bond Market

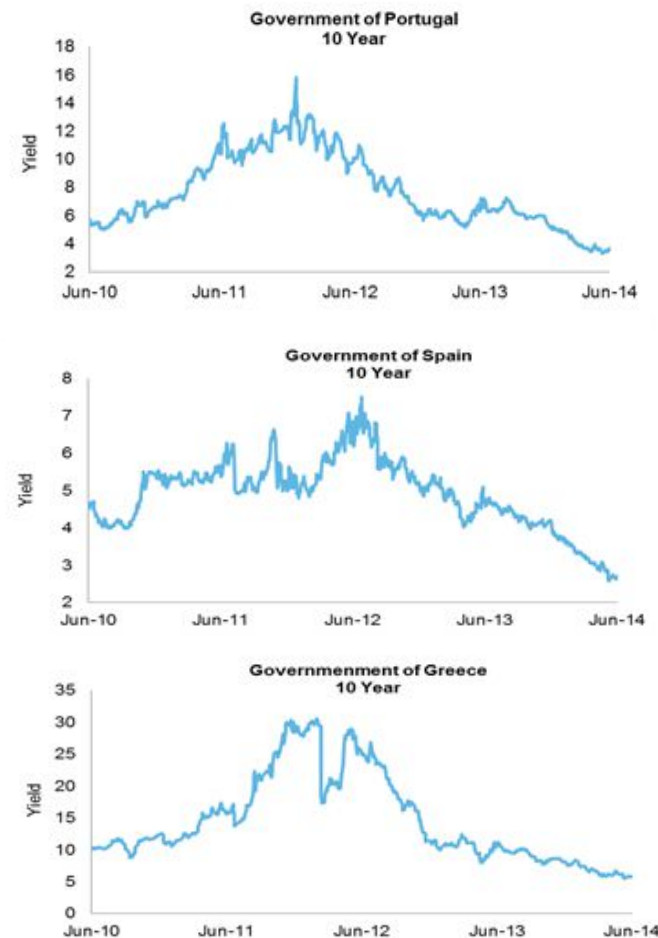
Interest rates have fallen significantly for all European governments with the most pronounced decreases occurring for the weaker nations which had experienced substantial yield hikes during the debt crisis. The historical charts are shown for three of the weaker credits in Europe. The yields on Greek bonds yielded around 30% at the worst point in the crisis while Portuguese bonds yielded almost 16%.

Direct support from the IMF, the ECB and Germany reassured the markets and as a result yields have fallen dramatically.

For illustration, the current Government of Canada 10 year yield is compared to the three countries as on 30 June 2014.

	Yields	Rating (Standard & Poor's)
Canada	2.23%	AAA
Portugal	3.62%	BB
Spain	2.65%	BBB
Greece	5.85%	B

Canada has the highest possible rating at AAA, while Portugal and Greece are rated as "junk bonds". This terminology applies to ratings below BBB.



## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## Sovereign Debt Levels

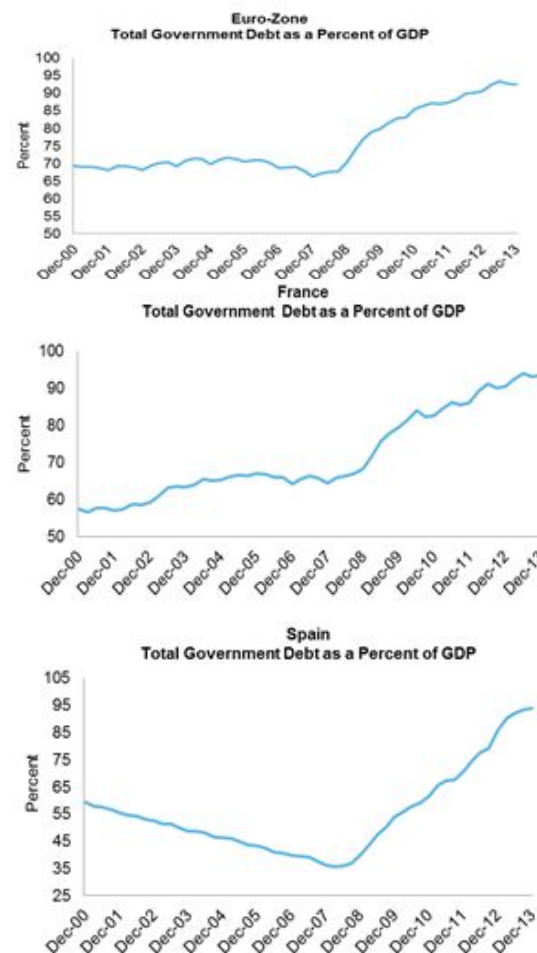
Although austerity measures have been implemented in many countries, the level of sovereign debt continues to increase.

The new EU rules contain long term targets that require that debt to GDP be limited to a maximum of 60%, and short term targets limiting annual deficits to 3% of GDP.

Achieving these goals requires a delicate balancing act, both on social and economic levels. Europe has very generous social programs and an ageing population. There is also considerable resistance to reductions in social benefits, making budget cuts difficult to implement. In addition austerity measures imposed to reduce debt could create a drag on the economy.

GDP growth is necessary to reduce the level of sovereign debt relative to GDP. The current lack of growth makes debt management difficult.

Italy is a good example of this. The country has managed to meet the 3% of GDP annual deficit level, but the overall level of debt as a percent of GDP has increased due to a stagnant level of growth.



## Capital Markets Environment

## Capital Markets Environment

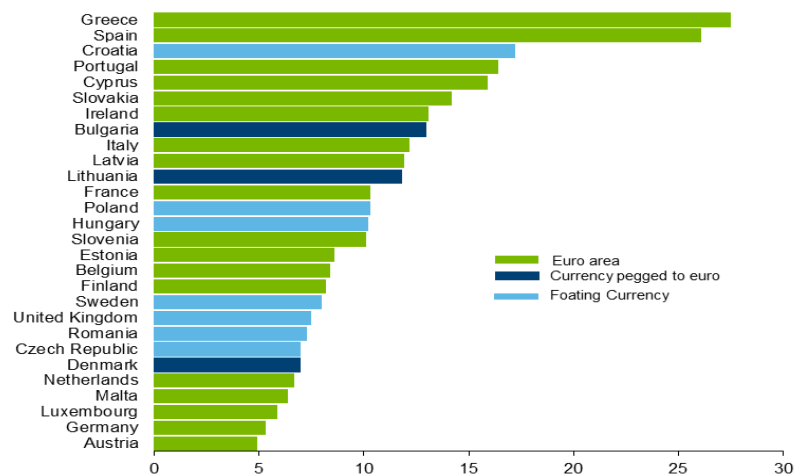
As of 30 June 2014

## Unemployment

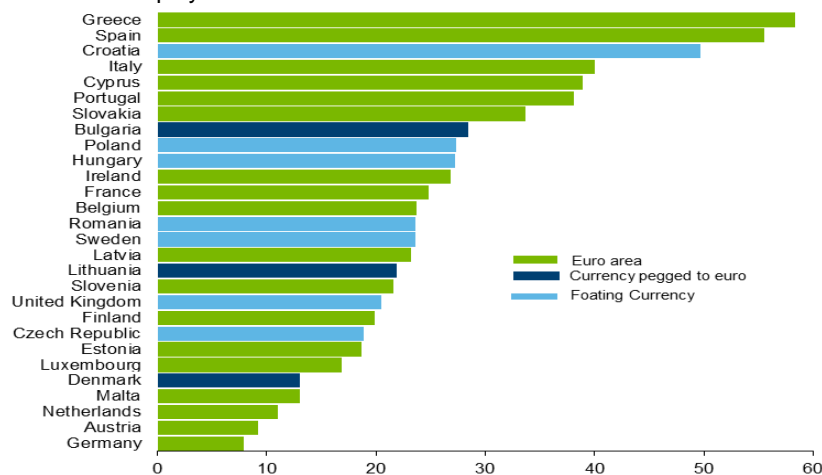
Unemployment continues to be a major problem for many countries, in particular youth unemployment. The extremely high levels of youth unemployment could result in a “lost generation” as young people are unable to find meaningful employment. The unique demographic situation posed by an ageing population coupled with a lost generation poses challenges going forward. Greece leads the group with youth unemployment above 55%. The majority of countries have youth rates in excess of 20%. These include major economies such as the United Kingdom, Italy and France.

Weak bank lending combined with slow growth has resulted in very weak job growth. This is expected to slowly improve, with job growth in 2015 expected to be 0.7%, but most analysts expect a high level of structural unemployment going forward.

## Unemployment Rate



## Youth Unemployment Rate



Source: Eurostat

## Capital Markets Environment

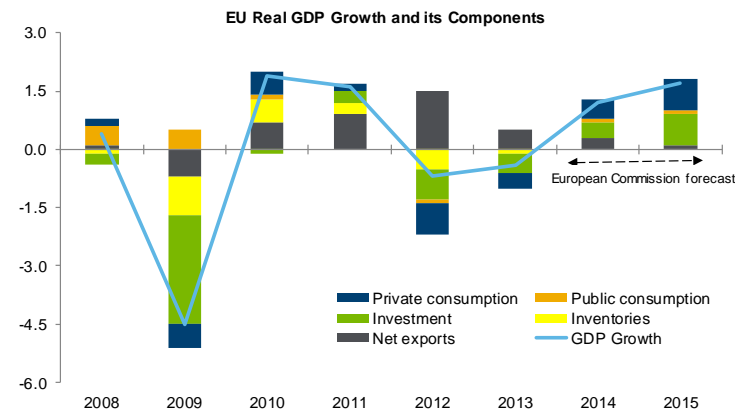
## Capital Markets Environment

As of 30 June 2014

## GDP and Inflation

A bottom for the EU's GDP was reached in 2009 as the region's GDP shrank by 4.5%. The region experienced a double dip recession as growth turned negative again in 2012. 2013 was a transition period as the EU exited from recession. Growth in net exports was a major contributing factor as was investment. Private consumption is expected to play a larger role going forward as labour markets improve. The growth is broad based with only Cyprus and Croatia expecting negative growth in 2014. The large economies such as Spain, France and Italy are all showing improvement while the UK is firmly in a growth mode.

The rate of inflation in the EU remains below the target of 2% and the most recent reading was 0.7% year over year. The ECB is vigilant that this does not turn into a deflationary trend as was the case with Japan. The reduction of new young entrants in the work force combined with an increasing participation rate amongst older workers makes this more difficult. Older workers save much more than younger workers. The result is a reduction in consumption and therefore less pressure on prices.



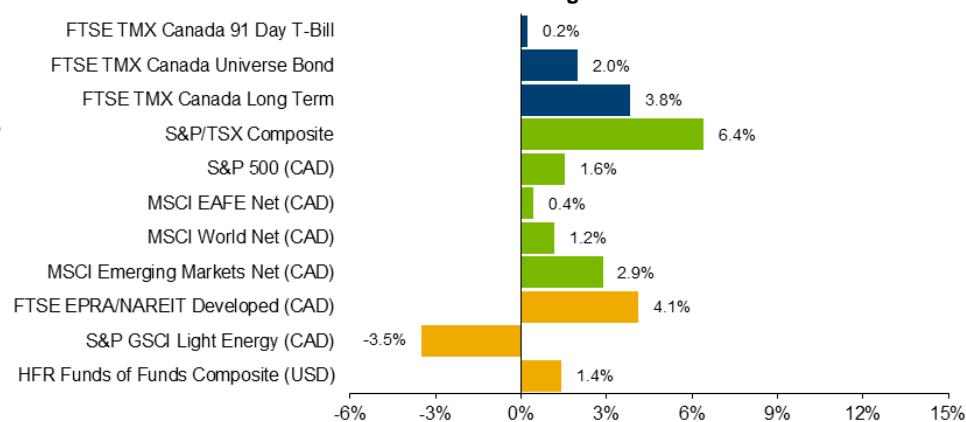
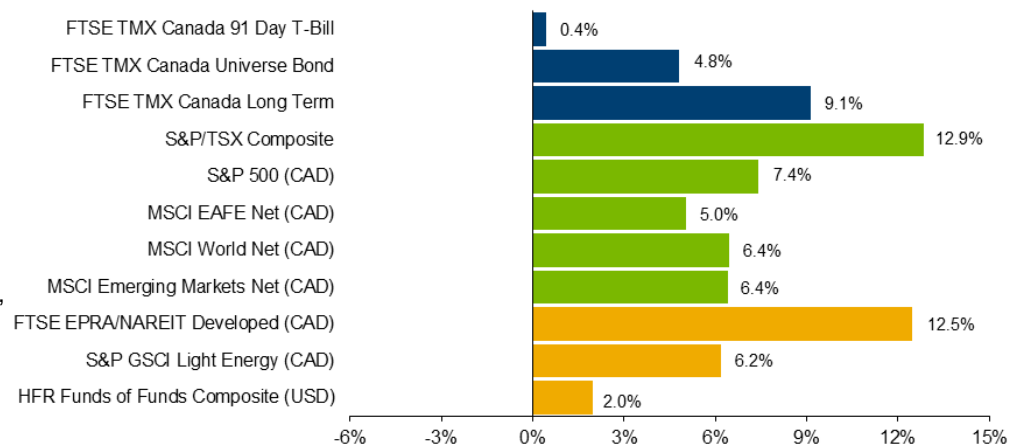
## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## Review of Financial Markets

- The S&P/TSX continued to lead the other major indices during the second quarter of 2014 with a return of 6.4%, largely due to strong performance in the energy sector. The appreciation of the Canadian dollar lowered foreign equity returns for Canadian investors. Returns ranged from 0.4% for the MSCI EAFE to 2.9% for the MSCI Emerging Markets. The S&P 500 provided a return of 1.6%, Global REITs performed well (4.1%) while the S&P GSCI Light Energy (-3.5%) was the only major index posting a negative return for the quarter. The FTSE TMX Long Term Bond Index (which can be considered a proxy for pension solvency liabilities) had a return of 3.8% while the FTSE TMX Universe Bond Index gained 2.0%.

Financial Markets Performance Review  
3-Month Period Ending 30 June 2014Financial Markets Performance Review  
6-Month Period Ending 30 June 2014

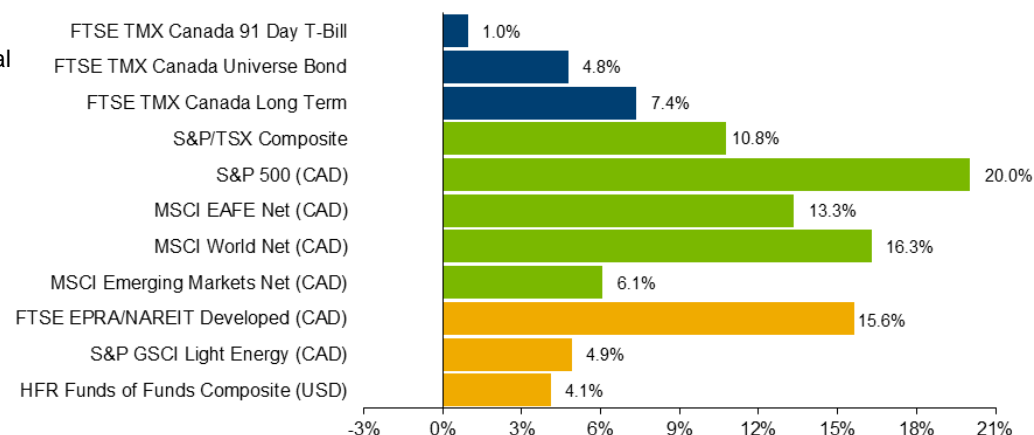
- For the first six months of 2014, all major indices posted positive returns. The best performers were the S&P/TSX (12.9%) and the FTSE EPRA/NAREIT Developed (12.5%). Foreign equity indices posted broadly similar returns (5.0% to 7.4%), while hedge funds, represented by the HFR Funds of Funds Composite Index, gained a meager 2.0%. The FTSE TMX Long Term Bond Index posted a strong return of 9.1%, reflecting a decrease in yields during the period.

## Capital Markets Environment

## Capital Markets Environment

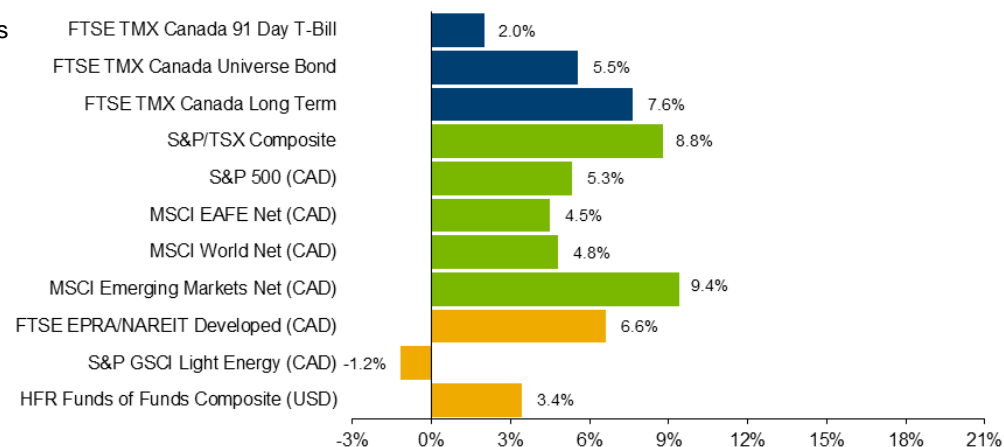
As of 30 June 2014

- The S&P 500 Index (CAD) led all asset class returns over the four-years ending 30 June 2014, with a return of 20.0%. Strong returns were also earned in global equities (16.3%) and in global listed real estate (15.6%). Long-term bonds (7.4%) underperformed major equity indices. Trailing the other categories were T-Bills (1.0%).

Financial Markets Performance Review  
4-Year Period Ending 30 June 2014

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- For the ten-year period ending 30 June 2014, strong returns were earned in emerging market equities (9.4%), Canadian equities (8.8%), and long-term bonds (7.6%). Global listed real estate was also a strong performer with a return of 6.6% while commodities lost 1.2%. The strong Canadian dollar during this period reduced returns for unhedged foreign investments.

Financial Markets Performance Review  
10-Year Period Ending 30 June 2014

## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

## Comparison of Financial Indices

Annual returns - Calendar Years												Annualized
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD	Total	
27.9%	30.6%	41.8%	18.2%	6.4%	51.6%	17.6%	18.1%	25.8%	41.3%	12.9%	9.21%	
16.4%	24.1%	31.7%	10.3%	3.3%	35.1%	14.1%	9.7%	15.6%	35.2%	12.5%	8.82%	
14.5%	16.3%	25.9%	9.8%	2.7%	17.4%	12.7%	4.6%	14.7%	31.0%	9.1%	7.54%	
11.5%	13.8%	19.6%	4.4%	-21.2%	11.9%	12.5%	1.0%	13.4%	13.0%	7.4%	7.30%	
10.3%	12.5%	17.3%	4.0%	-21.4%	11.5%	11.0%	-3.2%	13.3%	11.4%	6.4%	5.78%	
7.1%	10.7%	15.4%	3.7%	-24.3%	10.4%	9.1%	-3.5%	7.2%	9.0%	6.4%	5.38%	
6.9%	7.5%	10.4%	3.4%	-25.8%	7.4%	6.7%	-4.9%	5.2%	3.9%	6.2%	5.29%	
6.4%	6.7%	4.1%	-5.7%	-29.2%	5.5%	5.9%	-5.7%	4.8%	1.0%	5.0%	5.09%	
2.8%	6.5%	4.1%	-7.5%	-33.0%	5.4%	5.7%	-8.7%	3.6%	-1.2%	4.8%	3.41%	
2.3%	2.6%	4.0%	-10.5%	-34.6%	0.6%	2.1%	-10.0%	1.0%	-1.9%	2.0%	2.01%	
0.9%	2.3%	0.6%	-21.1%	-41.6%	-2.0%	0.5%	-16.4%	-0.6%	-6.2%	0.4%	-0.06%	

Best

↑

↓

Worst

FTSE TMX Canada 91 Day T-Bill

FTSE TMX Canada Long Term

S&P 500 (CAD)

MSCI World (CAD) (Net dividend)

FTSE EPRA/NAREIT Developed (CAD)

HFR Funds of Funds Composite (USD)

FTSE TMX Canada Universe Bond

S&P/TSX Capped Composite

MSCI EAFE (CAD) (Net dividend)

MSCI Emerging Markets (CAD) (Net dividend)

S&P GSCI Commodity Index, Light Energy (CAD)

- This table illustrates the performance ranking of the various asset classes for each of the last 10 years. Over that period, the best performing asset class was emerging market equities, followed by Canadian equities and global REITs. Long-term bonds were also strong, which was a dominant theme of the last decade.
- The distribution of the color codes in our sample across the ten years highlights the importance of diversification - in order to obtain stable performance, it is necessary to invest in several asset classes.



## Capital Markets Environment

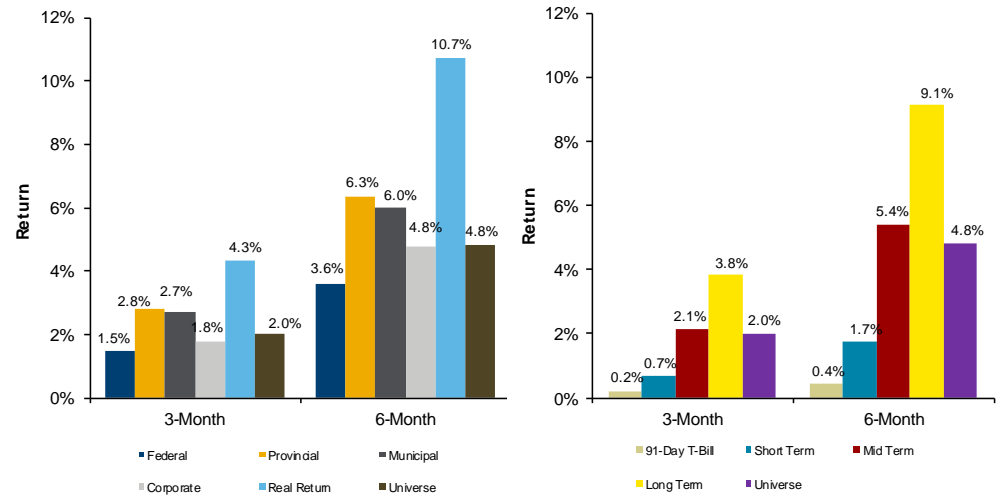
## Capital Markets Environment

As of 30 June 2014

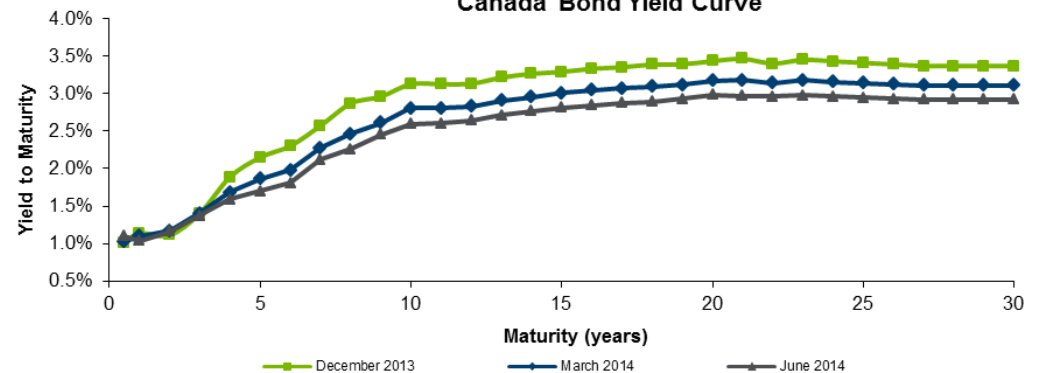
- Bond market returns were positive across sectors and maturities for both the 3 month and 6 month periods. Real return bonds experienced a strong quarter, leading other sectors for the quarter (4.3%) and for the 6 month period (10.7%). During the last quarter, strong returns were earned in provincial bonds (2.8%) and municipal bonds (2.7%) as well, and the same pattern holds for the 6 month period.
- With rates decreasing across the yield curve, performance was directly proportional to maturity, with longer maturities outperforming shorter maturities.

### Canadian Bond Market Performance Review Periods Ending 30 June 2014

#### Return by Issuer and by Term - FTSE TMX



#### Canada Bond Yield Curve



- The yield curve moved lower across all maturity terms during the last quarter with rates for federal long-term bonds dropping to 2.8%. This factor alone would have reduced pension plan solvency ratios, but the opposite occurred thanks to the strong performance of Canadian equities which make up a significant portion of most plan assets. The short end remained anchored due to the unchanged Bank of Canada Overnight Rate. The last Bank of Canada rate change was a 0.25% increase to 1.0% in September of 2010.
- The yield curve maintained a positive slope with longer maturities yielding more than shorter maturities.

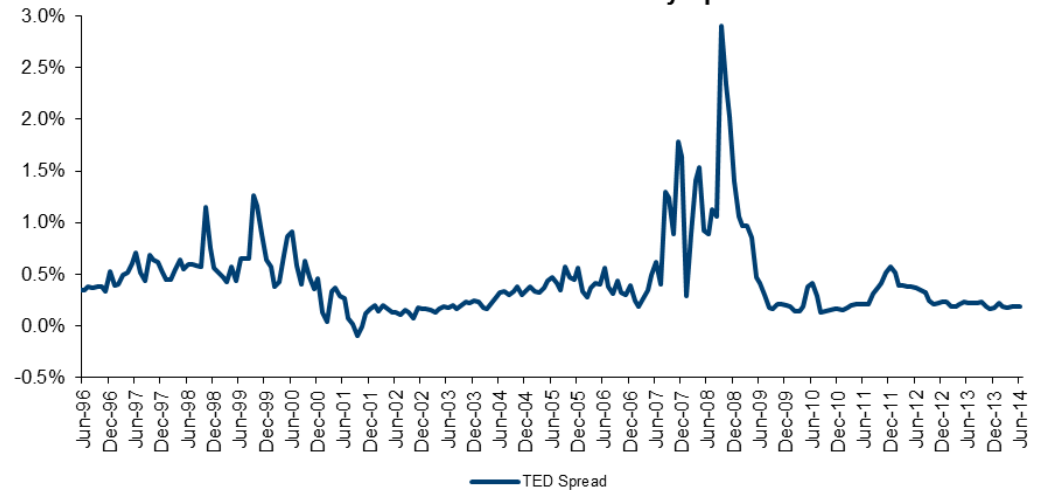
## Capital Markets Environment

## Capital Markets Environment

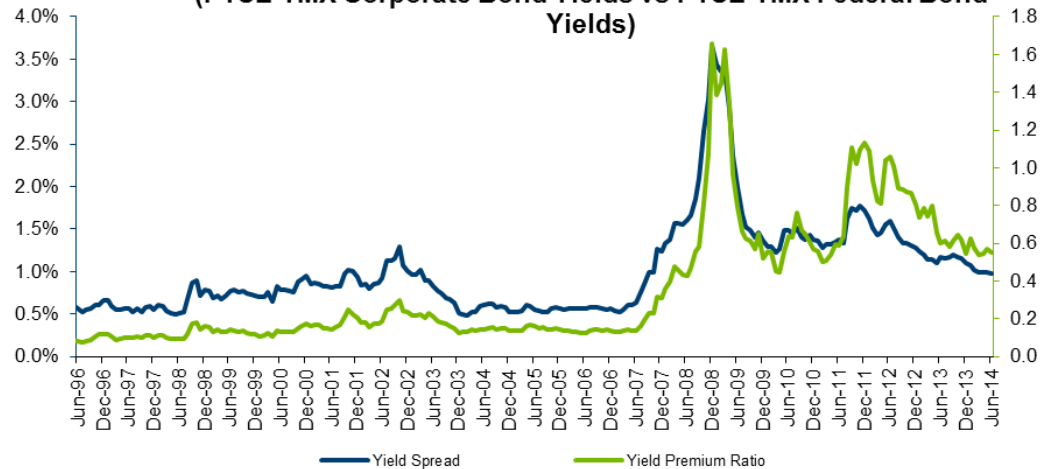
As of 30 June 2014

- LIBOR, the London Interbank Offered Rate, is an estimate of the rate at which banks lend to one another. The spread between LIBOR and U.S. Treasury bills (the TED spread) is an indicator of perceived credit risk in the general economy. The TED spread has been fairly stable since 2009.

Libor U.S. vs Treasury Spread



- The yield premium between corporate and government bonds narrowed further during the last quarter, but remains attractive by historical standards.

Canadian Corporate Bond Yield Spread  
(FTSE TMX Corporate Bond Yields vs FTSE TMX Federal Bond Yields)

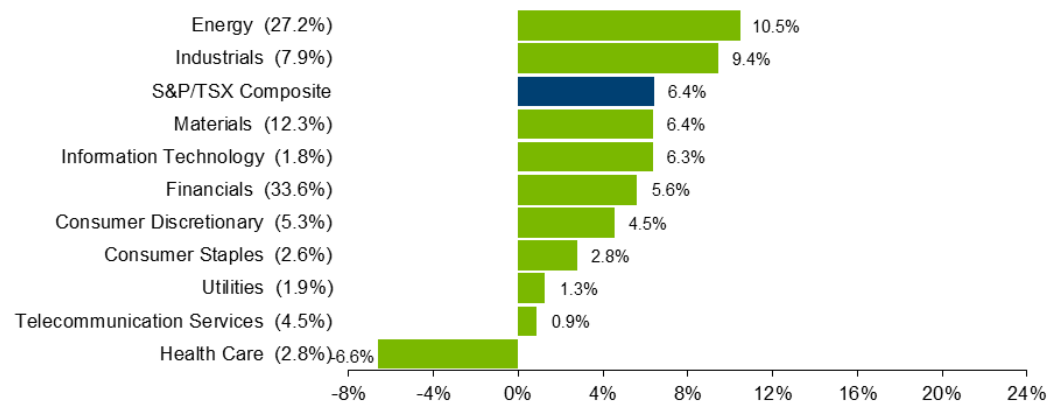
## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

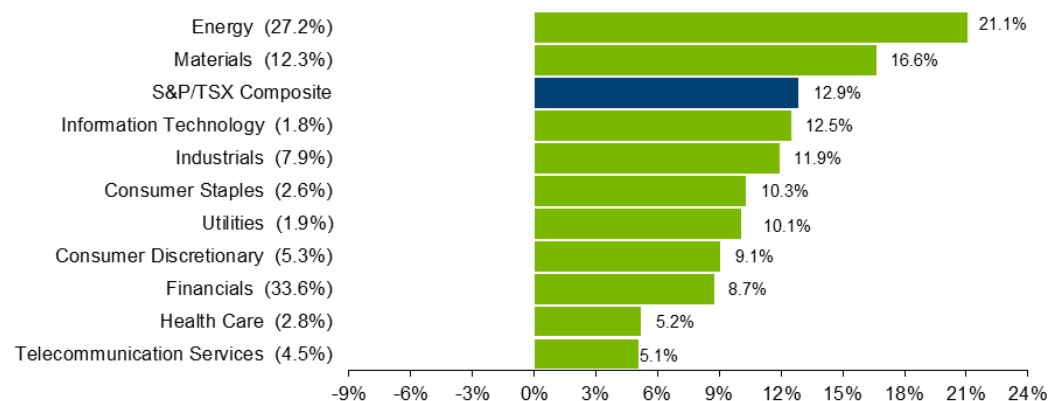
Canadian Stock Markets Performance Review  
S&P/TSX Composite Sector Returns (Sector Weights)

## 3-Month Period Ending 30 June 2014



- During the last quarter, Health Care was the only sector that posted a negative return (-6.6%), in a reversal from the five previous quarters. Eight sectors out of the ten underperformed the index and only two had returns above the index. This reflects the large weighting of the best performing sector, Energy (10.5%), which accounts for 27.2% of the index. The other top performing sector was Industrials (9.4%).

## 6-Month Period Ending 30 June 2014



- For the past 6 month all sectors had positive returns. The top performers were Energy (21.1%), Materials (16.6%) and Information Technology (12.5%). At the bottom were Telecommunication Services (5.1%), Health Care (5.2%) and Financials (8.7%).

## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

- In the second quarter of 2014, Canadian value stocks fared slightly better than growth stocks. Value stocks have outperformed growth stocks over the trailing 12-month period, as has been the case since the second half of 2011.

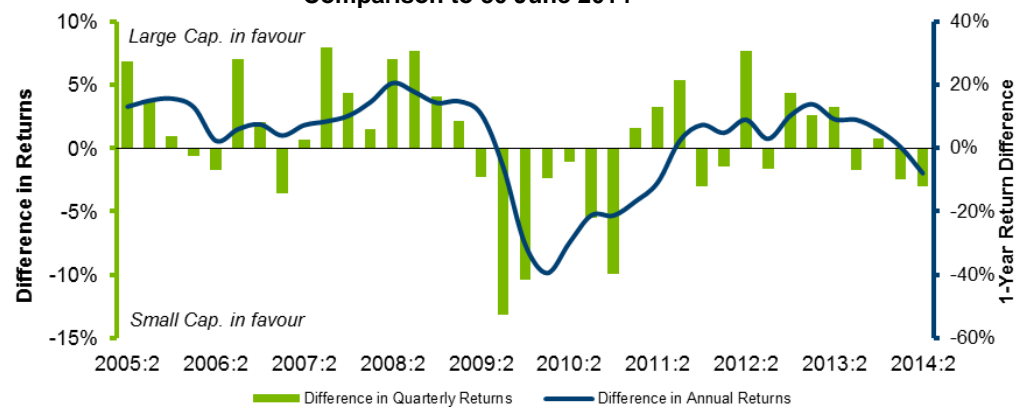
**Growth vs. Value Investment Style - Canadian Equity Market\***  
Comparison to 30 June 2014



\*MSCI Canada, Growth vs. MSCI Canada, Value

- For a second quarter in a row, Canadian small cap stocks outperformed large cap stocks during the last quarter. Canadian small cap stocks outperformed large cap stocks on a one-year basis as well.

**Large Cap. vs. Small Cap. Universe - Canadian Equity Market\*\***  
Comparison to 30 June 2014



\*\*S&amp;P/TSX 60 vs. S&amp;P/TSX Small Cap

## Capital Markets Environment

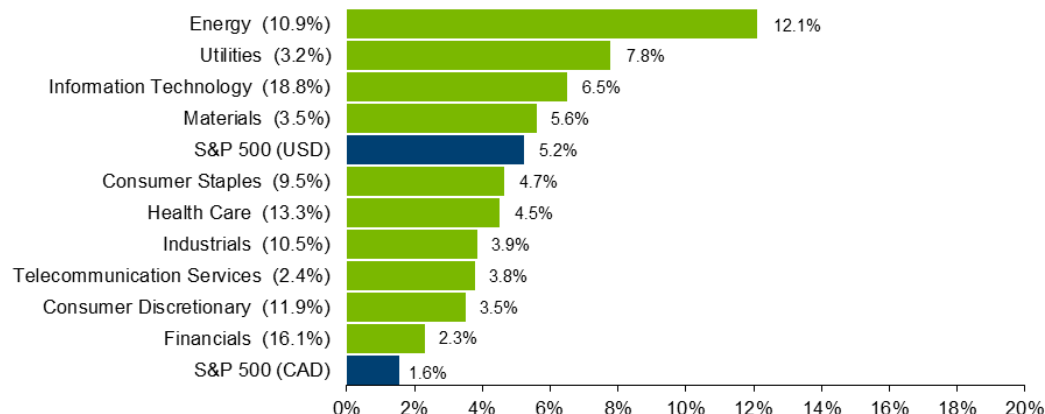
## Capital Markets Environment

As of 30 June 2014

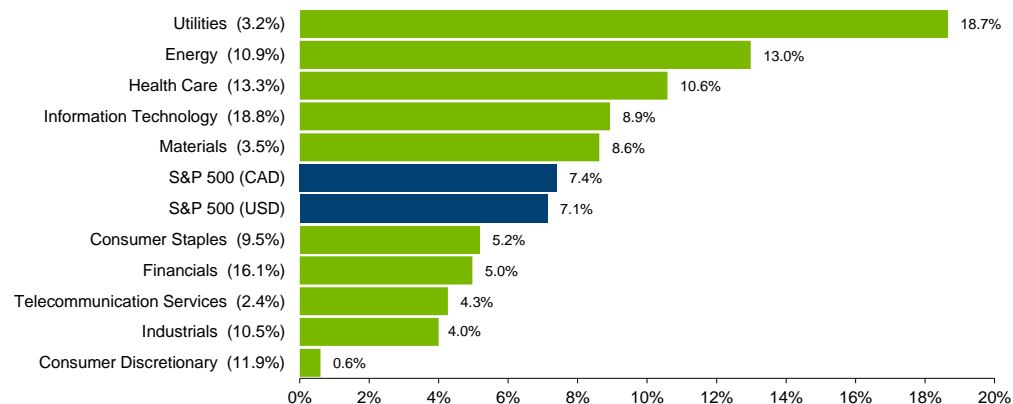
US Stock Markets Performance Review  
S&P 500 (USD) Sector Returns (Sector Weights)

- All sectors in the S&P 500 Index had positive returns (USD) in the last quarter. The top performing sectors were Energy (12.1%), Utilities (7.8%) and Information Technology (6.5%). The appreciation of the Canadian dollar versus the U.S. dollar reduced the return for Canadian investors by 3.6%.

## 3-Month Period Ending 30 June 2014



## 6-Month Period Ending 30 June 2014



- For the last 6-month period all sectors of the S&P 500 Index posted positive returns (USD). The best performing sector was Utilities (18.7%) followed by Energy (13.0%). Among the underperforming sectors were Consumer Discretionary (0.6%), Industrials (4.0%) and Telecommunication Services (4.3%).

## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

- In the U.S. equity market, growth stocks slightly outperformed value stocks in the most recent quarter. Over the 12-month trailing period growth stocks outperformed value for 3 of the 4 quarters.

**Growth vs. Value Investment Style – U. S. Equity Market\***  
Comparison to 30 June 2014



\*Russell 1000, Growth (CAD) vs. Russell 1000, Value (CAD)

**Large Cap vs. Small Cap Universe – U.S. Equity Market\*\***  
Comparison to 30 June 2014



\*\*Russell 1000 (CAD) vs. Russell 2000 (CAD)

- In the second quarter of 2014, U.S. large cap stocks generated a higher return than small cap for the third consecutive quarter. That resulted in large cap stocks outperforming small cap stocks over the last 12-month period.

## Capital Markets Environment

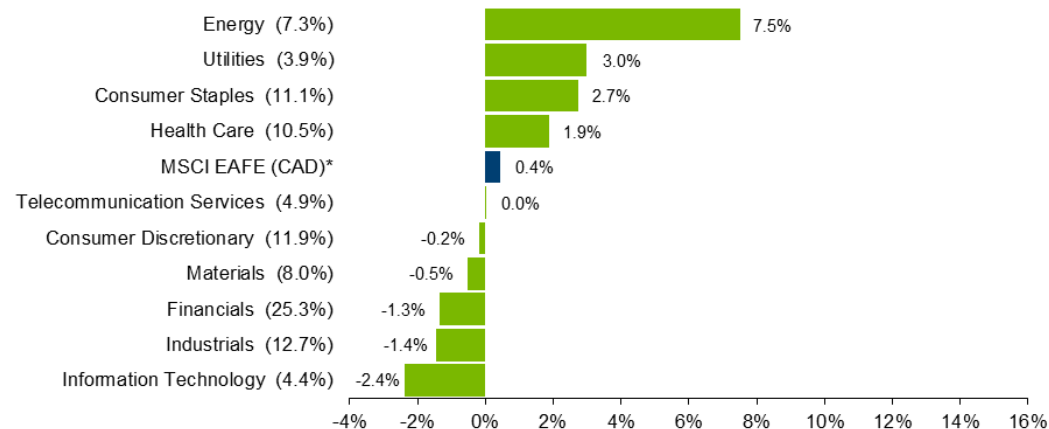
## Capital Markets Environment

As of 30 June 2014

International Stock Markets Performance Review  
MSCI EAFE (CAD) Sector Returns (Sector Weights)

- The top performing sectors in international equity markets were Energy (7.5%), Utilities (3.0%) and Consumer Staples (2.7%). Trailing the pack were Information Technology (-2.4%), Industrials (-1.4%) and Financials (-1.3%).

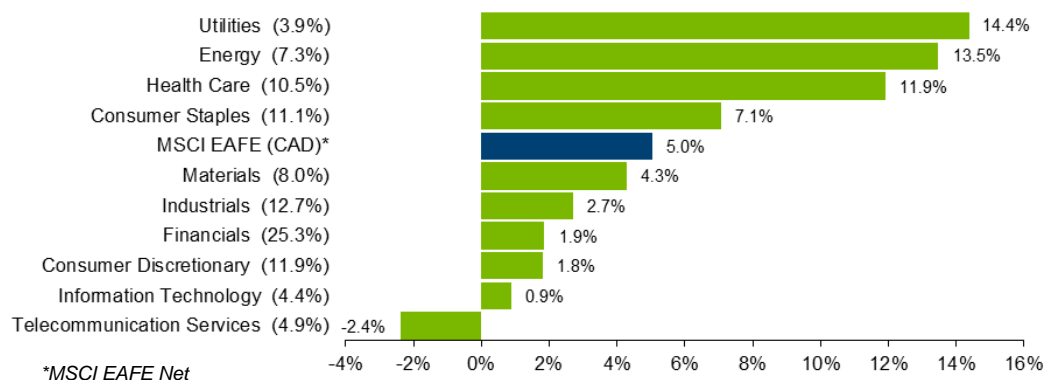
## 3-Month Period Ending 30 June 2014



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- For the last 6-month period, strong returns were earned in Utilities (14.4%), Energy (13.5%) and Health Care (11.9%). The Financial sector, which accounts for a quarter of the index, returned 1.9%. Other underperformers were Telecommunication Services (-2.4%), Information Technology (0.9%) and Consumer Discretionary (1.8%).

## 6-Month Period Ending 30 June 2014



\*MSCI EAFE Net

## Capital Markets Environment

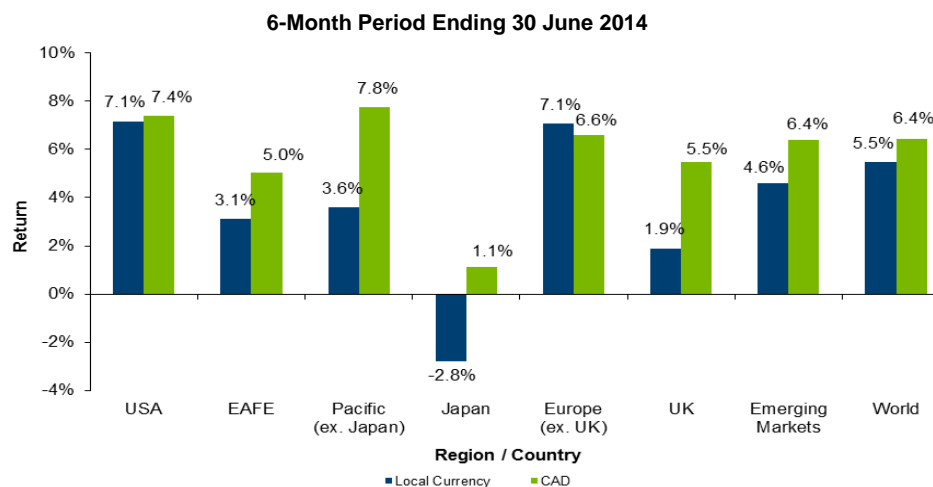
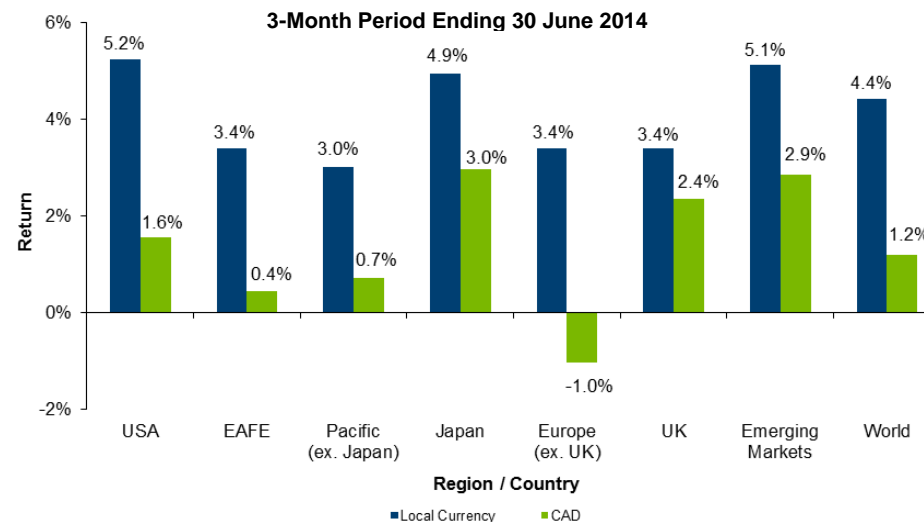
## Capital Markets Environment

As of 30 June 2014

- In the past quarter, the Canadian dollar strengthened against most currencies resulting in lower returns for domestic investors when converted to Canadian dollars. The currency impact was as follows:

- the United States (-3.6%), EAFE (-3.0%), Pacific (ex Japan) (-2.3%), Japan (-1.9%), Europe (ex UK) (-4.4%), U.K (1.0%), Emerging Markets (-2.2%) and the World Index (-3.2%).

## Foreign Stock Markets Performance Review\*



\*Benchmark indexes are, from left to right, S&P 500, MSCI EAFE Net, MSCI Pacific Free (ex. Japan), MSCI Japan, MSCI Europe (ex. UK), MSCI UK, MSCI EM Net and MSCI World Net.

- For the past twelve months the currency impact was positive except for Europe (ex. UK) where Canadian investors saw their returns reduced by 0.5% when converted in Canadian dollars. The currency impact on other markets was as follows:

- the United States (0.3%), EAFE (2.9%), Pacific (ex Japan) (4.2%), Japan (3.9%), U.K (3.6%), Emerging Markets (1.8%) and the World Index (0.9%).



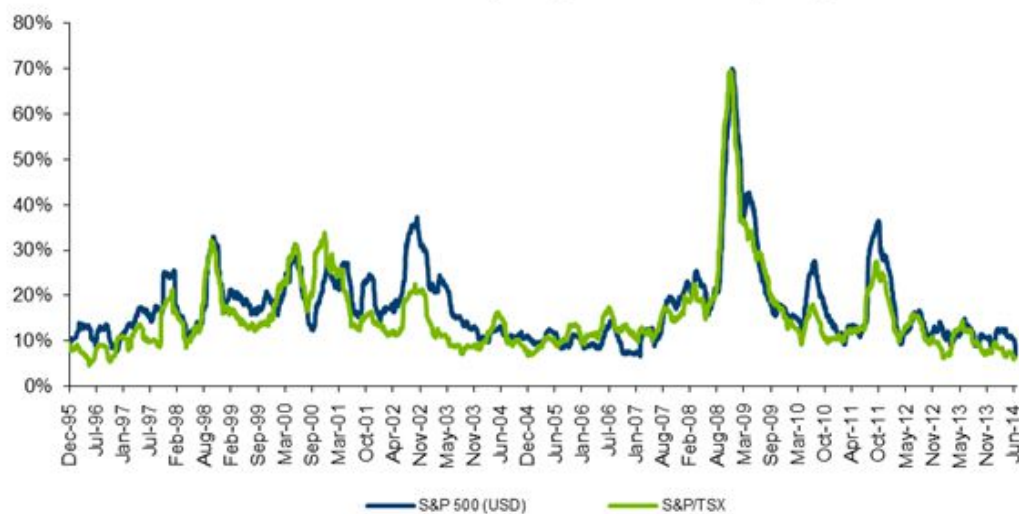
## Capital Markets Environment

## Capital Markets Environment

As of 30 June 2014

- During the last quarter, volatility decreased both in the U.S. and Canadian stock markets. As shown in the graph to the right, volatility of the U.S. and Canadian equity indices has been very similar, though the U.S. market experienced slightly higher volatility during several periods in 2010 and 2011.
- Market volatility is an indication of uncertainty in financial markets. During the past 2 years, markets have been relatively calm despite continuing economic and political concerns throughout the U.S., Europe and China.

**Annualized Standard Deviation - 60-Day Rolling Periods  
S&P/TSX (CAD) and S&P 500 (USD)**



## **Appendix D - Description of Market Indices and Statistics**

## Description of Market Indices and Statistics

### Index Definitions

#### **S&P/TSX Composite**

S&P/TSX Composite Index comprises approximately 71 percent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

#### **S&P 500**

Standard and Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars, and therefore reflect currency gains or losses.

#### **FTSE TMX Universe Bond (formerly DEX Universe Bond)**

The FTSE TMX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains approximately one thousand marketable Canadian bonds with an average term of 9.8 years and an average duration of 6.8 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

#### **FTSE TMX 91-Day T-Bill (formerly DEX 91-Day T-Bill)**

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The 91-Day Treasury Bill Index is calculated and marked to market daily.

## Description of Market Indices and Statistics

### Statistic Definitions

As of 30 June 2014

#### Active Return

Arithmetic difference between the portfolio return and the benchmark return over a specified time period.

#### Active Weight

The difference between the portfolio weight and the benchmark weight, where the weight is based on the beginning of period weights for the sector/region/asset class for a certain periodicity (monthly or quarterly, depending upon the reporting frequency), adjusted by the relative return for the sector/region/asset class.

#### Annualized Value Added

A portfolio's excess return over a benchmark, annualized as it is recorded.

#### Asset Allocation

The value added or subtracted by under or over weighting sectors/regions/asset classes versus the benchmark weights. Asset allocation measures the impact on performance attributed only to the sector/region/asset class weighting decisions by the manager. It assumes that the manager holds the same securities in each sector/region/asset class and in the same proportion as in the benchmark. Any differences in return can be attributed to differences in sector weights between the manager's fund and the benchmark.

#### Batting Average

The frequency, expressed in percentage terms, of the portfolio's return equaling or exceeding the benchmark's return.

#### Beta

A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

#### Correlation

Also called coefficient of correlation, it is a measure of the co-movements of two sets of returns. Indicates the degree in which two sets of returns move in tandem.

#### Cumulative Added Value

The geometrically linked excess return of a portfolio over a benchmark.

#### Down Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of negative benchmark return. Lower values indicate better portfolio performance.

#### Downside Risk

A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the portfolio.

## Description of Market Indices and Statistics

### Statistic Definitions

As of 30 June 2014

#### Duration

A measure of a bond portfolio's sensitivity to movements in interest rates.

#### EPS

Earnings Per Share

#### Excess Return

Arithmetic difference between the managers return and the risk-free return over a specified time period.

#### Excess Risk

A measure of the standard deviation of a portfolio's performance relative to the risk free return.

#### Information Ratio

Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

#### Return

Compounded rate of return for the period.

#### R-Squared

The percentage of a portfolio's performance explained by the behaviour of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.

#### Security Selection

The value added or subtracted by holding securities at weights which differ from those in the benchmark, including securities not in the benchmark or a zero weight. The security selection return assumes the manager weights for each sector/region/asset class in the portfolio are in the same proportion as in the overall benchmark, and excess returns are due to security selection. That is, differences in returns between the manager's fund and the benchmark are attributed to the securities the manager has chosen.

#### Sharpe Ratio

Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

#### Simple Alpha

The difference between the portfolio's return and the benchmark's return.

Description of Market Indices and Statistics

**Statistic Definitions**

**As of 30 June 2014**

**Standard Deviation**

A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

**Tracking Error**

A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate benchmark.

**Treynor Ratio**

Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

**Up Market Capture**

The portfolio's average return as a percentage of the benchmark return, during periods of positive benchmark return. Higher values indicate better portfolio performance.

## Appendix E - Fee Analysis

## Fee Analysis

## Manager Fees

Account	Fee Schedule	Market Value	Percentage of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
<b>Total</b>		<b>\$82,694,256</b>	<b>100.0%</b>	<b>\$109,182</b>	<b>0.132%</b>
<b>FGP - Equities</b>	0.450% of the first \$50 Million 0.300% of the next \$25 Million 0.200% of the balance	\$16,958,638	20.5%	\$76,314	0.450%
<b>FGP - Fixed Income &amp; Short-Term</b>	0.050% of the balance	\$65,735,618	79.5%	\$32,868	0.050%



## Appendix F - Compliance

## Compliance

## E&amp;O Insurance Fund, Compensation Fund and General Fund

Category	Guidelines							
		Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14
General	Confirm whether the following transactions have occurred in the portfolio:							
	Use of non-taxable accounts.	✓	✓	✓	✓	✓	✓	✓
	Use of derivatives.	✓	✓	✓	✓	✓	✓	✓
	Short selling investments.	✓	✓	✓	✓	✓	✓	✓
	Use of margin.	✓	✓	✓	✓	✓	✓	✓
	Direct investment in real estate.	✓	✓	✓	✓	✓	✓	✓
Money Market Investments	Investments have a minimum rating of R1 or equivalent, by DBRS, Moody's or Standard and Poor.	✓	✓	✓	✓	✓	✓	✓
	Investments have a maximum maturity of 1 year (364 days).	✓	✓	✓	✓	✓	✓	✓
	Money Market/Short Term Investments are only in these type of investments: • Federal Government T-Bills (including Federal and Provincial agencies) • Bankers Acceptance • Commercial Paper	✓	✓	✓	✓	✓	✓	✓
	No more than 8% of the total portfolio has been invested with any single issuer other than Government of Canada securities.	✓	✓	✓	✓	✓	✓	✓
Fixed Income Investments	Investments have a minimum rating of BBB for bonds and debentures or P2 for preferred stocks or equivalent by DBRS, Moody's or Standard and Poores.	✓	✓	✓	✓	✓	✓	✓
	Investments are in Canadian Currency.	✓	✓	✓	✓	✓	✓	✓
	No more than 10% of the market value of the fixed income portfolio has been invested with any one security or issuer other than holdings with Federal and Provincial Governments and their guarantees.	✓	✓	✓	✓	✓	✓	✓
	Portfolio's weighted average duration is between 1 to 5 years and in-line with DEX Short Term Bond Index.	✓	✓	✓	✓	✓	✓	✓
	Fixed Income Investments are only in these type of investments: • Bonds, Debentures, Notes, Non-Convertible Preferred Stocks, Term Deposits and GICs • Bonds of Foreign Issuers denominated in Canadian Dollars • NHA-insured Mortgage-Backed Securities or Collateralized Mortgage-Backed Securities • Marketable Private Placement of Bonds	✓	✓	✓	✓	✓	✓	✓
	Confirm whether the fixed income portion of the portfolio's asset mix has been within the ranges defined below for the previous month:							
	Government of Canada Debt Obligations: Max 100%	✓	✓	✓	✓	✓	✓	✓
	Provincial Government Debt Obligations: Max 60%	✓	✓	✓	✓	✓	✓	✓
	Municipal Government Debt Obligations: Max 10%	✓	✓	✓	✓	✓	✓	✓
	Corporate Debt Obligations: Max 50%	✓	✓	✓	✓	✓	✓	✓
	Foreign Issuer or Canadian Issuer in foreign currency: Max 10%	✓	✓	✓	✓	✓	✓	✓
Equity Securities	Stocks are listed on one of the major stock exchanges.							
	No more than 10% of market value of the total portfolio is invested with a single issuer.	✓	✓	✓	✓	✓	✓	✓
Asset Mix (based on market value)	Confirm whether the portfolio asset mix has been within the ranges defined below for the previous month:							
	Money Market: Min 0%, Max 15%	✓	✓	✓	✓	✓	✓	✓
	Canadian Fixed Income: Min 60%, Max 95%	✓	✓	✓	✓	✓	✓	✓
	Total Fixed Income: Min 75%, Max 95%	✓	✓	✓	✓	✓	✓	✓
	Canadian Equities: Min 5%, Max 25%	✓	✓	✓	✓	✓	✓	✓

## Appendix G - Disclosure

Disclosure

Statement of Disclosure

As of 30 June 2014

Aon Hewitt Inc. reconciles the rates of return with each investment manager quarterly. Aon Hewitt Inc. calculates returns from the custodian/trustee statements while the managers use different data sources. Occasionally discrepancies occur because of differences in computational procedures, security prices, "trade date" versus "settlement date" accounting, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. However, if a material discrepancy arises or persists, we will bring the matter to your attention after discussion with your money manager.

*This report may contain slight discrepancies due to rounding in some of the calculations.*

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**TAB 8.5**

**FOR INFORMATION**

**INVESTMENT COMPLIANCE REPORTS**

69. **Convocation is requested to receive the Compliance Statements for the General Fund, Compensation Fund, and Errors & Omissions Insurance Fund investment portfolios as at June 30, 2014 for information.**

**STATEMENT OF INVESTMENT COMPLIANCE**  
**SHORT TERM**  
**As at June 30, 2014**

Investment Parameters	Guidelines for Both	COMPENSATION FUND	GENERAL FUND
		Compliance	Compliance
1. <u>Asset Mix</u>			
Federal & provincial treasury bills	Allowed	Yes	Yes
Bankers acceptances	Allowed	Yes	Yes
Commercial paper	Allowed	Yes	Yes
Investment manager Money Market Fund	Allowed	Yes	Yes
Premium Savings Account	Allowed	Yes	Yes
FGP S/T Invest Fund	Allowed	Yes	Yes
2. <u>Quality Requirements</u>			
Commercial paper rating	Min. R1	N/A	N/A
Liquidity	Max. term to maturity of 365 days	Yes	Yes
3. <u>Quantity Restrictions</u>			
Commercial paper of a single corporate issuer	Max. 8% of Fund	Yes	Yes
4. <u>Other Restrictions</u>			
Equity securities	None	Yes	Yes
Direct investments in:			
resource properties	None	Yes	Yes
mortgages and mortgage-backed securities	None	Yes	Yes
real estate	None	Yes	Yes
venture capital financings	None	Yes	Yes
Derivatives	None	Yes	Yes

  
 Fred Grady  
 Manager of Finance

**STATEMENT OF INVESTMENT COMPLIANCE**  
**LONG TERM**  
**As at June 30, 2014**

		COMPENSATION FUND	GENERAL FUND	E & O FUND
Investment Parameters	Guidelines	Compliance	Compliance	Compliance
1. <u>Asset Mix</u>				
Cash and Short-Term	0 - 15%	Yes	Yes	Yes
Equity investments	5 - 25%	Yes	Yes	Yes
Bonds	60 - 95%	Yes	Yes	Yes
2. <u>Quality Requirements</u>				
Bonds	Min. BBB	Yes	Yes	Yes
3. <u>Quantity Restrictions</u>				
Equities:				
single holding	Max. 10%	Yes	Yes	Yes
weight in portfolio > weight in S&P/TSX Composite Index	Varies	Yes	Yes	Yes
derivatives etc.	None	Yes	Yes	Yes
Non-Canadian	None	Yes	Yes	Yes
Bonds:				
single security or issuer (non-government)	Max. 10%	Yes	Yes	Yes
corporate issues	Max 50%	Yes	Yes	Yes
provincial govt. issues	Max 60%	Yes	Yes	Yes
municipal issues	Max 10%	Yes	Yes	Yes
foreign issues	Max 10%	Yes	Yes	Yes
BBB issues	Max. 10%	Yes	Yes	Yes



Fred Grady  
 Manager of Finance



FOYSTON, GORDON & PAYNE INC.

INVESTMENT COUNSEL

July 2014

Ms. Wendy Tysall  
Chief Financial Officer  
Osgoode Hall  
Finance Dept., 1<sup>st</sup> Floor  
130 Queen Street West  
Toronto, Ontario  
M5H 2N6

Dear Wendy:

**Re: Manager Compliance Reporting**

For the Law Society of Upper Canada Errors and Omissions Insurance Fund, we wish to confirm that the portfolio being managed by Foyston, Gordon & Payne Inc. was in compliance with the Fund's Investment Policy Statement in effect (latest revision May 2014), for the quarter ending June 30, 2014.

Yours truly,

Stephen P. Copeland  
Senior Vice President Investments  
& Private Client Services



# The Law Society of Upper Canada General Fund

Manager: Foyston, Gordon & Payne Inc.

## Compliance Report (Period ending June 30, 2014)

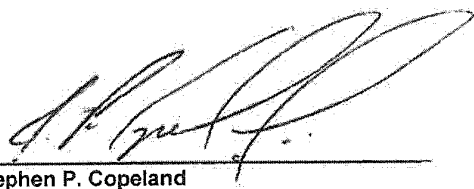
1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
<b>Total Fixed Income</b>	<b>75%</b>	<b>85%</b>	<b>95%</b>	<b>Y</b>
<b>Canadian Equity</b>	<b>5%</b>	<b>15%</b>	<b>25%</b>	<b>Y</b>
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Max. 10% BBB rated bonds.				Y
Max. 100% in Government of Canada or Government of Canada guaranteed bonds.				Y
Max. 60% in Provincial government and Provincial government guaranteed bonds.				Y
Max. 10% in Municipal bonds.				Y
Max. 50% in Corporate issues.				Y
Max. 10% in non-Government issuers.				Y
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer in a foreign currency.				Y
Bond portfolio duration 1 to 5 years.				Y

Note: In mid June 2014 Law Society General Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy dated May 2014.

\*If policy not complied with, comment on specifics.

July 15, 2014  
Date:

  
Stephen P. Copeland  
Senior Vice President Investments  
& Private Client Services

**The Law Society of Upper Canada**  
**Compensation Fund**  
**Manager: Foyston, Gordon & Payne Inc.**  
**Compliance Report**  
**(Period ending June 30, 2014)**

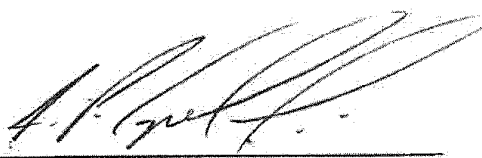
<b>1. Asset Mix:</b>	<b>Min.</b>	<b>Mid-Point</b>	<b>Max.</b>	<b>Compliance* (Y/N)</b>
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
<b>Total Fixed Income</b>	<b>75%</b>	<b>85%</b>	<b>95%</b>	<b>Y</b>
<b>Canadian Equity</b>	<b>5%</b>	<b>15%</b>	<b>25%</b>	<b>Y</b>
<b>Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.</b>				<b>Y</b>
Max. 10% in BBB rated bonds.				<b>Y</b>
Max. 100% in Government of Canada or Government of Canada guaranteed bonds.				<b>Y</b>
Max. 60% in Provincial government and Provincial government guaranteed bonds.				<b>Y</b>
Max. 10% in Municipal bonds.				<b>Y</b>
Max. 50% in Corporate issues.				<b>Y</b>
Max. 10% in non-Government issuers.				<b>Y</b>
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer in a foreign currency.				<b>Y</b>
Bond portfolio duration 1 to 5 years.				<b>Y</b>

Note: In mid June 2014 Law Society Compensation Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy dated May 2014.

\*If policy not complied with, comment on specifics.

July 15, 2014  
Date:

  
\_\_\_\_\_  
**Stephen P. Copeland**  
**Senior Vice President Investments**  
**& Private Client Services**

**TAB 8.6**

**FOR INFORMATION**

**OTHER COMMITTEE WORK**

70. The Committee reviewed the draft 2015 Law Society budget and medium term financial plan.
71. The Committee received a letter from Kathleen Waters, President & CEO of the Lawyers' Professional Indemnity Company, summarizing the implications of the 2015 insurance program on the Errors & Omissions Insurance Fund.
72. The Committee received the compiled auditor evaluation results for information and noted the tender process for audit services for the 2015 financial year was in process.
73. The Committee received summaries of the Treasurer's honorarium, Treasurer's expenses, Benchers' remuneration and Benchers' expense reimbursement as required by the related policies.



**TAB 9**

**Report to Convocation  
September 24, 2014**

---

**Paralegal Standing Committee**

**Committee Members**

**Cathy Corsetti, Chair  
Susan McGrath, Vice-Chair  
Marion Boyd  
Robert Burd  
Adriana Doyle  
Ross Earnshaw  
Robert Evans  
Michelle Haigh  
Brian Lawrie  
Marian Lippa  
Dow Marmur  
Malcolm M. Mercer  
Baljit Sikand**

**Purpose of Report: Information**

**Prepared by the Policy Secretariat  
Julia Bass 416 947 5228**

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Information

2014 Paralegal Annual Report ..... [TAB 9.1](#)

## **COMMITTEE PROCESS**

1. The Committee met on September 10, 2014. Committee members in attendance were: Cathy Corsetti, Chair, Susan McGrath, Vice-Chair, Marion Boyd, Robert Burd, Adriana Doyle, Ross Earnshaw, Robert Evans, Michelle Haigh, Brian Lawrie, Marian Lippa, Dow Marmur and Malcolm M. Mercer.

## **FOR INFORMATION**

### **2014 PARALEGAL ANNUAL REPORT**

#### **SUMMARY**

2. The amended 2014 Paralegal Annual Report is shown at [TAB 9.1.1](#), for Convocation's information.
3. Subsections 5 (1) (a) and 5 (1) (b) of By-Law 8 require that every licensee file a report with the Law Society by March 31 of each year, in respect of the licensee's professional business during the preceding year; and the licensee's other activities during the preceding year related to the licensee's practice of law or the provision of legal services. The report is to be in a form or format specified by the Law Society.

#### **Key Issues and Considerations**

4. The only substantive revisions to the 2014 Paralegal Annual Report are as follows:
  - a. The Privacy Option question, which sought licensees' consent to disclose their names, business addresses, and emails to professional legal associations, organizations, and institutions, formerly found within *Section A – Identification*, has been removed.
  - b. The self-identification questions in Question 3 have been modified to reflect the decision of the Equity and Aboriginal Issues Committee, presented to Convocation for information in February 2013, with further minor changes made in May 2014. The revised version is shown at [TAB 9.1.2](#), but will appear following *Section A* in the electronic form.
  - c. There is a new mandatory question about membership in any other regulated body.
5. With regard to paragraph 4.c, obtaining information about membership in other regulated bodies will assist the Law Society in sharing with or obtaining information from other regulators in the course of an investigation, subject to confidentiality considerations.
6. Sharing of information between law societies is one of the National Discipline Standards adopted by Convocation in February 2014<sup>1</sup>; a number of other law societies currently ask for this information

---

2. <sup>1</sup> Information sharing is included as a benchmark in the Federation of Law Societies' National Discipline Standards, which were approved by Convocation in February 2014 as aspirational principles. The relevant standards for all Canadian law societies are as follows:

"16. *There is an ability to share information about a lawyer who is a member of another law society with that other law society when an investigation is underway in a manner that protects solicitor-client privilege, or there is an*

**TAB 9.1**

7. The Law Society currently asks for this information of candidates for licensing and on Administrative Compliance applications, but not on the annual reports.
8. The wording of the additional question is as follows:

***Are you now a member of another professional/regulatory/governing body in any jurisdiction?***

***If the answer is yes, please identify the professional/regulatory/governing body.***

---

*obligation on the lawyer to disclose to all law societies of which he/she is a member that there is an investigation underway."*





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## 2014 Paralegal Annual Report

### **YOUR 2014 PARALEGAL ANNUAL REPORT IS DUE MARCH 31, 2015.**

This report is based on the calendar year ending December 31, 2014, and is due by March 31, 2015. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

**GUIDE:** For definitions or assistance in completing this report, click the "Guide" button in the "Additional Information Menu" at the top of this page. For quick reference, you can also access relevant parts of the Guide within each section of the report.

**FINANCIAL FILING DECLARATION (FFD):** Only the Designated Financial Filing Partner for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is available for filing at the end of Section F or by clicking on the "FFD" button in the "Attachments Menu". The FFD will not submit automatically with your report; you must ensure that you submit your FFD once you have completed it.

You do not have to submit the FFD at the same time as your Paralegal Annual Report.

**FORM 1: REPORT TO THE LAW FOUNDATION OF ONTARIO:** To complete and submit this form online, click on the "Form 1 - Report to the Law Foundation" button in the "Attachments Menu". Questions about completing this form and questions concerning interest on mixed trust accounts should be directed to The Law Foundation at (416) 598-1550 or by email at [form1@lawfoundation.on.ca](mailto:form1@lawfoundation.on.ca).

You must file a Form 1 if client trust monies were held in a mixed trust account during the reporting year and you are responsible for the account or you are the Designated Financial Filing Partner.

**If you are not able to submit the Form 1 online,** click [here](#) for a printable copy. Once completed it should be sent directly to The Law Foundation at the address found on the form.

You do not have to submit the Form 1 at the same time as your Paralegal Annual Report.

The Form 1 is due by **March 31, 2015**.

**BY-LAWS:** To reference the applicable by-law, click on the "By-Laws" button in the "Additional Information Menu" at the top of this page.

**BLANK DRAFT FORM:** To download a draft reference copy, click on the "Blank Draft Form" button found at the top of this page.

**The draft reference copy cannot be submitted.**

**NOTE:** Your session will time out automatically after 45 minutes of inactivity. You must save your changes frequently to avoid losing information you have entered in your report. Use the "Save" button found in the "Navigation Menu" or at the bottom of each section.



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To log out of the LSUC Portal, click on "Log Out" at the top of this page. Please ensure you have saved your changes first; or, if you wish to move to a different area in the LSUC Portal, save your changes and then click on the relevant tab found at the top of this page.

If you require filing assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at [bylawadmin@lsuc.on.ca](mailto:bylawadmin@lsuc.on.ca).



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## 2014 Paralegal Annual Report

### Section A IDENTIFICATION

Populated from Law Society records as at December 2014.

Questions about this section? Click [here](#).

#### Licensee Information:

Law Society Number:

Year Licensed:

#### Mailing Information\*:

*\*As at December 2014.*

Name:

Address:

City, Province:

Postal Code:

Paralegal Email:

Assistant/Administrator Email: (optional)

---

(If you wish your confirmation email to be sent to you and someone else, enter the email address here.)

Phone:

Status:

**Is the information above current? If not, update our records online by selecting the Change of Information tab after you have logged out and/or completed filing your annual report. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.**

#### 1. Benchers Election Privacy Option (non-mandatory response)

During the benchers election, many candidates want to communicate with voters by email.

**Check the box if you give the Law Society permission to provide your email address for benchers election campaigning purposes:**

☐

#### 2. Provision of Legal Services in French (non-mandatory response)

a) Can you communicate with your clients and provide legal services to them in the French language? Yes ☐ No ☐

b) Can you communicate with your clients, provide legal services to them, and represent them in the French language? Yes ☐ No ☐

#### 3. Other Languages (non-mandatory response)

☐ ASL or LSQ (Sign Language)

☐ Bulgarian

☐ Czech

☐ English

☐ Albanian

☐ Cantonese

☐ Danish

☐ Estonian

☐ Arabic

☐ Croatian

☐ Dutch

☐ Farsi

P12345

Name

3



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## 2014 Paralegal Annual Report

- |                                     |                                     |                                     |
|-------------------------------------|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> Finnish    | <input type="checkbox"/> French     | <input type="checkbox"/> German     |
| <input type="checkbox"/> Greek      | <input type="checkbox"/> Gujarati   | <input type="checkbox"/> Hebrew     |
| <input type="checkbox"/> Hindi      | <input type="checkbox"/> Hungarian  | <input type="checkbox"/> Italian    |
| <input type="checkbox"/> Japanese   | <input type="checkbox"/> Korean     | <input type="checkbox"/> Latvian    |
| <input type="checkbox"/> Lithuanian | <input type="checkbox"/> Macedonian | <input type="checkbox"/> Mandarin   |
| <input type="checkbox"/> Norwegian  | <input type="checkbox"/> Polish     | <input type="checkbox"/> Portuguese |
| <input type="checkbox"/> Punjabi    | <input type="checkbox"/> Romanian   | <input type="checkbox"/> Russian    |
| <input type="checkbox"/> Serbian    | <input type="checkbox"/> Slovak     | <input type="checkbox"/> Slovene    |
| <input type="checkbox"/> Spanish    | <input type="checkbox"/> Swedish    | <input type="checkbox"/> Ukrainian  |
| <input type="checkbox"/> Urdu       | <input type="checkbox"/> Yiddish    |                                     |

☐ Other - Please specify: \_\_\_\_\_



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## 2014 Paralegal Annual Report

### Section B YEAR END STATUS (To be completed by all licensees.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Choose only one status (your status on December 31, 2014) regardless of changes during the 2014 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your current status, please use the Change of Information tab in the LSUC Portal.

December 31, 2014 Status (Select only ONE)		Mandatory Sections	Complete if Applicable
A sole practitioner, providing legal services alone (with no other paralegals)	<input type="checkbox"/>	CDEFG	
A sole practitioner, providing legal services with one or more paralegals as employees	<input type="checkbox"/>	CDEFG	
A sole practitioner, providing legal services with one or more paralegals and/or lawyers in shared facilities	<input type="checkbox"/>	CDEFG	
A partner with one or more paralegals only, in a paralegal firm providing legal services	<input type="checkbox"/>	CDEFG	
A partner with one or more lawyers providing legal services for a paralegal firm or law firm	<input type="checkbox"/>	CDEFG	
An employee/associate in a paralegal firm	<input type="checkbox"/>	CDEFG	
In House Paralegal, providing legal services exclusively for your employer	<input type="checkbox"/>	CDEFG	
An employee in a law firm	<input type="checkbox"/>	CDEFG	
Employed by Legal Aid Ontario or a community legal clinic	<input type="checkbox"/>	DEG	CF
Employed in government in Ontario	<input type="checkbox"/>	DEG	CF
Employed in education in Ontario	<input type="checkbox"/>	DEG	CF
Employed other in Ontario (not providing legal services)	<input type="checkbox"/>	DEG	CF
A paralegal providing legal services outside of Ontario	<input type="checkbox"/>	DEG	CF
Employed other outside of Ontario (not providing legal services)	<input type="checkbox"/>	DEG	CF
Not working or on parental leave or unemployed	<input type="checkbox"/>	DEG	CF
Suspended	<input type="checkbox"/>	DEG	CF
In a situation not covered above (specify your status in the area below)	<input type="checkbox"/>	DEG	CF



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## 2014 Paralegal Annual Report

### Section C AREAS OF LEGAL SERVICES (To be completed by all paralegals providing legal services in Ontario.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Where exact information is not available to respond to the questions under this heading, provide your best approximation.
2. \* Refer to the Guide for definitions.

#### 1. Indicate the approximate percentage of time you devoted in 2014 to the areas of legal services listed below:

Ontario Court of Justice <i>Provincial Offences Act</i> matters	_____ %
Ontario Court of Justice - Summary Conviction offences	_____ %
Worker's Compensation	_____ %
Small Claims Court matters	_____ %
Property Tax Assessment	_____ %
Statutory Accident Benefits Schedule matters (SABS)	_____ %
Human Rights	_____ %
Landlord and Tenant	_____ %
Other Tribunals - Please specify in the area below	_____ %
<b>Total:</b>	_____ %

Question 1 must total 100%.

#### 2. In what primary area do you provide legal services? Choose only one.

Ontario Court of Justice <i>Provincial Offences Act</i> matters	_____
Ontario Court of Justice - Summary Conviction offences	_____
Worker's Compensation	_____
Small Claims Court matters	_____
Property Tax Assessment	_____
Statutory Accident Benefits Schedule matters (SABS)	_____
Human Rights	_____



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Landlord and Tenant \_\_\_\_\_

Other Tribunals - Please specify in the area below \_\_\_\_\_

### 3. Lawyer Supervision

a) Do you work under the supervision\* of a lawyer?

Yes ☐

No ☐

**If "Yes" to a):**

b) Indicate the percentage of time you spend in the following areas:

Advocacy\* \_\_\_\_\_

Non-advocacy\* \_\_\_\_\_

**Total:** \_\_\_\_\_

Question 3b) must total 100%.



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## 2014 Paralegal Annual Report

### Section D SELF-STUDY (To be completed by all licensees regardless of status.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. Refer to the "Additional Information Menu" above and click on "Guide" for more information about self-study.
2. The annual minimum expectation is 50 hours of self-study.
3. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
4. CPD hours must be reported in the CPD section of the LSUC Portal by December 31<sup>st</sup> of each calendar year.

#### 1. Self-Study

a) Did you undertake any self-study during 2014?

Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

b) Approximate total number of self-study hours spent on **file specific** reading or research: \_\_\_\_\_

c) Approximate total number of self-study hours spent on **general** reading or research: \_\_\_\_\_

d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material

☐ Internet

☐ Other

If required, use the area below to provide further information about your Self-Study (Section D).





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### Section E INDIVIDUAL PARALEGAL QUESTIONS (To be completed by all licensees regardless of status.)

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to the Paralegal Bookkeeping Guide available at [www.lsuc.on.ca](http://www.lsuc.on.ca).
2. \* Refer to the Guide for definitions.

#### 1. Cash Transactions - All paralegals must report on large cash transactions regardless of jurisdiction where legal services were provided.

- a) Did you receive cash\* in an aggregate amount equivalent to \$7,500 CDN or more in respect of any one client file in 2014?

Yes ☐ No ☐

If "Yes" to a):

- b) Was the cash solely for legal services fees and/or client disbursements\*?

Yes ☐ No ☐

If "No" to b), provide full particulars below with respect to compliance with Part III of By-Law 9, (Cash Transactions).

#### 2. Trust Funds/Property - 2a), 2b), and 2c) must be answered.

- a) In 2014, did you receive\* trust funds\* and/or trust property\* on behalf of your firm in connection with the provision of legal services in Ontario?

Yes ☐ No ☐

- b) In 2014, did you disburse\* (payout), or did you have signing authority to disburse, trust funds\* or trust property\* on behalf of your firm in connection with the provision of legal services in Ontario?

Yes ☐ No ☐

- c) In 2014, did you hold\* trust funds\* or trust property\* on behalf of your firm in connection with the provision of legal services in Ontario?

Yes ☐ No ☐

#### 3. Borrowing from Clients - 3a) must be answered and 3b), if applicable.

**Note:** If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer "No" to a).

See Rules 3.06 (6)(a) and (b) [formerly Rules 3.06(5)(a) and (b)] of the *Paralegal Rules of Conduct*.

- a) At any time in 2014, were you personally indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm for which you were then providing legal services?

Yes ☐ No ☐



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### If "Yes" to a):

- b) Was the client or person a related\* person as defined in the *Income Tax Act* (Canada), R.S.C., 1985, c.1?

Yes ☐ No ☐ N/A ☐

If "Yes" to a) or b), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

### 4. Client Identification - All paralegals must answer questions 4a) and 4b).

- a) i) In 2014, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

#### If "No" to i), answer ii).

- ii) In 2014, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

#### If "No" to ii), provide an explanation below.

- b) i) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, did you obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

#### If "No" to i), answer ii).

- ii) In 2014, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

#### If "No" to ii), provide an explanation below.



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### 5. Pro Bono Legal Services

**(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)**

a) Did you provide pro bono legal services in Ontario in 2014? Yes ☐ No ☐

**If "Yes" to a), complete b).**

b) How many hours did you devote to pro bono legal services in Ontario in 2014? \_\_\_\_\_

### 6. Membership in other Regulatory Bodies

a) Are you now a member of another professional/regulatory/governing body in any jurisdiction? Yes ☐ No ☐

**If "Yes" to a), please identify the professional/regulatory/governing body.** \_\_\_\_\_

**If required, use the area below to provide further information about your Individual Paralegal Questions (Section E).**



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### Section F FINANCIAL REPORTING

#### To be completed by:

- All sole practitioners, partners/employees/associates of paralegal firms or law firms; and
- All other paralegals who held or continued to hold client monies or property from a former legal services business in Ontario as at December 31, 2014.

Questions about this section? Click [here](#).

#### NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to the Paralegal Bookkeeping Guide available at [www.lsuc.on.ca](http://www.lsuc.on.ca).
2. \* Refer to the Guide for definitions.

#### 1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

- a) As at December 31, 2014, did either you or your firm operate a trust\* account in Ontario? Yes ☐ No ☐
- b) As at December 31, 2014, did either you or your firm operate a general\* (non-trust) account in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2.

If "No" to a) and "Yes" to b), proceed to question 4, and then proceed to Section G.

If "No" to both a) and b), proceed to Section G.

2. As at December 31, 2014, were you a sole practitioner, or were you the paralegal responsible for filing the trust account information on behalf of your paralegal firm in Ontario? Yes ☐ No ☐

If "Yes" to 2, proceed to questions 4 through 11.

**NOTE about Financial Filing Declaration (FFD):** If you are reporting financial information on behalf of other licensees in your firm, you must also submit a Financial Filing Declaration.

Your report is not considered complete without the submission of the Financial Filing Declaration.

**NOTE about Form 1: Report to The Law Foundation:** If you answered "Yes" to question 2, you must complete and submit the Form 1.

If "No" to 2, complete the "Designated Financial Filing Option" (question 3) below.



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### 3. Designated Financial Filing Option

This option is available to you if you are not responsible for filing trust account information.

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section G.

#### ENTER DESIGNATED FINANCIAL FILING PARTNER'S NAME & LAW SOCIETY NUMBER

a) **FINANCIAL FILING PARTNER'S NAME:** \_\_\_\_\_

b) **Law Society Number:** \_\_\_\_\_  
(e.g. P12345 or 12345A)

The filing partner you have named is responsible for filing the Financial Filing Declaration to report the firm's financial information on your behalf. Your report will not be considered complete without the submission of the **Financial Filing Declaration by the person you have named.**

### 4. Firm Records

Were financial records for all your firm's trust\* accounts (mixed\*, separate\*, and other interest generating investments\*) and/or general\* (non-trust) bank accounts maintained throughout 2014, on a current basis, in accordance with all applicable sections in By-Law 9? Yes ☐ No ☐

If "No" to 4, indicate below which areas were deficient and provide an explanation for each.

**COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE.  
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT.**

By-Law 9: Financial Transactions and Records	By-Law 9 Sections 18 & 19 (Maintain)	By-Law 9 Section 22 (Current)	Explanation for Deficiency
1. <b>Trust Receipts Journal</b> <i>Subsection 18(1)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
2. <b>Trust Disbursements Journal</b> <i>Subsection 18(2)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
3. <b>Clients' Trust Ledger</b> <i>Subsection 18(3)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
4. <b>Trust Transfer Journal</b> <i>Subsection 18(4)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
5. <b>General Receipts Journal</b> <i>Subsection 18(5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	



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<b>6. General Disbursements Journal</b> <i>Subsection 18(6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>7. Fees Book or Chronological Billing File</b> <i>Subsection 18(7)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>8. Trust Bank Comparison**</b> <i>Subsection 18(8)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>9. Valuable Property Record</b> <i>Subsection 18(9)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>10. Source documents including deposit slips, bank statements and cashed cheques</b> <i>Subsection 18(10)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>11. Electronic Trust Transfer Requisitions and Confirmations</b> <i>Subsection 18(11) and Section 12 (Form 9A)</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>12. Duplicate Cash Receipts Book for all cash received</b> <i>Section 19</i>	<input type="checkbox"/>	<input type="checkbox"/>	
** Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.			



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### 5. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2014.

Name and address of financial institution(s) where trust account(s) is (are) held and account number(s):

**FINANCIAL INSTITUTION NAME:**      **ADDRESS:**      **TRANSIT/ACCOUNT NUMBER:**

Reconciliation To refer to a sample reconciliation in the "Guide" <a href="#">click here.</a>	December 31, 2014 Balances
a) The total dollar value of mixed* trust bank accounts	\$
b) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	+ \$
c) <b>TOTAL</b> of a) and b)	=
d) Total outstanding deposits (if any)	+
e) Total bank/posting errors (if any)	+/-
f) Total outstanding cheques (if any)	-
g) <b>Reconciled Bank Balance</b>	=
h) <b>Total Client Trust Liabilities</b> (Client Trust Listing)	-
i) <b>Difference between Reconciled Bank Balance and Total Client Trust Liabilities</b>	=

If there is a difference between the Reconciled Bank Balance (g) and the Total Client Trust Liabilities (h), provide a written explanation below.



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### 6. Answer all questions as at December 31, 2014.

- a) What is the total number of mixed\* trust bank accounts referred to in 5a)? \_\_\_\_\_
- b) What is the total number of separate\* interest bearing trust accounts or income generating trust accounts/investments\* referred to in 5b)? \_\_\_\_\_

### 7. Overdrawn Accounts

- a) During 2014, did your records at any month end disclose overdrawn clients' trust ledger account(s)? Yes ☐ No ☐

**If "Yes" to a):**

- b) Were the account(s) corrected by December 31, 2014? Yes ☐ No ☐

**If "No" to b):**

- c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2014 was: \$ \_\_\_\_\_
- d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2014 was: \_\_\_\_\_

### 8. Outstanding Deposits

- a) During 2014, did your records at any month end disclose outstanding trust account deposits, not deposited the following business day? Yes ☐ No ☐

**If "Yes" to a):**

- b) Were the account(s) corrected by December 31, 2014? Yes ☐ No ☐

**If "No" to b):**

- c) The total dollar value of outstanding trust account deposits as at December 31, 2014 was: \$ \_\_\_\_\_
- d) The total number of outstanding trust account deposits as at December 31, 2014 was: \_\_\_\_\_





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### 9. Unchanged Client Trust Ledger Account Balances

- a) Were there client trust ledger account balances that were unchanged\* (i.e. had no activity) for the entire year?

Yes ☐ No ☐

**If "Yes" to a):**

- b) The total dollar value of these account balances as at December 31, 2014 was:

\$ \_\_\_\_\_

- c) The total number of client trust ledger accounts that remained unchanged\* for the entire year as at December 31, 2014 was:

\_\_\_\_\_

### 10. Unclaimed Client Trust Ledger Account Balances

- a) Of the amounts identified in question 9, were any unclaimed\* for two years or more? (Refer to Section 59.6 of the *Law Society Act*)

Yes ☐ No ☐ N/A ☐

**If "Yes" to a):**

- b) The total dollar value of the unclaimed\* client trust ledger account balances was:

\$ \_\_\_\_\_

- c) The total number of unclaimed\* client trust ledger accounts was:

\_\_\_\_\_

### 11. Financial Filing Declaration (FFD)

Will you be filing the above financial information on behalf of any other paralegals and/or lawyers?

Yes ☐ No ☐

Sole practitioners providing legal services alone in Ontario do not need to file the FFD.

**If required, use the area below to provide further information about your Financial Reporting (Section F).**



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### Section G CERTIFICATION AND SUBMISSION (To be completed by all licensees.)

I am the paralegal filing this 2014 Paralegal Annual Report. I have reviewed the matters reported and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

\_\_\_\_\_  
Signature

\_\_\_\_/\_\_\_\_/\_\_\_\_

DD

MM

YYYY



The Law Society of  
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\*12345A

*The Law Society is committed to promoting equality and diversity in the legal profession and to enhancing legal services provided by and for Aboriginal, Francophone and equality-seeking communities. The following questions will help the Law Society to better understand demographic trends, to develop programs and initiatives within the mandate of the Law Society and to promote equality and diversity in the profession.*

*The question is voluntary and the information collected will be kept confidential. The information will only be available in aggregate form and will not be used to identify the demographic identity of individual lawyers and paralegals.*

**1. Are you Francophone?**

- ☐ Yes
- ☐ No
- ☐ I do not wish to answer

**2. Are you an Aboriginal person? (select all that apply)**

- ☐ First Nations, Status Indian, Non-Status Indian
- ☐ Inuk (Inuit)
- ☐ Métis
- ☐ Other – Specify \_\_\_\_\_
- ☐ No, not an Aboriginal person
- ☐ I do not wish to answer

**3. Are you of the following race or ethnic origin? (select all that apply)**

- ☐ Arab
- ☐ Black (e.g. African-Canadian, African, Caribbean)
- ☐ Chinese
- ☐ East-Asian (e.g. Japanese, Korean)
- ☐ Latin American, Hispanic
- ☐ South Asian (e.g. Indo-Canadian, Indian Subcontinent)
- ☐ South-East Asian (e.g. Vietnamese, Cambodian, Thai, Filipino)
- ☐ West Asian (e.g. Iranian, Afghan)
- ☐ White
- ☐ Other – Specify \_\_\_\_\_
- ☐ I do not wish to answer

**4. What is your religion or creed? (select all that apply)**

- ☐ Atheist
- ☐ Buddhist
- ☐ Hindu
- ☐ Jewish
- ☐ Muslim
- ☐ Protestant
- ☐ Roman Catholic
- ☐ Other Catholic, such as Eastern Orthodox and Ukrainian Catholic
- ☐ Sikh
- ☐ Other religion – Specify \_\_\_\_\_
- ☐ No religion
- ☐ I do not wish to answer

**5. Do you have a disability?**

- ☐ Yes
- ☐ No
- ☐ I do not wish to answer

**6. Are you transgender, transsexual, gay, lesbian or bisexual? (Select all that apply)**

- ☐ Transgender
- ☐ Transsexual
- ☐ Gay
- ☐ Lesbian
- ☐ Bisexual

- ☐ Other – Specify \_\_\_\_\_

☐ No

☐ I do not wish to answer

*For further information or inquiries about the Law Society's initiatives to promote equality and diversity in the profession, please contact the Equity Initiatives Department:*

<i>Telephone:</i>	<i>(416) 947-3300 ext. 2153</i>	<i>Toll-free:</i>	<i>1-800-668-7380 ext. 2153</i>
<i>Fax:</i>	<i>(416) 947-3983</i>	<i>E-mail:</i>	<i>equity@lsuc.on.ca</i>



**TAB 10**

## **Report to Convocation September 24, 2014**

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### **Heritage Committee**

#### **Committee Members**

Constance Backhouse (Chair)  
Patrick Furlong  
Virginia MacLean  
Nicholas Pustina  
Jan Richardson

#### **Purposes of Report: Information**

**Prepared by the Policy Secretariat  
(Sophia Sperdakos 416-947-5209)**

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### Information

Heritage Committee Project 2015 – Law Society Portrait Collection **TAB 10.1**

Web-Based Project Final Report **TAB 10.2**

## **COMMITTEE PROCESS**

1. The Committee met on September 10, 2014. Committee members Constance Backhouse (Chair), Pat Furlong, Virginia MacLean, Nicholas Pustina and Jan Richardson participated. Staff members Paul Leatherdale and Sophia Sperdakos also attended.



## INFORMATION

**Heritage Committee Project 2015  
Law Society Portrait Collection**

**SUMMARY**

2. The Law Society's portrait collection is a unique resource that is on display throughout both the private and public portions of Osgoode Hall. Many of the portraits are seen during Law Society tours and during Doors Open. The Committee's 2015 project will focus on conducting research on specified artists and their subjects whose portraits are displayed in public areas.
3. The project contributes to the Heritage Committee mandate of preserving the history of the legal profession and of Osgoode Hall and making history more accessible to the public, including historians. It will enhance the information available on specified artists and subjects.
4. The research will also allow for future integration of the information into mobile applications or other innovative delivery tools.
5. Additional information on the project is set out at [TAB 10.1.1: Research on Portrait Collection](#).

**Rationale**

6. The Law Society currently has an inventory of the portraits that includes the names of the sitters and artists as well as the technique, condition, and dimensions specific to each portrait. The inventory includes only limited biographical and historic information about the works. There is little information on the Law Society's website about the portrait collection or the artists who painted the former Treasurers and members of the various courts.
7. The project will enhance the public's knowledge of Osgoode Hall, the Law Society and lawyers' roles in Ontario society and history. The popularity of Doors Open demonstrates the success of outreach in familiarizing the public with the role of the Law Society.

**Financial and Operational Impact**

8. The project's modest budget is up to \$5,000. The budgeted amount of \$4,320<sup>1</sup> will be used to pay for research assistance on portrait subjects and artists <sup>2</sup> and the balance for any

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<sup>1</sup> 24 weeks at \$18 per hour (the current rate at the University of Toronto for a student) at 10 hours per week for 24 weeks or \$4320.00.

incidental expenses. This amount will be allocated from within the Policy Secretariat budget for “other program expenditures,” which is approved as part of that department’s budget. The project will be completed within the 2015 budget year.

9. The Policy Department is the source of the project funds and policy counsel will be involved with the project. The Curator’s work comes within the operations of the Client Service Centre, which is aware of the project.

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<sup>2</sup> Remaining research will be conducted by Elise Brunet, Law Society Curator, within her responsibilities and by Angela Carr, who is involved at no additional cost to the Law Society. Professor Carr teaches Art History in the School for Studies in Art & Culture at Carleton University and supervises MA students in Art History: Art & its Institutions, as well as in Cultural Mediations and the School of Canadian Studies. Her areas of specialization include historical Canadian art and architecture, Canadian art criticism, portraiture, including that of George Theodore Berthon, historiography, and issues of identity.

### **Osgoode Hall Portraits – Project Outline**

This year 12,000 visitors toured Osgoode Hall during Doors Open Toronto and viewed the public areas of the building where the portraits of justices and Law Society Treasurers hang.

The Law Society of Upper Canada's website provides information about the architecture and grounds of Osgoode Hall, but there is very little information on the portrait collection. Meanwhile, recent scholarship has renewed interest in official portraiture, particularly portrait collections created for institutional patrons that speak to the dignity of and respect for that institution.

Large portraits such as the ones at Osgoode Hall are a rarity in Canada. They represent a long term commitment by the Law Society of Upper Canada and its members to recognize those who served both in a public role as leading members of the superior courts of the province, and as officers of a professional organization dedicated to the regulation of the province's legal profession.

These sitters contributed to institutions upon which the foundations of civil society are grounded. Elements such as presentation, pose, appearance, and personality tell a multi-layered story of personal accomplishment and the growth of Canada's public sphere.

The project goal is to create a series of short narratives for a representative sample of the portraits in the public areas of Osgoode Hall so that at a future stage information can be made available to the public, possibly through an on-line exhibition or through a mobile application. The information may also be disseminated at scholarly conferences and in academic journals.

This new information about the collection can be integrated immediately into existing public programming such as public tours, the audio tours and Doors Open events. In the medium to long term, when and if resources permit, the information could be integrated into new mobile tours or presented as stand-alone products. Possibilities include e-books for viewing on mobile devices and mobile website or application. The latter are now within reach as off-the-shelf programs and applications are eliminating much of the design and programming that kept these options out of the reach of all but large institutions until recently.

Both the Archives and the Curator's Office have embraced the use of social media and new technologies to make Law Society heritage information available when users want it and where they want it. The Law Society can now reach users around the world. New technologies for communicating heritage information at the Law Society include the website; audio-tours downloadable to mobile devices; the QR code trail in the Library; and the use of Flickr and YouTube. The proposed ultimate use of the research generated by this project fits neatly into this trend.

The Law Society's commitment to portraits has been carried on since the 1840s, even after photographs replaced them in other organisations. New technologies provide the means to communicate information about little known collections such as this to a wider public audience.

### **Research Assistantship**

The project will engage a research assistant to be based in Toronto, who will document both the sitters and those artists who have yet to be investigated.

The Research Assistant will research available biographical material on the respective sitters, both members of the judiciary and Law Society Treasurers, at a variety of locations including the Archives of Ontario at York University, the Royal Ontario Museum, the Toronto Public Library, the Archives of the United Church of Canada, and the E. P. Taylor Reference Library of the Art Gallery of Ontario. The Research Assistant will also communicate either by email or through telephone interview with artists Cyril Leeper, Istvan Nyikos, and Gregory Furmanczyk.

FOR INFORMATION

**WEB-BASED PROJECT FINAL REPORT**

10. In October 2011 Convocation approved several Heritage Committee projects, including one to explore broadening the base of historic information about the profession. As part of the web-based project the Committee conducted three categories of roundtables with different groups to broaden the historic narratives from which to glean information about the profession's history, as follows:
  - a. Session with current and former members of Ontario's largest all women law firm.
  - b. Session with retired lawyers from a number of parts of the Ontario.
  - c. Session with representatives of law associations who are interested in association history.
11. Summaries of the sessions are set out at [TAB 10.2.1: All-Women Law Firm](#), [TAB 10.2.2: Retirees](#) and [TAB 10.2.3: Law Associations](#).
12. Historic information is more accessible through the Archives department than when the web-based project began. The use of social media and electronic sites has expanded and more information previously available only in print is now accessible in electronic format. These improvements are outlined at [TAB 10.2.4: Historic Information Available Electronically](#).
13. The results of the Heritage Committee project make a valuable contribution to what is known about the history of lawyers in Ontario. By making much of what has been learned available on the Law Society's website through the work of the Archives department historic information has acquired a more permanent presence and greater accessibility within the Law Society.
14. The Committee wishes to thank Law Society staff who have contributed to the web-based project and to the enhancement of the accessibility of historic information, in particular, Ann-Marie Langlois, Paul Leatherdale and Sophia Sperdakos. It also thanks Christopher Moore who facilitated the law association roundtables and all the participants at the roundtables who shared their stories.

## ALL WOMEN LAW FIRM ROUNDTABLE

### REPORT

In 2011 the law firm currently called Dickson MacGregor Appell, LPP, celebrated the firm's 25<sup>th</sup> anniversary. Formed in 1986 when two sets of women lawyers practising in association came together to establish the law firm of Dunbar, Sachs, Appell, the firm has remained an all women law firm.

As the Heritage Committee began its project to expand on historic information about the profession, the law firm was considering a way to celebrate its anniversary. A decision was made to gather together as many current and former members of the firm as could attend a roundtable session. Seventeen members participated and the roundtable session was facilitated by an eighteenth member.

The session was videotaped and can be watched on the Law Society's YouTube channel at <http://www.youtube.com/watch?v=22kxb2wQnVA>. The transcript of the session is available through the Archives Department.

In existence since 1986, the firm has always had nine members, making it the largest all women firm in Ontario. Over the years, as a member has left the firm a replacement has been recruited to keep the complement at nine. When the firm was founded in 1986 women were still a notable minority in the profession. Some of the original members were called to the bar in the 1970s when women represented under 10% of the profession. By 1990 women still represented only 22%. In the course of the firm's history there has been a significant change in the place of women in the profession, but its own structure, philosophy and approach to practice has remained remarkably constant.

The roundtable session began by placing the firm in the historic context of women in the legal profession. It then covered a wide range of themes. These included,

- the reasons the participants decided to go to law school, the influences on their decisions and the level of support they received;
- why and how they came to practise with all women and what they saw as the benefits to their own careers of practising in such an environment. If they came from more traditional practice structures, how did their experience at the firm contrast?
- the untraditional firm structure and its impact on the firm's success, longevity and profile and the implications of the structure for combining practice and parenting;
- how the firm has dealt with changing membership and bringing new members into the firm.

- the firm's primary focus on family law and estates and possible reasons;
- whether the firm members have viewed themselves as role models for other women professionals;
- the way in which the members have crafted their successes ( firm members have become judges, received numerous professional awards, headed legal organizations, and sat as members on reform projects);
- the role of the annual firm retreat and the continued connections among current and former firm members; and
- In the larger picture,
  - attitudes to gender in the profession
  - changes wrought by technology
  - changes to the practice of law generally and issues for younger lawyers
  - marketing as a strategy
  - challenges in the future

The roundtable paints a detailed picture of a unique practice group whose experience reveals much about the experience of women in the practice of law in Ontario and how small firm practices can survive and be environments in which accomplishment and mentoring flourish.

The firm speaks to a model of practice that epitomizes the principle of work-life balance and did so long before the term became the subject of so many articles and lectures.

The participants also provided the Law Society with photographs, articles and documents relevant to their firm history, which are housed in the Archives.

## RETIREE ROUNDTABLE

### REPORT

In 2004 Convocation approved a Heritage Committee project to encourage retired or soon to be retiring members to write their memoirs and donate them to the Law Society's Archives. To initiate the project and recruit possible participants, the Law Society held seminars over the next few years with those who had expressed an interest in the project, to provide guidance in writing autobiography and to engage in discussions with participants about their experiences practising law.

As part of the web-based project the Heritage Committee held a roundtable session with a number of lawyers who had retired in 2012, to continue to capture practitioner stories. The session took place on May 22, 2013 with approximately eight retirees from across the province. The session was videotaped and is available through the Law Society Archives Department.

At the session participants introduced themselves and provided a thumbnail sketch of their careers to set the context. They were also asked to indicate if they had previously considered writing their memoirs.

Participants came from a wide variety of backgrounds and followed various roads on the way to becoming lawyers. Many studied the law before there were law schools and were called to the bar following apprenticeship and participation in the Law Society's legal education process.

The Law Society's Archivist, Paul Leatherdale, outlined the background information located in the Archives that might assist in providing factual background to writers. He also discussed the role that photographs and documents play in the memoirs.

There was a discussion of possible topics for writers to address. The participants reflected on a number of the topics listed below:

#### GENERAL

- Family origins: ancestors, parents' backgrounds, siblings, politics, occupations, household, meals, religion, leisure
- Childhood and youth: leisure, summer and part-time work, elementary and high school, university
- Relationships; children

#### CAREER

- Decision to become a lawyer/education
- Recollections of how and when decision to become a lawyer was made
- Barriers to becoming a lawyer?
- Influences on the decision
- Reflections on the choices made



- Legal education; articling
- Nature of educational experience; relationship with principal and firm
- Experience attending Osgoode Hall (as the law school)
- **Type of practice**
  - Choice of law
  - Choice of practice structure
  - Why those choices?
  - Did lawyer remain in the same practice structure throughout career or change? (private practice, government, other; small firm/large firm)
  - What were the challenges practice structure or area of practice presented?
  - How did practice change over the decades of the career?
  - Did the lawyer use the legal education to work in a field other than private practice? How did legal background assist?
  - If not in private practice why did the lawyer choose another type of legal job? (e.g. education; government)
- **Physical Nature of Practice**
  - Type and location of office
  - Support staff
  - Equipment and Technology
  - Costs of running the practice – how did that change?
- **Clients**
  - Who were the lawyer's clients? (individuals, businesses, government, legally aided clients)
  - Did the lawyer serve a particular demographic community?
  - What did the lawyer observe about clients over the years? How did they view the lawyer? How did they view the legal profession generally? Was it satisfying to represent them?
  - If in government, how did the nature of that work, or the way the lawyer was instructed, change over the years?
- **Professional and Other Associations**
  - To what professional and other associations did the lawyer belong?
  - Were these important to the lawyer's career or life?
- **Context in which Lawyer Practised**
  - How did the state of the world affect the practice/work decisions at various times? (e.g. war, depression, changing societal values; changing community structures)
  - Did the lawyer experience any specific challenges to right/ability to work as a lawyer?

- **Image of the Legal Profession**

- How has the image of the legal profession changed?
- Has it been important to the lawyer to be a member of a self-regulating profession?

**COMMUNITY**

- Describe the place in which practised. (urban/rural/smaller city)
- How has it changed over the years?
- What was the role of lawyers in the life of the city/town/community?
- How has that changed over the years?
- Does the lawyer have a sense of what role lawyers will play in the community in the future?

**REFLECTIONS**

- What has being a lawyer meant?
- When the lawyer retired or thinks about retiring what are the images that come to mind about the decades as a lawyer?
- Most memorable files/cases? Why?
- What were the things the lawyer liked most about being a lawyer and about practice? Liked least?
- What has being a lawyer meant to the lawyer's family?

**RECORDS**

- Photographs from legal career? Any awards? Memorabilia?
- Has the lawyer written anything?
- Interested in discussing donating material to the Law Society's archives?

The recollections of participants were similar in nature to those of retirees who participated in the 2004-2006 sessions, revealing the universality of experiences and perceptions as well as common understanding of rapid changes to the profession that was ushered in in the last decades of the 20<sup>th</sup> century.

## LAW ASSOCIATION ROUNDTABLES

### REPORT

As part of the Heritage Committee's project the Committee sought to conduct roundtables with interested law associations to explore their origins and role in their communities and to provide guidance on how they might write their law association histories. All law associations were canvassed to determine their interest in participating. All those who responded were invited to attend.

Two roundtable sessions with interested and available associations were held – the first in November 2012 and the second in April 2014.

The following law associations participated in the November 2012 session:

- Essex
- Hamilton
- Leeds & Grenville
- Middlesex
- Norfolk
- Peterborough
- Simcoe
- Sudbury
- Thunder Bay
- Toronto
- Wellington

The following law associations participated in the April 2014 session:

- Carleton
- Dufferin
- Elgin
- Kenora
- Lambton
- Leeds & Grenville
- Muskoka
- Oxford
- Peel
- Prescott & Russell
- Stormont Dundas & Glengarry
- Thunder Bay
- Victoria-Haliburton

Both sessions were facilitated and led by Toronto-based historian Christopher Moore. A prolific writer, Mr. Moore has written in a variety of media for more than 20 years, including having written a history of the Law Society and Ontario's lawyers on the occasion of the Law Society's bicentennial in 1997.

Participants received an agenda and a list of topics to guide the discussion. The topics were also intended to serve as a potential guide for law associations that might want to pursue a written history. The list of topics is attached at the end of this report.

Both sessions were videotaped and are available for viewing through the Law Society's Archives department. A report has been sent to the participant counties as well as to the County and District Law Presidents' Association (CDLPA) for distribution to the remaining counties.

Although each session had unique components, this report is directed at an overview to the discussion across both sessions.

## **THE DISCUSSION**

### **a) Introductions**

Both sessions began with Christopher Moore discussing why the history of law associations matters. He noted that much more is known about prominent lawyers and their cases and careers in Ontario than about the less prominent practitioners, particularly from smaller communities. Even less is known about local institutions. The profession is changing rapidly and soon the history of earlier periods in the profession's history will have disappeared altogether unless responsibility is taken to record those stories.

He noted that many law associations were, and are, the heartbeat of the legal profession in a community. Historically, law associations knew about the politics of a community, took its pulse, could tell you what an acre of land was worth and the health or otherwise of business, farming, and society. They observed the profession in practice and understood the relationship between the bench and bar.

He noted that the story of who led law associations and who built leading firms, and the minutes from those law association meetings are goldmines of information and continuity with the past and the future.

Both sessions began with the participants introducing themselves and highlighting the origins of their association and their current role in it. Most participants were either members of the county law association executive, often on its library committee, or were the county law librarians. The law librarian role in collecting and encouraging the histories of the associations was noteworthy in both sessions.

Many law associations trace their origins to the date in or around 1879 when the Law Society agreed to support local law libraries in addition to funding the Great Library at Osgoode Hall. The associations that grew up around this time were known, however, as Law Associations, rather than Law Library Associations and from the outset had broad interests.

#### **b) Role of Law Associations**

The participants noted that both historically and currently law associations, both locally and through CDLPA, have input on issues of importance to the local bar and the profession generally, particularly on issues that resonate outside Toronto. These issues relate to a wide range of matters including,

- Courthouse facilities – beauty of historic exteriors; complexity of modernizing historic interiors
- Courthouse security
- Shrinking size of local bar
- Number of judges
- Law libraries
- Legal aid
- Preserving facilities

The discussions noted that some issues have arisen repeatedly through an association's history, including those related to economic downturns, shifting demographics and vitality of the association, to name a few.

All participants noted the changes that have taken place in law associations, particularly in recent decades and as the nature of practice has changed. All noted the integral role in the community (particularly smaller communities) that law associations have had. They spoke about,

- the historic role of law associations in advancing professional collegiality and mentoring through,
    - bench and bar dinners (particularly in the days when the judges were on circuit); and
    - the use of meeting space and libraries in courthouses and registry offices;
- and the changes that are being wrought by,
- the aging of the bar with fewer young lawyers in some associations;
  - the lack of common interests between younger and older members – difficulty in finding activities that both will enjoy;
  - the reduced time lawyers have to socialize with colleagues;
  - competition lessening the role of mentoring;
  - pressures on library space/space in courthouses;

- the generational continuity in some communities that provides some linkages within law associations across decades (4 and 5 generations of lawyers from one family in a county);
- the diversifying of the bar – women, changing demographics of communities visible among lawyers as well; economic factors altering the makeup of the community and the number of lawyers; and
- the likely impact on law associations if they cease to have meeting space – how to adapt. This raised the issue that threats to law associations' survival resonates in their histories. During the Depression, for example, a number of associations were at risk when members were unable to pay their dues.

### **c) Capturing Associations' Histories**

What was apparent in both sessions is that the degree to which an association's history has been captured depends upon a number of factors, but the most prevalent is the interest of some of the associations' executives or individual members in taking on a project. A number of specific considerations have led associations to capture their stories, including,

- milestones in an association's history (e.g. 100<sup>th</sup> or 125<sup>th</sup> anniversary);
- recognition that senior members of the local bar are aging and retiring;
- discovery of relevant materials and photographs, including among retiring or deceased lawyers' papers;
- individuals offering to take on a piece of the story for their own interest;
- interest in a prominent lawyer or judge from a community and the need to gather contextual information; and
- desire to update histories already written.

### **d) How to Preserve Law Association Histories**

A significant part of the roundtables was occupied with suggestions and ideas for how law associations can preserve, depict and celebrate their histories in manageable ways.

The goal of the Law Society's project is to encourage law associations to take on those projects themselves. In the course of the discussion, the Law Society's Archivist, Paul Leatherdale, described the resources available through the Law Society to assist those interested in conducting legal history research. A summary of those resources is set out at the end of this report.

Law associations were encouraged to think of projects in manageable bites. There will not be many that have the time to dedicate to a full history, but the key is to preserve as much history as is manageable to do.

The belief that only a full history is worth doing will often defeat worthwhile efforts that are just as valuable, to capture smaller “bites” of the story.

Law associations were also urged to consider the value (and relative ease) of capturing history orally. The message was just do it. There is inexpensive taping equipment. There are ‘how to’ guides in public libraries to help anyone considering conducting an interview. Oral interviews may not always be a source of complete historical accuracy, but they are valuable for providing perspectives on the past, capturing anecdotes of previous times, and sparking ideas and recollections. They can also provide a rich snapshot of the past.

Some associations spoke of the value of interviewing more than one person at a time because participants spark one another’s memories, thereby enriching the story.

To the extent possible, transcripts should be obtained of oral interviews. Over time these are useful for easier accessibility. This is particularly true because the recording and video media used today change so rapidly that they may not be accessible in even a few years.

Use of on-line tools to produce histories may short circuit publication issues and problems. Interactive mapping tools could also allow a study of where lawyers worked within a county and how that changed.

## **APPROACHES LAW ASSOCIATIONS MAY WISH TO PURSUE**

A number of useful ideas and possible approaches for capturing histories emerged. The key is to begin. Begin with small pieces. Canvass members for their interest. Think of milestone events and plan some commemoration. The following specific ideas emerged from the discussions.

1. Interview older lawyers in the community.
2. Ensure Minute books are in a safe location – consider housing with the Law Society’s Archives. (This has already been done by two associations as a result of the November 2012 session. Copies of early Simcoe County Law Association records and a large number of records of the Essex Law Association were provided to the Law Society.)
3. Make lists of Presidents/Executives.
4. Post a list on the CDLPA website of all existing law association histories and list associations that are working on histories – If doing a history either tell CDLPA or tell Law Society (or both) when completed. Send copy to Archives.
5. Ensure all photographs in law association possession are dated and labeled – those in the picture identified. If people in photographs cannot be identified scan the photos and put them on the association website asking people to identify.

6. Ask if any members are working on histories on their own.
7. Make a list of all law association founding dates.
8. Track law association's political roles/advocacy roles.
9. Catalogue role of the law association members in WWI and II.
10. Track law association "firsts" - first woman in the county; early members from diverse communities; francophone lawyers and bilingual law associations; Aboriginal lawyers - and their roles in law associations.
11. Consider the changing percentage of local bar who are members. Track the reasons.
12. Consider oral histories – by topic, by call to the bar, by practice area, etc.
13. Collect speeches from tributes to retiring or otherwise acknowledged members.
14. Tell Law Society where law association materials are located.
15. Discuss the role of the Crown Attorney in the community, since historically the Crown Attorney played an important role.
16. Search local museums and archives to determine if they have relevant information about the legal profession.
17. Recruit volunteers to collect and to write – consider holding a seminar to encourage volunteers.
18. Make lists of members appointed to bench.
19. Document the links of county history with legal profession history (e.g. impact of automobile industry and railways on legal profession in Windsor)
20. Consider a listserv or other group for those in law associations with an interest in local legal history to exchange ideas and cross-pollinate.

Start anywhere, but start.

The roundtable sessions were designed to bring together those from associations who have an interest in the topic of law association histories and give them some ideas for undertaking their histories. The two sessions illustrated that there is much history to be told. It is hoped that the participants will move forward with projects small and large.



## **POSSIBLE DISCUSSION TOPICS**

**(Also a possible template for law associations to use subsequent to the session in creating association history)**

### **Membership Demographics**

- Originally
- Changing nature
  - When do “outsider” groups begin to appear
    - Gender
    - Diversity
- Relationship between older and younger members of the bar
  - Changing views of the Association?

### **Law Associations and the Library**

- Interconnectedness of the relationship
- Changing nature of libraries in the 21<sup>st</sup> century and impact on Associations

### **Law Association Origins**

- Impetus for the Law Association’s establishment
- Nature of the early membership
- Early roles of the Association
- Different roles in large versus small centres
- Financial structures
- Changing landscape in the 20<sup>th</sup> and 21<sup>st</sup> centuries

### **The Law Association as Forum for Professional Collegiality**

- The role of the dinner meeting
- Creation of community
- Mentoring
- Training next generation
- Judge on circuit and the Associations
- Assisting those in trouble
- Impact of practice pressures and other factors on role in collegiality

### **Noteworthy People and Events**

- Exceptional Presidents
- Noteworthy “characters”
- High points in the history – unifying moments
- Moments of crisis
- Little known gems
- “Outsiders” – who and why
- Courthouse campaigns
- Memorable speeches and dinners

### **Relationship with others - Law Society; CDLPA, Ministry of the Attorney General**

- Issues

**Comparison of Law Associations**

- Similarities
- Differences
- Ethos and cultural mores specific to each Association

## **Background Information Available at the Law Society**

### **In Archives**

Archives will be able to supply the date of call of any member from 1797 to the present and may have additional biographical information.

Archives will be able to provide basic biographical information about earlier lawyers or ancestors or colleagues. That information might consist of: birth and death dates, call dates, and dates of K.C. and other appointments.

Archives can supply lists of lawyers called to the Bar in the same year as a person being researched.

Archives has graduating class photographs for most members who were called to the Bar between 1900 and 1967. Individual images can be ordered from the department.

Dates of the founding of county law associations can also be obtained from the Archives.

To access the Archives research service, contact Paul Leatherdale at 416-947-3320 or by e-mail at [pleather@lsuc.on.ca](mailto:pleather@lsuc.on.ca).

### **In Membership Services**

Member files are retained by the Membership Services Department. Members can access biographical information from their own member file by contacting the Member Resource Centre at [mrc@lsuc.on.ca](mailto:mrc@lsuc.on.ca).

### **At the Great Library**

The Great Library Reference Room has a valuable collection of *Canada Law Lists* that date from the 1850s to the present. These annual publications provide the names and addresses of law firms both large and small. Members attempting to reconstruct a practice history or the practice histories of ancestors or colleagues can consult these volumes in the Reference Room. Research assistance can be obtained by contacting Great Library Reference staff at 416-947-3315 or by filling out an e-reference request form on the Great Library Web site at <http://www.lsuc.on.ca/For-Lawyers/Manage-Your-Practice/Research/Ask-A-Law-Librarian/>

### **Other Information**

Members attempting to consider their legal careers in a broader context will find Christopher Moore's *The Law Society of Upper Canada and Ontario's Lawyers 1797-1997* a useful resource. The book can be consulted in the Great Library Reference Room or ordered from the Law Society's "E-Transactions" Web site (<http://ecom.lsuc.on.ca>). Click in "Gifts of Distinction" and then the tab "Etcetera").

## HISTORIC INFORMATION AVAILABLE ELECTRONICALLY ON LAW SOCIETY WEBSITE

### REPORT

One of the keys to promoting an understanding of history is broadening the availability of the information and making it lively and interesting. This is equally true of the history of the legal profession. Over the years the Law Society's Archives Department and Curator have sought to develop creative ways to make historic and other information available to the public. The Heritage Committee projects have dovetailed with this creative operational direction with the result that many of the Committee's projects can be accessed on the website.

The web-based pilot project was initiated to increase historic information for the website and also to explore enhanced delivery of the content. Operational initiatives undertaken separate from this project, have in fact meant that the Committee's project was able to focus more on gathering historic information than the web design, but have been able to make use of those sources to communicate the project results.

Enhancements and advancements are being made to the website on an ongoing basis to include a number of features as follows:

1. The Archives has recently launched a new web-based resource, the Archives Description Database, which contains descriptions of select records from the Archives' holdings. It contains over 6,000 descriptions of records from various private fonds, our photograph collection, and special collections. The database will be updated on a regular basis as new records are added to the archival collection.  
[http://lsuc.minisisinc.com/lsuc/archives/db\\_search.htm](http://lsuc.minisisinc.com/lsuc/archives/db_search.htm)
2. The Archives has a Facebook page on which it will announce new additions to the archival collection, update users on new content on our website, promote upcoming events and exhibits, highlight items in the archival collection, and publicize interesting facts about the history of the Law Society and the legal profession.  
<https://www.facebook.com/pages/The-Law-Society-of-Upper-Canada-Archives/251776288326875?ref=hl>
3. The Archives has posted the public Minutes of Convocation for the period April 1988 to date on the Law Society's website, and the Transcripts of Convocation debates for the period September 1991 to date. This is a searchable index.  
[http://lx07.lsuc.on.ca/R/?func=collections&collection\\_id=2411&local\\_base=gen01-con01-2411](http://lx07.lsuc.on.ca/R/?func=collections&collection_id=2411&local_base=gen01-con01-2411)
4. The Archives Department has established a YouTube channel that enables it to post archival footage. It will also post selected Heritage Committee roundtable videos on that

site, which will include a variety of sessions including those with Greek lawyers, Hungarian lawyers, the Reading Law Club, the all women law firm roundtable and the interviews with the three former Treasurers (Arnup, O'Brien and Legge). The website provides a link to the YouTube channel. <https://www.youtube.com/user/lawsocietylsuc>

5. The Archives was admitted to The Commons on Flickr, a grouping of institutions from around the world that contain archival photograph collections which are available on the Flickr website. The key goals of The Commons “are to firstly show you the hidden treasures in the world’s public photography archives, and secondly to show how your input and knowledge can help make these collections even richer”. The Archives has posted over 4,800 public domain images, which have received over 1,500,000 views. To see photographs from the Archives’ collection, visit the photostream on Flickr: [http://www.flickr.com/photos/lsuc\\_archives/](http://www.flickr.com/photos/lsuc_archives/).
6. The Law Society home page uses banners to promote events of particular interest to the public and profession. On occasion an issue related to the Law Society’s history is specially promoted in this location. This has been done, for example, to promote such events as Doors Open and The Fence exhibit.
7. With respect to the enhanced content of the website, a listing provides some guidance to the increasingly rich information, which can be located from <http://www.lsuc.on.ca/with.aspx?id=427>, as follows:
  - a. A chronology of important events in the Law Society’s history;
  - b. Historic Frequently Asked Questions (FAQs) about the building, governance of the profession, the first woman called to the bar, and the Archives and its holdings;
  - c. An overview to Osgoode Hall, including examination of its various expansions and architectural points of interest;
  - d. The sole practitioner and small firm history project with information on writing memoirs;
  - e. The multi-layered Diversifying the Bar Lawyers Make History pages, with which the Committee is very familiar, and which includes, biographies, interview transcripts, photographs and links;
  - f. Links of interest respecting architecture and history;
  - g. The Law Society’s virtual museum, with articles, historical vignettes, documents and artifacts, including,

- i. the *These Laid the World Away* exhibit on lawyers and law students who fought and died in World War I;
- ii. *Crossing the Bar*, the exhibition on women within the profession;
- iii. The *Law Society turns 175 years* exhibit;
- h. The recently added audio-tours (with transcripts) of Osgoode Hall;
- i. A link to the Osgoode Society website;
- j. "Time capsules" prepared from 2003 to 2011 on specific topics; and
- k. List of Law Society Treasurers.

This expansion of electronic historic information will continue as part of the operations of the Archives Department. Heritage Committee project information is thus widely available through the website and on You Tube.