

To: 'Jim Varro [REDACTED] Frederica Wilson [REDACTED]
Cc: Gurprit Bains [REDACTED] Jeanette McPhee [REDACTED]
From: Jeanette McPhee [/O=THE LAW SOCIETY OF BC/OU=LSBC/CN=RECIPIENTS/CN=JMCPHEE]
Sent: Wed 5/29/2019 6:04:23 PM (UTC)
Subject: RE: Further Issues for Phase 2?

Hi Frederica and Jim,

I wanted to update you on where we are in BC.

In BC, we had another look at the model rules, and although we still have some questions around them, we will recommend they be adopted "almost" as approved (the one item still being discussed is the 'court order' issue which we still need to resolve with Benchers). I expect if the timing works out and Benchers approve them, they will be approved at the July meeting, but as the cash and trust account rules have gone to the Benchers twice already and have not passed, this is not confirmed.

We will be setting an effective date farther out, so that we can have further discussion with the Federation WG on the issues we have identified, both in the current model rules, and new items to strengthen the rules, with the hope that these further enhancements can be incorporated into the model rules. In addition to below, we have a number of other items to be dealt with. In light of the activity in BC, it is critical that issues get dealt with quickly at the Federation Working Group, both those noted below, and other issues that we have brought up previously.

Can we schedule a call with you to discuss further, and determine when these issues can go onto the Federation WG agenda. Also, I don't think the next Fed WG call has been scheduled yet, has it?

Thanks
Jeanette

Jeanette McPhee, CPA, CA, BBA, CAMS, CRMA
Chief Financial Officer and Director of Trust Regulation
The Law Society of British Columbia
[REDACTED]

From: Jim Varro [REDACTED]
Sent: Tuesday, April 30, 2019 12:17 PM
To: Frederica Wilson [REDACTED] Jeanette McPhee [REDACTED]
Subject: RE: Further Issues for Phase 2?

Agreed – and we have to watch the regulatory burden, so to speak, as that can affect buy-in and compliance. I think all of the issues you note should be discussed, Jeanette.

Jim Varro
Director, Office of the CEO and Corporate Secretary
Law Society of Ontario
[REDACTED]

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From: Frederica Wilson [REDACTED]
Sent: April 30, 2019 3:08 PM
To: [REDACTED] Jim Varro [REDACTED]
Subject: RE: Further Issues for Phase 2?

Thanks for this information Jeanette.

I would definitely like to discuss these issues. As you know, I am very concerned about ending up with a patchwork of rules across the country. I believe that consistency is absolutely essential. For that reason, I think it best to deal with all issues through the Working Group rather than each law society tackling issues on its own.

Frederica Wilson

*Executive Director, Policy and Public Affairs and Deputy CEO /
Directrice générale des politiques et affaires publiques, et première dirigeante adjointe*

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From: [REDACTED]
Sent: April 30, 2019 3:05 PM
To: Frederica Wilson; [REDACTED]
Cc: [REDACTED]
Subject: Further Issues for Phase 2?

Hi Jim and Frederica,

We have been actively looking at AML issues and cases we are encountering, and we are exploring further changes to our rules to clarify lawyer AML obligations, and reduce risk.

Some of the issues are, 1) source of funds declaration by client (similar to investment firm requirements), as I have mentioned, there is a lot inconsistency on how source of funds is interpreted, and that source of wealth should be obtained is not clear, 2) an overall "risk assessment" system requirement (perhaps similar to what SRA requires), 3) Compliance officer requirement (similar to Federal regs), 4) Cap on amount of professional fees that can be received in cash, and/or receipt of cash must be commensurate with fees to be charged, 5) additional client information on funds flow when asked to attach mortgages or liens when trust account is not being used.

I wanted to advise you of this, and to ask as co-chairs if these are issues that the Federation AMLTF working group may want to explore in Phase 2 of the work on the AML rules.

Would you like to discuss further?

Jeanette McPhee, CPA, CA, BBA, CAMS, CRMS
Chief Financial Officer and Director of Trust Regulation
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