

**THE LAW SOCIETY OF MANITOBA**

**IN THE MATTER OF:**

**PAUL RICHARD HESSE**

**- and -**

**IN THE MATTER OF:**

**THE LEGAL PROFESSION ACT**

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**DECISION**

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**PAUL RICHARD HESSE**

**- and -**

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**THE LEGAL PROFESSION ACT**

**Hearing Dates:** September 10, 2020

**Panel:** Heather Leonoff, Q.C. – Chair  
Catherine Finnbogason  
Maureen Morrison (Public Representative)

**Counsel:** R. Kravetsky for the Law Society of Manitoba  
No one appearing for the Member

**DECISION**

**Introduction**

1. Paul Richard Hesse is a member of The Law Society of Manitoba (the “Society”), having been called to the bar in 2006. Mr. Hesse is charged with 29 counts of professional misconduct which are detailed in a 129 page amended citation, dated August 24, 2020. Mr. Hesse was personally served with the original citation on August 1, 2020 (Exhibit 3) and with the amended citation on August 29, 2020 (Exhibit 5). Despite being personally served, Mr. Hesse did not attend the hearing and no counsel appeared on his behalf.

2. Mr. Hesse was also served with a Notice to Admit Facts. *The Legal Profession Act*, CCSM c. L107, s. 71(1) sets out the provisions that apply to discipline hearings. Provision 5 of this section states that the rules of evidence applicable in civil proceedings in the Court of Queen's Bench apply at the hearings. Rule 51 of the Queen's Bench Rules allows a party to serve a Notice to Admit and a person who fails to respond to a request within 20 days is deemed to admit the facts set out in the Notice. Mr. Hesse did not respond to the Notice and is therefore deemed to have admitted all of the facts detailed in the 129 pages of the citation. The Society did not call any oral testimony at the hearing and relied on the deemed admissions as its proof.

### **Findings of Misconduct**

3. The facts in this case detail a deliberate course of conduct that lasted over three years and resulted in 27 different clients losing almost \$6.5 million.

4. Mr. Hesse's misconduct commenced in 2016 when he advised immigration clients to invest in businesses owned by M without disclosing that he was in a close personal relationship with M. This quickly evolved into putting clients' money into investments without authorization and lying to clients about their immigration status so that money they had provided to Mr. Hesse would not need to be repaid. The scheme progressed further into lying to clients to get them to invest in shell companies and then giving the money to M. Mr. Hesse also lied to clients to get them to loan him money which he did not repay. He put clients into investments that did not qualify for immigration purposes and were, in fact, sham investments. In the end, Mr. Hesse stole \$3.5 million from clients and fraudulently obtained more than \$3 million through lies and deceit. Most of the 27 clients also had their hopes of immigrating to Canada thwarted.

5. In addition to the 27 counts in the citation detailing Mr. Hesse's misconduct in relation to clients, the citation also contains 2 counts related to ungovernability. Mr. Hesse did not respond to 30 different items of correspondence from the Society and failed to appear before the Complaints Investigation Committee as required.

6. Based on the deemed admissions, the panel has no difficulty in finding Mr. Hesse guilty of 29 counts of professional misconduct. The evidence is overwhelming and shows a deliberate, multi-year scheme, to steal from and defraud 27 different clients for the member's own benefit and for the benefit of his close personal associate. The evidence also clearly proves the two counts of ungovernability.

### **Penalty**

7. There is only one possible penalty available in the circumstances of this case and that is disbarment. Mr. Hesse has violated the basic tenets of the legal profession; integrity, loyalty, competence and trust. He lied, he stole, he acted in his own self-interest, he gave wrong advice and he abused his position to get his clients to lend him millions of dollars, most of which he never repaid. Moreover, most of the clients that he wronged were vulnerable in that they would not have had English as their first language and they may not have had a good understanding of the Canadian legal system. In other words, they would have been very dependent on their lawyer for competent and honest legal advice. Unfortunately, they got the opposite. They lost not only millions of dollars but also the chance to immigrate. While their financial losses may be compensated, Mr. Hesse's actions may have forever shattered their hopes and dreams.


8. In imposing the penalty of disbarment, the panel also seeks to preserve the public's trust in the integrity of the legal profession and its faith in the ability of the profession to govern its own members. The public has the right to expect that those very few members of the profession who violate their ethical responsibilities in such an egregious manner will no longer be granted the privilege to practice law.

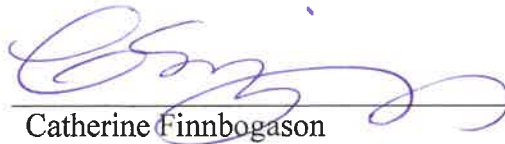
9. The Society also seeks an order of costs against Mr. Hesse. The cost provision set out in s. 5-96(8) of the *Rules of The Law Society of Manitoba* is designed to ensure that the member of the profession whose misconduct caused the costs to be incurred bears the responsibility for payment, rather than the innocent members of the Society. There is no reason to depart from the normal rule and the panel orders costs in the sum of \$40,000.

**Conclusion**

10. This panel finds Paul Hesse guilty of 29 counts of professional misconduct. Pursuant to s. 72(1)(a) of *The Legal Profession Act* we direct that he be disbarred and that his name be struck off the rolls. We also order that he pay costs to the Society in the sum of \$40,000. The Chief Executive Officer of the Society may, in her sole discretion, set payment terms. We note that under Rule 5-100(1) publication of the disbarment order is mandatory.

Dated this 16 day of September, 2020

  
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Heather Leonoff, Q.C., Chair

  
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Catherine Finnbogason

  
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Maureen Morrison