



# DISCIPLINE CASE *DIGEST*

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Case 20-02

<b>Member:</b>	<b>Paul Richard Hesse</b>
<b>Jurisdiction:</b>	Winnipeg, Manitoba
<b>Called to the Bar:</b>	August 21, 2006
<b>Particulars of Charges:</b>	Professional Misconduct (29 Charges, 104 Particulars): <ul style="list-style-type: none"><li>▪ Breach of Rule 2.1-1 of the <i>Code</i> [breach of integrity] [x27]</li><li>▪ Breach of Rules 3.4-1 and 3.4-12 of the <i>Code</i> [conflict of interest (includes acting for both borrower and lender)] [x27]</li><li>▪ Breach of Rule 3.2-1 of the <i>Code</i> [quality of service] [x9]</li><li>▪ Breach of Rule 3.4-31 of the <i>Code</i> [borrowing from client] [x6]</li><li>▪ Breach of Rule 3.4-34 of the <i>Code</i> [guaranteeing the debt of a client] [x4]</li><li>▪ Breach of Rule 7.1-1 of the <i>Code</i> and Rules 5-64 and 5-72 of the <i>Rules</i> [failure to respond to the Law Society] [x30]</li><li>▪ Breach of Rule 5-72 of the <i>Rules</i> [failure to appear before the Complaints Investigation Committee] [x1]</li></ul>
<b>Plea:</b>	Not Guilty
<b>Date of Hearing:</b>	September 10, 2020
<b>Panel:</b>	<ul style="list-style-type: none"><li>▪ Heather Leonoff, Q.C. (Chair)</li><li>▪ Catherine Finnbogason</li><li>▪ Maureen Morrison (Public Representative)</li></ul>
<b>Counsel:</b>	<ul style="list-style-type: none"><li>▪ Rocky Kravetsky for the Law Society of Manitoba</li><li>▪ Member not represented or in attendance at Hearing</li></ul>
<b>Dates of Decisions:</b>	Oral Decision: September 10, 2020 Written Reasons for Decision: September 16, 2020
<b>Consequences:</b>	<ul style="list-style-type: none"><li>▪ Disbarred</li><li>▪ Costs of \$40,000.00</li></ul>

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**Breach of Integrity (including Misappropriation) /  
Conflict of Interest / Quality of Service /  
Borrowing from Clients / Guaranteeing Debts of Clients /  
Failure to Respond to the Law Society / Failure to Appear  
before the Complaints Investigation Committee**

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**Facts**

Over three years, Mr. Hesse entered into a deliberate course of conduct that resulted in 27 clients losing a total of almost \$6.5 million.

This conduct included:

- advising immigration clients to invest in businesses owned by M, with whom he was in a close personal relationship, without disclosing his personal interest;
- putting clients' money into investments without authorization;
- lying to clients about their immigration status;
- lying to clients to get them to invest in shell companies and then directing the money for the benefit of M;
- lying to clients to induce them to lend money to him;
- putting clients' money into investments that did not qualify for immigration purposes and were, in fact, sham investments;
- inducing clients to make investments by guaranteeing the obligations of purported investment recipients; and
- acting for both borrower and private lender.

Mr. Hesse stole approximately \$3.5 million from his clients and obtained approximately \$3 million more by lies and deceit.

Mr. Hesse did not cooperate with the Law Society's investigation. He failed to respond to 30 items of correspondence from the Law Society and failed to appear before the Complaints Investigation Committee when required to do so.

**Plea**

Mr. Hesse did not attend the hearing and a deemed plea of not guilty was recorded.

**Decision and Comments**

Mr. Hesse was served with a 129 page Citation and with a Notice to Admit Facts. He did not respond to the Notice to Admit and was deemed to have admitted the facts contained within it.

Based on those admissions, the Panel found Mr. Hesse guilty of all charges. The evidence showed a deliberate multi-year scheme to steal from and defraud 27 clients for the benefit of himself and his close personal associate. Mr. Hesse was guilty, as well of 31 particulars of ungovernability.

### **Consequences**

The Panel ordered that Mr. Hesse be disbarred. They commented that this was the only possible result for a member who had violated the basic tenets of the legal profession: integrity, loyalty, competence and trust. Mr. Hesse abused his position and, in most cases, took advantage of vulnerable clients causing them financial loss and damaging their chances to immigrate. By failing to participate in the investigation, Mr. Hesse demonstrated that he is ungovernable.

The Panel ordered that Mr. Hesse pay costs of \$40,000.00.