

**THE LAW SOCIETY OF MANITOBA**

**IN THE MATTER OF:**

**WILLIAM RONALD MURRAY**

**- and -**

**THE LEGAL PROFESSION ACT**

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**DECISION**

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**WILLIAM RONALD MURRAY**

**- and -**

**THE LEGAL PROFESSION ACT**

**Hearing Date:** June 20, 2022

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

**Counsel:** Rocky Kravetsky for the Law Society of Manitoba  
Garry Sinnock for the Member

**DECISION**

**Background Facts**

1. William Ronald Murray is a member of The Law Society of Manitoba (the “Society”), having been called to the Bar in 1975 and his name entered as a barrister and solicitor in the Rolls of the Society on that date. In a citation dated September 20, 2021, he was charged with three counts of professional misconduct. At the commencement of the hearing, the Society withdrew the first charge in the citation and Mr. Murray entered guilty pleas to counts two and three.

2. The facts that give rise to the citation are not in dispute. They are set out in the Affidavit of Deborah Metcalfe, a former auditor with the Society, which was entered as Exhibit 2 at the hearing.

3. The facts regarding the matter set out in count 2 are somewhat complicated and relate to trust fund irregularities involving a longtime client of Mr. Murray's. The client, P.P., personally and through a company A.E. Ltd., owned significant real estate in Manitoba that was rented out. In addition to providing legal services to P.P. and the company, Mr. Murray also provided property management services through a company called Mancom Realty Inc. Mancom is owned by Mr. Murray and his wife equally, and is registered with the Manitoba Securities Commission as a broker under provincial legislation. Through Mancom Realty Inc., Mr. Murray assisted A.E. Ltd. and P.P. in collecting rents and paying expenses.

4. Most of the rent cheques were deposited directly into a bank account in the name of A.E. Ltd. However, between the years 2002 – 2018 rents in excess of \$2,500,000.00 were paid by some tenants into Mr. Murray's trust account at the law firm of Murray and Kovnats. From this amount disbursements were paid to Mancom for property management services equal to 5% of the total rents. In addition, other disbursements were paid for insurance and property taxes for the rental properties, as well as legal fees for other files that P.P. had with Mr. Murray.

5. The Society conducted a standard audit in 2019 and the trust ledger related to A.E. Ltd. was identified as raising issues related to trust fund accounting rules. As will be explained below, the payments into and out of the account did not comply with the trust fund accounting rules since they were related to property management and were not for legal services.

6. The facts related to count three also involve trust fund irregularities. In this case Mr. Murray used his law firm trust account to deal with some of his private matters. More specifically, Mr. Murray explained to the Society that he handled some of his private affairs through the law firm "in order to keep a separate and handy record" and because he "preferred not to have Revenue Canada know the different bank accounts." Again, the payments were

contrary to the trust accounting rules since they related to personal business and not to legal services.

### **The Importance of Strict Compliance with the Financial Accountability Rules**

7. The Law Society's primary responsibility, as set out in its mission statement, is to ensure that the public is well-served by a competent, honourable and independent legal profession. The Society's *Code of Conduct* makes clear in its preface, that essential to this goal is that lawyers be held to the highest standards of professional conduct "that permit no compromise." It is only by maintaining the highest standards of integrity and legal skills, that the Society can live up to the legislative grant of self-government that has been bestowed upon it.

8. In fulfilling its responsibility to the public, the Society has developed a comprehensive set of rules dealing with Financial Accountability; (*Rules of the Law Society of Manitoba*, Part 5, Division 4). These rules serve two important purposes. First they ensure that every dollar that a member of the public entrusts to a lawyer can be traced as it moves into and out of the lawyer's accounts. Accurate record-keeping ensures an easily traceable audit trail. The public can be confident that their money is safe.

9. Second, it is now recognized that the Law Society's Financial Accountability rules are necessary to serve another important public purpose and that is to combat international money laundering. Law Societies across Canada have all adopted rules that require lawyers to handle funds in a manner similar to other businesses that are subject to financial reporting requirements under federal legislation. Rigorous adherence to these rules ensures that lawyers serve as gatekeepers to prevent the profession being unwittingly used to further criminal activity.

10. The important role that the Financial Accountability rules serve explains why strict compliance with them is essential. Any lessening of this standard is not in the public interest. Rules 5-56 and 5-131 make this clear by stating that "failure to comply with any of the rules in this division without reasonable excuse may constitute professional misconduct".

## Trust Account Rules at Issue

11. The issues related to Mr. Murray's improper use of his trust account go back many years. Throughout that period, the rules have been amended from time to time. However, during the entire period the rules have explicitly provided that trust money is defined as money that is received by a member in connection with the member's legal practice; (see currently the definition of "trust money" in Rule 5-41). Further, throughout the period, the rules have provided that only trust money, meaning money received in connection with the lawyer's legal practice, can be placed into the trust account. The current version of the rule states:

5-44(1) A member or law firm must:

- (a) pay into and withdraw from a trust account only trust money that is directly related to legal services that the member or law firm is providing.

12. The purpose of Rule 5-44 (1) (a), as well as its previous versions, is meant to prevent trust accounts being used for purposes that are not directly related to the delivery of legal services. The trust account's purpose is to provide a safe location for clients to place the money that they need to deal with legal matters. The money always remains the property of the client. The trust account is not an ordinary bank account into which any money can be deposited. It is not meant to be used as the client's or lawyer's personal bank account and, in the modern world of money-laundering, the trust account cannot be used to cleanse tainted funds. There must be real legal work done that relates to the funds.

13. Mr. Murray violated this trust accounting rule when he accepted money into his trust account that was not related to the delivery of legal services. In the first count at issue, he used his trust account to accept rent payments that properly should have been paid directly to the property owner or should have been paid into the Mancom Realty account. Failing to use the Mancom account, even though this entity was charging a management fee, meant that the funds were not subject to audit in accordance with *The Real Estate Services Act* (previously *The Real Estate Brokers Act*) and were not subject to a security bond. While Mr. Murray advised the

Panel of his desire to reduce his client's costs, it is not appropriate to use a law firm trust account to avoid oversight by another public body.

14. As will be seen below, the Panel is directing that Mr. Murray disclose his handling of the funds collected on behalf of P.P. and A.E. Ltd. to the Registrar under *The Real Estate Services Act*. Of course, it is entirely up to that independent body to decide if it wishes to follow-up in any manner.

15. In the second count at issue, Mr. Murray used his trust account to deal with some family financial matters. At least in part, this was done to avoid disclosing banking information to Canada Revenue Agency.

16. As discussed above, the Society's Financial Accountability rules must be strictly adhered to in order to protect the public. By entering a guilty plea, Mr. Murray accepted that his commingling of funds related to his real estate management business and some family matters, with his law firm's trust funds, violated the rules of the Society. In the circumstances, the Panel finds him guilty of two counts of professional misconduct.

### **Penalty**

17. Mr. Murray has had a long and distinguished career. This is not a case of misappropriation of trust funds. However, his conduct constituted clear violations of the Financial Accountability rules. These rules serve a very important function and therefore all violations must be taken seriously.

18. The parties reached an agreement as to the appropriate penalty. Joint submissions as to penalty serve an essential role in the justice system at large, including in law society proceedings. Certainty as to result provides an efficient and cost effective process to resolve disciplinary complaints against lawyers and protect the public. Skilled lawyers, bringing their common wisdom to the task, are well suited to find a just and appropriate resolution. As such, discipline panels should only depart from a joint submission in the rare circumstances where the

proposal would bring the administration of justice into disrepute or would otherwise be contrary to the public interest; *R. v. Anthony-Cook*, 2016 SCC 43.

19. The penalty agreed to in this case is reasonable. The parties agreed on a fine of \$10,000.00, together with conditions and costs. It is important to recognize that a just and reasonable outcome does not mean that the Panel would have imposed the identical penalty. In this case the Panel questioned some of the terms and conditions agreed upon. Nevertheless, the Panel determined to adopt the jointly recommended penalty in its entirety. Joint submissions often involve a certain amount of give-and-take, and absent something that would be contrary to the public interest, the agreed-to resolution should not be second-guessed by a Panel that is not privy to the factors that motivated the parties.

20. In conclusion, the Panel finds Mr. Murray guilty of two counts of professional misconduct as set out in Counts 2 and 3 of the Citation dated September 20, 2021 and orders that he:

(a) be fined \$10,000.00;

(b) comply with the following conditions:

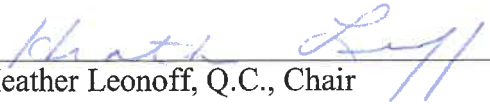
i. that he not act for, or as, personal representative of the estate of a deceased person or for, or as, the attorney of an incompetent person (excepting acting as personal representative or attorney for a family member);

ii. that his use of trust accounts and handling of trust monies be restricted to matters where the client is a person at arm's length unless such use for any non-arm's length client is approved in advance by the Chief Executive Officer of the Society or her delegate;

(c) within 30 days, disclose to the Registrar under *The Real Estate Services Act* that he received into his law firm trust account and not his broker's trust account moneys that were collected by Mancom Realty Incorporated and disbursed by it for the management of properties of A.E. Ltd. and P.P including providing a copy of the ledger for Murray and Kovnats file No. 195007; and

(d) pay a contribution to costs in the amount of \$7,500.00.

Dated this 24 day of June, 2022.

  
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Heather Leonoff, Q.C., Chair

  
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Wendy Stewart

  
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Maureen Morrison