



THE LAW SOCIETY OF ALBERTA

ANNUAL REPORT 2002

OUR MISSION

To serve the public interest by promoting a high standard of legal services and professional conduct through the governance and regulation of an independent legal profession.



THE LAW SOCIETY OF ALBERTA



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THE LAW SOCIETY OF ALBERTA



The mission of the Law Society of Alberta is "To serve the public interest by promoting a high standard of legal services and professional conduct through the governance and regulation of an independent legal profession."

The LSA derives its authority from the *Legal Profession Act* of Alberta. The legislature has respected the fundamental democratic tradition that the legal profession should be independent of government and should regulate itself.

Self Regulation and Benchers

Every two years Alberta lawyers elect 20 of their members to serve as benchers. The benchers act as a board of directors who meet regularly and serve without remuneration, except the president who is chosen by the benchers and receives an honorarium. Although elected by the profession at large, each three provincial districts (north, central and south) outside of Calgary and Edmonton is entitled to one resident bencher regardless of overall vote.

The LSA also has four non-lawyer lay benchers (public representatives) who are appointed by the Minister of Justice. As fully participating benchers, the lay benchers serve on committees and hearing panels. They enrich the discussion on many public interest issues and open the workings of the profession to public scrutiny.

Professional Standards

The Alberta legal profession has a comprehensive code of ethical standards to which all lawyers must adhere. These standards are contained in the *Legal Profession Act*, *The Rules* and *The Code of Professional Conduct*, court decisions, and conduct committee and hearing committee decisions. In case of

doubt, lawyers also refer to authoritative text books and journals, and seek guidance in the form of a written opinion from the professional responsibility committee.

The education requirements for lawyers include a three year law school program, one year as an articling student (learning by working with a senior lawyer), and the completion of the Bar Admission Course. The Bar Admission Course, directed by the LSA through the Legal Education Society of Alberta, focuses on core practice areas, lawyering skills, and professional attitudes. A comprehensive set of practice area examinations and skill assessments ensure that only those lawyers with a clearly demonstrated level of competence are admitted to the profession.

Lawyers' Fees

The LSA is not involved in the regulation of lawyers' fees. Clients may apply to the court for an independent fee review (taxation) of their legal fees. As an alternative to the taxation process, voluntary fee mediation is available through the LSA. Lawyers who charge an unreasonably high fee may be disciplined by the LSA. For persons without the ability to pay a lawyer, Legal Aid is available. Founded in 1970 by the LSA and the provincial government, Legal Aid offers assistance to the financially disadvantaged.

Penalties for misconduct

A lawyer who is guilty of professional misconduct may be reprimanded, fined up to \$10,000, suspended from practice or disbarred. Conditions of practice may also be imposed on a lawyer. While some cases of questionable conduct are dealt with through the conduct process, efforts are made to resolve

others through reviews, mentors, education upgrading or counselling.

Public Protection

In 1969, the LSA instituted the first mandatory insurance program in Canada. Every lawyer practising in Alberta must purchase liability insurance, with a \$1,000,000 limit of liability per occurrence. Many lawyers purchase additional insurance. The additional amount depends on the size of the firm and type of law practised. The combination of compulsory and optional insurance protects the public and spreads the cost of insurance equitably across the profession. Since 1984, the Insurance Committee has mounted an aggressive loss prevention program, publishing comprehensive practice checklists and manuals, and sponsoring free seminars on law office management and loss prevention techniques.

In addition to insurance for lawyers' liability, the public is protected for losses suffered through a lawyer's misappropriation of trust funds. The Assurance Fund, established in 1939, was the first of its kind in Canada. Every active lawyer in the province contributes to this fund.

To ensure the public continues to receive the highest quality of legal services, the LSA is vigilant in protecting the public against unqualified persons illegally practising law.

Services

The LSA offers a variety of services to both lawyers and the general public. In addition to those programs outlined elsewhere in this report, the LSA offers the following:

Office of the Practice Advisor

Confidential free advice for lawyers is available from Practice Advisor Barry Vogel, QC and Practice Management Advisor Paul McLaughlin. Mr. Vogel is available to discuss legal, ethical, and practice concerns and personal matters. He will also mediate and arbitrate interlawyer disputes. Mr. McLaughlin provides assistance in practice management, automation and office administration, with a focus on the needs of sole practitioners and members practising in smaller settings. Both will travel anywhere in Alberta for meetings with members. The Office of the Practice Advisor also offers a Mentor Program in family law, criminal law, civil litigation, wills and estates, and real property.

Lawyer Referral Service

The LSA operates a Lawyer Referral Service to help people find a lawyer to provide the legal services they require. An information service, Lawyer Referral is not connected with Legal Aid, nor does it provide any financially subsidized legal services. To use the Lawyer Referral Service, phone toll free from anywhere in Alberta by dialing 1-800-661-1095 or (403) 228-1722 in Calgary. After being advised of the nature of the problem or the areas of law of concern, the Lawyer Referral operator will provide the caller with the names and telephone numbers of three lawyers practising in the applicable field of law. The caller can then make an appointment with one, two or all three of those lawyers, advising that they were referred by Lawyer Referral. There is no charge for the first half hour interview, after which the caller can decide whether or not to engage the lawyer at the full fee rate, and the lawyer can decide whether to accept the engagement.

Publications

The Law Society of Alberta publishes *The Benchers' Advisory* five times annually, and contributes to the publication of the joint Canadian Bar Association - Law Society of Alberta *Law Matters*. All publications are available on the LSA's website, www.lawsocietyalberta.com or by calling the LSA's Central Records Department at (403) 229-4737 or 1-800-661-9003.

Pamphlets available from the Law Society of Alberta include:

*Buying Your Home: Facts to Know Before you Sign

*Civil Actions: The Process if You Sue or if You Are being Sued

*The Criminal Justice System: Your Rights When Arrested or Charged

Have You Planned Your Estate?

Lawyers of Alberta: Serving the Public Interest

*Reviewing the Conduct of Lawyers

*Understanding Your Lawyer's Fee When You Divorce or Separate

Lawyers & Legal Agents/Paralegals/Legal Assistants

Fee Mediation

* *available in French*

RECOGNIZING EXCELLENCE

Distinguished Service Awards

Each year the Canadian Bar Association - Alberta Branch and the Law Society of Alberta present special awards in recognition of outstanding contributions made by Alberta lawyers to the community, the legal profession and legal scholarship. On March 7, 2003, distinguished service awards were presented to five Alberta lawyers in recognition of their outstanding distinguished service. **Paul Drager** (Calgary) and **Margaret Shone** (Edmonton) received awards for service to the community; **Lorne Goddard, QC** (Red Deer), and **H. J. Lyndon Irwin, QC** (Edmonton) each received an award for service to the profession, and **Dr. Richard Bauman** (Edmonton) received the award for legal scholarship.

2002 Viscount Bennett Awards

Alberta graduate students **Kevin Brosseau, Richard Jochelson, Christopher Sprysak** and **Andrew Wilson** were the recipients of the 2002 Viscount Bennett Scholarships. The scholarships are funded from a trust fund established with a gift from the right Honourable Viscount Bennett, P.C., K.C. The annual awards for post graduate studies in law are presented to individuals with high scholastic abilities who are dedicated to their community and profession, and wish to further their legal education.

Kevin Brosseau, LLB, graduated, with distinction, from the University of Alberta in 2001. He is currently enrolled in the LLM program at Harvard Law School.

Richard Jochelson, LLB, graduated from the University of Calgary. He is currently enrolled in the LLM program at Harvard Law School.

Christopher Sprysak, CA, LLB graduated from the University of Alberta in 1998. He is currently enrolled in the LLM program at New York University.

Andrew Wilson, LLB, graduated from Dalhousie University in 2001 and is currently attending Cambridge University.

**W. Bernie Kelly, QC
Memorial Prize**

Micheal Gavin Bates of the University of Calgary received the W. Bernie Kelly, QC Memorial Prize. The prize is awarded annually to law students in honour of the LSA's former secretary, W. Bernie Kelly, QC.

ACTIVE MEMBERS BREAKDOWN

			Male	Female
With firms	Calgary	2310	1697	613
	Edmonton	1445	1061	384
	Lethbridge	96	75	21
	Red Deer	75	59	16
	Medicine Hat	39	35	4
	Grande Prairie	32	27	5
	Other	765	552	213
	Total	<u>4762</u>	<u>3506</u>	<u>1256</u>
	Sole Practitioners	Calgary	705	496
Edmonton		458	335	123
Lethbridge		28	24	4
Red Deer		32	26	6
Medicine Hat		17	15	2
Grande Prairie		8	6	2
Other		351	263	88
Total		<u>1599</u>	<u>1165</u>	<u>434</u>
Corporate		Calgary	269	162
	Edmonton	36	24	12
	Lethbridge	0	0	0
	Red Deer	0	0	0
	Medicine Hat	0	0	0
	Grande Prairie	0	0	0
	Other	12	7	5
	Total	<u>317</u>	<u>193</u>	<u>124</u>
Government	Calgary	219	102	117
	Edmonton	484	239	245
	Lethbridge	12	9	3
	Red Deer	7	7	0
	Medicine Hat	10	7	3
	Grande Prairie	4	3	1
	Other	28	20	8
	Total	<u>764</u>	<u>387</u>	<u>377</u>
Active members	Total	<u>7442</u>	<u>5251</u>	<u>2191</u>

BENCHERS AND OFFICERS OF THE LAW SOCIETY OF ALBERTA, 2002



Back Row: Bradley Nemetz, Charles Gardner, John Holmes, John Phillips, Perry Mack, Brian Peterson, Vaughn Myers, Larry Anderson, Tudor Beattie, Morris Taylor

Middle Row: June Ross, Patricia Hughes, Rhonda Ruston, Tracy Brennan, Yvonne Stanford, Doug McGillivray, Juliana Topolniski

Front Row: Wilfred Willier, James Peacock, Cheryl Gottselig, Kenneth Nielsen, Don Thompson, Mona Duckett, W. Paul Sharek

Missing: Everett Bunnell, Norma Sieppert

PRESIDENT'S REPORT

by Kenneth G. Nielsen, QC

I have had the great fortune of being part of the LSA in a year that saw many accomplishments at the local, provincial and national level. While space does not permit me to mention all of these matters, the following items merit being mentioned in this annual report.

National Mobility

History was made on December 7, when the LSA signed the long awaited National Mobility Agreement. Achieving national mobility has been a long time project for the members of the Federation of Law Societies of Canada (FLSC), particularly the LSA, which played a key leadership role. The concept of increased mobility gained momentum in the west, two years ago, when law societies from the four western provinces passed the '6 in 12 Rule'.

The agreement needs to be implemented by making rule changes at each individual law society. The LSA anticipates that it will have these rule changes made by July 1, 2003.

Federation of Law Societies of Canada Restructuring

Over the past year, the LSA has been active in discussions surrounding restructuring the FLSC. The LSA believes that with the right governance and administration structure, the FLSC can be an even stronger organization with solid participation from member law societies. The restructuring provides for one member per law society to sit on the board of directors of the FLSC. This board will set the overall strategic direction of the FLSC.

Money Laundering

Major progress was made in this area. After obtaining court orders in several provinces, the end result was

positive. An agreement was entered into with the Attorney General for Canada pursuant to which lawyers were exempt from the reporting provisions of *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act* until such time as the constitutionality of those provisions could be determined in the courts. A trial on this issue remains to be heard in British Columbia commencing in early June 2003.

Further provisions pursuant to this *Act* came into effect on January 6, 2003 with respect to reporting cross border transactions. Lawyers are exempt from reporting such transactions on behalf of a client. Obviously, a lawyer will have to report if a transaction is done on his or her own behalf. The government is of the view that where a Canadian lawyer, acting on behalf of a client, sends "monetary instruments" of \$10,000 or more by courier to a party outside of Canada, it is the client who is required to report, not the lawyer. The client is considered the "exporter" for the purposes of the *Act* and regulations, and must name the lawyer as the person acting on the client's behalf. The lawyer is not personally obligated to file the report.

Government Relations

Over 2002, many discussions were held with the Minister of Justice and Attorney General Dave Hancock, QC as well as other key government officials. Of note were the discussions around the Calgary courthouse project, the QC selection process, paralegals and legal agents, as well as how the FOIP legislation might impact the profession.



Privacy Legislation

A huge amount of progress has been made to get ready for the introduction of privacy legislation, expected sometime in 2003. This important legislation will affect regulators, such as the LSA, as well as law firms. The LSA has developed a draft Fair Information Policy, as well as a Confidentiality Policy, which sets standards about how information is collected, used and stored. Lawyers and law firms will be expected to become compliant with this new legislation, all while respecting the need for client confidentiality and privacy. We informed our members about this matter through many articles in the *Benchers' Advisory*.

Core Document Distribution

In efforts to reduce costs and deliver products in an efficient manner, the LSA no longer mails out changes to the *Legal Profession Act*, the Rules of the Law Society and the Practice Guide to the membership. Members are now encouraged to check the website and *The Advisory* for updates to these core documents. They can be downloaded from the LSA's website or a hard copy can be requested by contacting the LSA's central records department. Changes to the Code of Professional Conduct will continue to be mailed to members. The LSA estimates a savings of \$60,000 per mailing of the *Act* and Rules.

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Third Party Funding

The LSA seeks to provide its members with services and support as is reasonably possible. In order to achieve this, member dues must be spent responsibly and the funds must be directed so as to achieve maximum value from their expenditure. With that in mind, the LSA struck a task force to review all contributions to third parties and develop a structure to which these third parties can apply for funding. This task force will be reporting to the benchers with recommendations and an implementation strategy during the April 2003 convocation.

Litigation

A major win for the legal profession occurred in the Supreme Court of Canada last spring in *R. vs. Lavalee, Rackel & Heintz, Barristers and Solicitors, and Andrew Brent Polo*, in which the LSA was an intervener. The Supreme Court ruled that section 488.1 of the Criminal Code of Canada was unconstitutional, as a client's rights could be violated when the police seize files from a law office for an investigation.

Previously, the client, and lawyer, if unavailable at the time, may not know these files had been seized and opened for an investigation. As the files may contain privileged information, this action can violate a client's right to confidential protected communications with their lawyer. This decision reaffirms the fundamental right to lawyer-client confidentiality.

New Lay Bencher

In April, the LSA welcomed Norma Sieppert as the fourth lay bencher. Currently a semi-retired researcher, Ms Sieppert is well known in the Calgary volunteer community. She was the person who spear-headed the Adopt-A-Parent program for the Calgary 1988 Winter Olympics, for which she was awarded the Order of Canada for Community Service. In the past year, Ms Sieppert was active on the credentials and education, finance, appeal and pro bono committees of the LSA.

As can be seen, there were a number of significant developments and achievements over the past year all in furtherance of our mandate to protect the public and which support a self-regulating profession. I wish to thank all of the benchers, volunteers, and the LSA staff for their dedication, support and hard work over the last year. It is due to the efforts of all of these people that we are able to maintain a strong and independent bar in this province.

THE LAY BENCHERS

APPOINTED IN THE PUBLIC INTEREST

Appointed by the Minister of Justice for a two-year-term, lay benchers safeguard the public interest and ensure that the views of the public are considered. Being a lay bencher requires active participation in the many duties of the LSA, including participation on conduct hearings, assurance fund claims, conduct panels and convocations as well as participate in a variety of the LSA's standing committees.

Yvonne Stanford was appointed as lay bencher in January 2000 and reappointed in 2002. Ms Stanford's



many professional and community activities have included director of the Canadian Mental Health Association,

Calgary; program director of the YWCA, Calgary; accountant and internal auditor, Dome Petroleum; president of the board, Women's Centre of Calgary; Alberta representative to the National Action Committee on the Status of Women; and working membership with community organizations such as the Calgary Coalition for Equal Access to Education, the Committee on Race Relations, and the Dignity Foundation.

Appointed as a lay bencher in January 1998, and reappointed in 2000 and 2002 to a third two-year term, **Morris Taylor** is the president of MTR Consultants Ltd. in Edmonton. This firm specializes in thor-



oughbred and harness racing in Canada and the United States, providing expert assistance to the profession

through the Philadelphia Company, Technical Advisory Service for Attorneys.

Retired High Prairie probation officer and active community volunteer, lay bencher **Wilfred Willier** worked for Alberta



Justice and the Solicitor General for 30 years. First appointed as a lay bencher in 1998, Mr. Willier was reappointed

in 2000 and 2002 to a third two year term.

In the spring of 2002, the LSA welcomed **Norma Sieppert** as the fourth lay bencher. Currently a semi-retired reseacher, Ms Sieppert is known in the Calgary volunteer community as



the person who spear-headed the first-ever Adopt-A-Parent program for the Calgary 1988 Winter Olympics.

The program was designed to thank athletes' parents for their years of sacrifice and dedication by offering them free bed and breakfast accommodation. For her efforts, Ms Sieppert was awarded the Order of Canada for Community Service.



CRIMINAL PRACTICE ADVISORY COMMITTEE

by Brian Peterson, QC, chair

Committee Members

Brian Peterson (C)
 Tudor Beattie (VC)
 Mona Duckett
 Vaughn Myers
 Wilfred Willier
 R. Bruce Hartridge
 Cathy G. Lane-Goodfellow
 J. Joseph Markey
 Andre Ouellette
 Joanne Perozak
 Bart Rosborough
 Wesley W. Smart
 Mark T. C. Tyndale

Lindsay MacDonald (LSA)
 Jennifer Rothery (LSA)

The committee provided significant input toward the Calgary Provincial Court Trial Coordination project. The project, to be modeled on the Edmonton project, was intended to relieve defence lawyers of having to provide the Crown's witness list to the Trial Coordinator in securing an appropriate trial date. Additionally, pre-booking by telephone would become available, and the question of the accuracy of orally provided dates would be removed by the implementation of a trial confirmation sheet. After discussions with the Calgary Trial Coordinator and Alberta Justice officials, the department committed to and implemented the trial coordination system in Calgary by September, 2003.

The committee also addressed the recent Criminal Code of Canada amendments concerning legal agents and the implementation of further restrictions on their appearances in court on summary conviction criminal matters. The proclamation date is scheduled for July 23, 2003. While these provisions may further restrict unauthorized agents, there was concern that they may limit the appearances by agencies who are providing a valuable service to the public without charge. As the legislation contemplates that agents will not be as restricted if they are authorized under a program approved by the Lieutenant Governor in Counsel of each

province, it was determined that contact with Native Counselling Services of Alberta to ensure their compliance would be beneficial.

The establishment of a protocol for the execution of search warrants on lawyers' offices continues to be a concern of the committee. Now that the *R. vs. Lavallee Rackel & Heintz, Barristers and Solicitors, and Andrew Brnet Polo* case has been decided in the LSA's favour, the committee should discuss provisions for a protocol. Important issues concerning the bearing of costs of any trustees appointed will also have to be considered. This will be a very active issue for the committee in the upcoming year.

Additionally, the impact of the *Krieger* case may require some participation from the committee or its members. The LSA and Alberta Justice have met to discuss the manner in which complaints concerning the conduct of Crown prosecutors will be handled. This, too, will be an important issue for the committee in the upcoming year.

The ongoing assessment of the Calgary arraignment changes will come up again as it is expected that should these changes appear to be beneficial, it will be sought to implement these procedures in Edmonton. This will continue to be monitored with participation by the committee in whatever manner it can be of assistance.

CIVIL PRACTICE ADVISORY COMMITTEE

by *W. Paul Sharek, QC, chair*

One important highlight of the year was the committee's involvement in the consultation process leading to the increase of the threshold for jury trials from \$10,000 to \$75,000. The committee supported this result and the change is now in effect.

In the fall of 2002, the committee reviewed consultation papers on commencement of proceedings and examinations for discovery, developed by The Rules Project of the Alberta Law Reform Institute. Materials were prepared by Jim Peacock, QC, Perry Mack, QC and Vivian Stevenson, which the

committee reviewed and reported to the benchers at meetings in November 2002 and February 2003.

Finally, there were a number of civil practice issues that were present on the agenda for observation and updates, such as reports on a review of the impact of Schedule "C" dealing with costs in civil actions, and the mandatory mediation project.

PRO BONO COMMITTEE

by *June Ross, QC, chair*

The *pro bono* committee, since its creation in 1998, has encouraged the expansion of *pro bono* legal clinics in Alberta following the model established by Calgary Legal Guidance (CLG). The LSA commissioned CLG to develop a *pro bono* clinic start-up kit. To date the kit has been provided to the Edmonton Centre for Equal Justice (ECEJ) and the Children's Legal and Education Resource Centre (CLERC) in Calgary. In the coming year the committee plans to liaise with local bar associations throughout Alberta to garner interest in establishing legal clinics in other locations.

The benchers approved numerous policy decisions recommended by the *pro bono* committee. Of note are the following:

Access to justice, including through the provision of *pro bono* legal services, is an integral part of the values of the LSA as the governing body of an independent, self-governing profession acting in the public interest. The role of the LSA in the provision of *pro bono* legal services is to provide a structure, offer leadership and to encourage and promote a culture of *pro bono* legal services in Alberta.

Pro bono legal services should not be mandatory.

The most pressing need for *pro bono* legal services is the need for legal advice and representation for persons who do not have the resources to pay for these services. The LSA will focus on initiatives that will promote the provision of this form of *pro bono* work.

Pro bono legal services are meant to complement not replace a properly funded legal aid program.

The LSA will seek to create a broader *pro bono* committee, which will include representatives of organizations that provide or have a stake in *pro bono* legal services. This broader committee will bring together the stakeholders best situated to deliver and resource the provision of *pro bono* services.

Finally, the LSA will investigate the possibility of extending insurance coverage to retired lawyers who provide *pro bono* legal services, following a model recently adopted by the Law Society of British Columbia.



Committee Members

W. Paul Sharek (C)
Perry Mack (VC)
John Holmes
Everett L. Bunnell
James S. Peacock
June Ross
Juliana Topolniski
Geoff Ho
Richard J. N. Gilborn
Havelock Madill
Virginia May
Peter Michalyszyn
Gordon W. Sharek
Vivian R. Stevenson
Diana J. Lowe
Justice Paul Belzil
Peter Freeman

Don Thompson (LSA)
Lindsay MacDonald (LSA)



Committee Members

June Ross (C)
Perry Mack (VC)
Vaughn Myers
James S. Peacock
Rhonda Ruston
Norma Sieppert
Michelle Crighton
Alan D. Hunter
Terry McGregor

Susan Billington (LSA)



CONDUCT COMMITTEE

by *Larry Anderson, QC, chair*

Committee Members

Larry G. Anderson (C)

W. Paul Sharek (VC)

Perry Mack

Tudor Beattie

John Holmes

Vaughn Myers

John Phillips

Yvonne Stanford

Morris Taylor

Anne J. Brown

Glenda A. Campbell

Mae L. Chow

David P. Jones

John S. D Kong

Richard J. O'Gorman

Wendy C. Rollins

Sabri M. Shawa

Lindsay MacDonald (LSA)

Jim Stevens (LSA)

Darlene Hutchinson (LSA)

The objective of the 2002 conduct committee was to maintain balance and fairness in the disciplinary process, and improve timeliness, increase transparency and encourage consistency.

One initiative was the development of a half-day seminar for all benchers during the October convocation. The seminar focused on the do's and don'ts of conducting disciplinary hearings and, with the participation of former LSA president Justice Neil Wittmann, included a session on how to write reasons. The seminar featured written materials to assist benchers, as well as a template for written decisions. Timeliness in the preparation of hearing committee reports was stressed. In February of 2003 the benchers adopted a number of recommendations flowing from this seminar, including the adoption of a shorter turn around time for hearing committee reports.

Progress in the pursuit of the objective to improve timeliness was reflected in the statistics for 2002. For example, although there was an increase in the number of matters directed to the formal process, fewer hearings remained outstanding at the end of the year than at any time in the past decade. This is undoubtedly due, in large part, to the implementation of pre-hearing conferences into the disciplinary process. At year's end there were also no hearing committee reports outstanding beyond 90 days.

The committee also examined the appeal process this year with a view to improving timeliness in the hearing of appeals. In February 2003 the benchers approved several recommendations of the committee, one of which was to incorporate pre-hearing conferences into the appeal process.

Applications to resign in the face of discipline comprised a further issue that the committee discussed at length. The committee's work in this area will carry over to the next committee.

An additional matter on which the committee spent a lot of time was the development of guidelines to cover the complaint process from the time of an initial complaint to the point of a conduct committee panel becoming involved. Several drafts were discussed in the committee meetings and the benchers provided input at the February convocation. This is a further matter that will carry over to the new committee.

Suspensions were also a topic that was addressed by the committee. A subcommittee, chaired by Perry Mack, QC continues to work on this matter.

The committee dealt with other matters as reflected in the minutes over the course of the year.

Comparative Conduct Department Statistics for 2002 and 2001

Process	2002	2001
Complaints and enquiries received ¹	3742	3360
Opened as formal complaints	113	114
Public complaints	53	40
Lawyer complaints	28	22
LSA generated complaints	32	52
Disposition of formal complaints by administration		
Dismissed	37	42
Directed to investigation by executive director	7	26
Referred to conduct committee panel for further review	93	86
Disposition of Conduct Committee Panels		
Directed to investigation	2	1
Directed to mandatory conduct advisory ²	21	17
Directed to Practice Review Committee	20	7
Directed to hearing	53	35

¹ Initially dealt with by complaints resolution officers (lawyers)

² A mandatory conduct advisory (MCA) is a meeting between a bencher and the lawyer to deal with deficiencies in lawyer's conduct which does not constitute conduct deserving of sanction. A successful MCA results in dismissal of the complaint.



CORPORATE AND COMMERCIAL ADVISORY COMMITTEE

by Dale Spackman, QC, chair

The two major projects undertaken by the corporate and commercial advisory committee over the past year related to reforms to corporate legislation, particularly, the *Business Corporations Act* and *The Sarbanes-Oxley Act of 2002*.

Andrew Hladyshevsky, QC and Martin Kay, QC have led a consultation process, including focus group sessions in Calgary and Edmonton, which culminated in a position paper being presented to the government in respect of the proposed amendments to the *Business Corporations Act*. The committee continues to monitor the government agenda in respect of these proposed amendments and we will provide our input on behalf of the profession when required.

The committee closely examined the implications of *The Sarbanes-Oxley Act of 2002* (SOX), particularly the Rules of Conduct to be proclaimed by the U.S. Securities and Exchange Commission (SEC) relating to the conduct of lawyers "appearing before the Commission". Dale Spackman, QC met with the executive director of the Alberta Securities Commission (ASC) to discuss the implications of the rules and the position of the ASC relative to implementing similar rules in Canada. The LSA believes the independence of the legal profession and solicitor/client privilege must be protected and that our existing Rules and Code of Professional Conduct are sufficiently broad to cover the types of matters, at which the SOX rules are directed. The committee also participated in the preparation of a position letter forwarded to the SEC by the Federation of Law Societies of Canada.

The committee made recommendations to the government regarding introducing legislation in Alberta to allow for the incorporation of unlimited liability companies. These companies, as presently exist in Nova Scotia, provide tax advantages to foreign companies carrying on business in Canada and are particularly popular with U.S. companies.

Projects the committee will pursue in the near future include privacy legislation, the Alberta government business plan and, in particular, "Open Windows", electronic registries and filing systems, internet service providers, multi-disciplinary practices, *Limitations Act*, section 7(2) and its impact on commercial agreements, and Securities Law Reform (federal and provincial).

The electronic commerce subcommittee continues to monitor developments in e-commerce legislation, electronic filing and registry initiatives and other developments in e-commerce law and applications both within and outside of Alberta. The LSA participated in the Notarius Secure E-mail Pilot Project, in cooperation with the Chambre des notaires du Quebec and Notarius (TSIN) Inc., the technology subsidiary responsible for a public key infrastructure system in Quebec. Results of the pilot project will be released in the near future.

Committee Members

Dale Spackman (C)
Charles Gardner
Larry Anderson
Clarke Barnes
Scott Bodie
Andrew J. Hladyshevsky
H. Martin Kay
Denise Dunn McMullen
Debra J. Poon
Bogumil F. Romanko
Monica Sharma
Barbara Snowden
David J. Stratton
Mark Van De Veen
Michael Whitt

Don Thompson (LSA)

Electronic Commerce subcommittee

Dale Spackman (C)
Cindy J. Roberts
Michael Whitt

Don Thompson (LSA)
Paul McLaughlin (LSA)

CREDENTIALS AND EDUCATION COMMITTEE

by Juliana E. Topolniski, QC, chair

The committee continued to implement guidelines specific to reinstatement applications to clarify underlying policy considerations and procedural matters. Appointed panels dealt with reinstatement applications, rather than having these matters go before the committee as a whole. This new process has proved to be efficient and effective for all involved.

Town hall meetings were held in Edmonton and Calgary to obtain feedback from principals about the Bar Admission Course. Some law firms wanted the students' grades to be released to principals so that the firms could assist those students who are required to write supplemental examinations. In response, the benchers resolved that LESA could advise principals by email of the dates anticipated for the release of marks to students.

Applicable Rule changes passed by the benchers included an amendment to allow articles to be completed within a two-year period without having to seek approval from the credentials and education committee.

Finally, a subcommittee was formed to create guidelines for show cause, good character and other regulatory hearings. The subcommittee is also revising the credentials and education committee general guideline.

In the coming year, the committee will be an active participant in preparing new rules to implement the National Mobility Agreement and will continue to support a new Bar Admission Course being developed by the law societies of Alberta, Saskatchewan and Manitoba in conjunction with LESA and related organizations.



Committee Members

Juliana Topolniski (C)
June Ross (VC)
Larry Anderson
Tudor Beattie
Mona Duckett
Douglas McGillivray
James S. Peacock
John Phillips
Norma Sieppert
Trish Kumpf
David Stark
Harvey Steblyk
M. Francine Swanson
Dean Patricia Hughes
Dean Lewis Klar
Hugh A. Robertson

Liz Soper (LSA)
Brenda Gesinghaus (LSA)

COMMUNICATIONS COMMITTEE

by Cheryl Gottselig, QC, chair

Significant projects were taken on by the communications committee in 2002, with some very positive results. Of particular mention is the complete overhaul of the *Benchers' Advisory*.

Over the course of the year, the committee examined the content, look and feel of the LSA's primary external communications vehicle. A new look was created and terms of reference were developed that focus the publication on being complementary to the entire legal profession. *The Advisory* will feature stories from not only the LSA, but key stakeholders and partners, such as the Legal Aid Society and the faculties of law at both the University of Alberta and the University of Calgary. *The Advisory* made its debut in March 2003.

The communications committee, through an organizing subcommittee, hosted the Media and the Law seminar on March 1, 2003 in Edmonton. A nearly sold-out crowd of 110

judges, lawyers and media attended the event at the University of Alberta's faculty club. Topics discussed included freedom of expression, publication bans and the participants were involved in a headline writing workshop. The Honourable Judge Allan Lefevre delivered the keynote luncheon address and the event was emceed by Lynda Steele, anchor for Edmonton's Global Television network.

Preliminary discussions took place around the 100th anniversary of the LSA in 2007. While the committee agreed that the celebrations should focus around an image campaign for the profession, specific strategy planning will be turned over to a subcommittee in 2003.

For the next year, key communications initiatives will include the media and the law seminar, developing terms of reference for the committee and the 100th anniversary of the LSA.



Committee Members

Cheryl Gottselig (C)
Yvonne Stanford (VC)
Tracy Brennan
Douglas McGillivray
Morris Taylor
Brian J. Evans
C. (Kate) E. Wood
Michelle Somers
Gary Wanless
Virginia Engel, CBA

Eileen Dooley, LSA
Don Thompson, LSA



FINANCE COMMITTEE

by Douglas McGillivray, QC, chair

Committee Members

Douglas McGillivray (C)
 John Holmes (VC)
 Tracy Brennan
 Charlie Gardner
 Bradley Nemetz
 Brian Peterson
 June Ross
 Morris Taylor
 Juliana Topolniski
 Norma Sieppert
 Michelle Crighton
 John T. Henderson
 Lindsay J. Holmes
 Lawrence A. Johnson
 James S. Steel

Don Thompson (LSA)
 Peggy Stevenson (LSA)
 Steve Dyer (LSA)

Audit subcommittee

Yvonne Stanford (C)
 Vaughn Myers
 Juliana Topolniski
 Walter Mis
 Robert V. T. Boyden
 Raylene Palichuk
 Dale Spackman

Shauna Hollingsworth (LSA)
 Don Thompson (LSA)
 Peggy Stevenson (LSA)
 Steve Dyer (LSA)

The responsibility of the finance committee is to oversee financial affairs and financial planning of the LSA, to receive and review budgets prepared by the law society staff for the General Fund, the Assurance Fund and the Viscount Bennett Fund, and to generally provide for and plan fiscal aspects of LSA programs.

The Annual Fee

In order to have a balanced budget in the General Fund the 2003 annual fee was set at \$990 (a \$65 increase). The greatest component of the fee increase came from three sources:

- (a) Greater than inflation increase of premises rent and occupancy costs;
- (b) Lesser than expected revenues from investments owing to market conditions; and,
- (c) A \$210,000 increase in the LSA contribution to the joint libraries committee.

These three factors together make up in excess of 80 per cent of the increase in the levy.

The significant increase in funding required to maintain a high degree of library services (largely owing to double digit increase in the costs of subscriptions) caused the finance committee to start the process of considering multi-year

financial planning in conjunction with a multi-year business plan for the LSA. The committee also developed a grant application form and policy for third parties to complete when applying for program and project funding from the LSA.

These initiatives will be ongoing and allow the LSA to ensure its accountability to its members for the money that it spends on their behalf.

Assurance Fund Levy

The Assurance Fund Levy for 2003 was set at \$200, an increase of \$50 per member. This is in keeping with the resolution of the benchers of 2000 to see the Assurance Fund levy gradually increased until the operational budget becomes balanced. It is expected that the levy will increase by \$50 per year until 2004.

Summary

Annual Fee Active Member	\$990
Assurance Fund Levy	<u>\$200</u>
Total	<u>\$1,190</u>

Finally, this year witnessed a cost centre format of accounting and budgeting, which provided a great deal more information to the committee when making key decisions. This new format also allowed for a more comprehensive analysis of the LSA's ongoing financial performance and was of considerable assistance preparing the 2003 budget.

GENDER, EQUALITY AND EQUITY COMMITTEE

by Rhonda Ruston, QC, chair

This past year, the CBA - Alberta Branch, was awarded almost \$80,000 to conduct an equity and diversity survey of the legal profession, and the committee is pleased to be assisting them with this venture. This survey will provide valuable information for profession.

The contract to conduct the survey has been awarded to a team of three consultants. Gyn Cooper Research Associates based in Calgary (Merrill Cooper and Irene Hoffart) and Dr. Joan Brockman from Simon Fraser University. The GEE committee has appointed a Steering Committee to provide guidance, advice and assistance to the Consultants. The members of the Steering Committee are: Rhonda Ruston, QC, Chair; Doug McGillivray, QC; Beth Miller; Sandra Mah; Sheilah Martin, QC; Jeanne Byron; and Susan Billington.

The project consists of the development, implementation, and analysis of a survey of active and inactive members of the LSA on equity and diversity in the legal profession. It will also consist of the development, implementation, and analysis of focus groups with active members of the LSA on equity and diversity in the legal profession and the development and testing of an exit interview protocol for lawyers who move to the non-practicing list or leave the profession entirely.

The project is targeted for completion on November 30, 2003.

The committee also provided recommendations to the Minister of Justice regarding changes to the QC selection process. The minister will be discussing these recommendations with the LSA in March 2003.

The committee has recommended that the next committee update the model policies, which were developed as educational tools for the profession. The Equity Ombudsperson considers the model policies as an invaluable tool in her work. She indicated that the profession uses the policies and that many other professional organizations have contacted her for our model policies. The committee has formed a subcommittee for the review of the model policies that are on the website. Further development of policies should include: 1) the broadening of the Harassment Policy to a Respectful Workplace Policy; and 2) the broadening of the Parental Leave Policy to include Compassionate Leave.

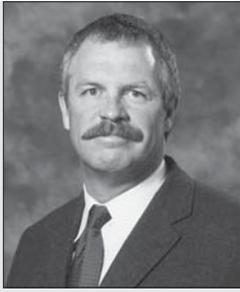
Finally, a University of Calgary law student is preparing an issues paper on differential tuition fees for the committee. The intention of this paper would be to heighten the awareness of the issues and the potential consequences of differential tuition fees.



Committee Members

Rhonda Ruston (C)
Yvonne Stanford (VC)
Tudor Beattie
Charlie Gardner
Cheryl Gottselig
Douglas McGillivray
June Ross
Wilfred Willier
Judy D. Daniels
Martin S. Kaga
Sandra Mah
Laurel Watson
Ian A. Zaharko
Sheilah L. Martin
Gerry Gall
M.E.A.(Beth). Miller (CBA)
Jeanne Byron (Equity
Ombudsperson)

Don Thompson (LSA)
Susan Billington (LSA)



INSURANCE COMMITTEE

by James Peacock, QC, chair

For the July 2002-03 insurance year, the independent actuaries who review the insurance program projected a \$2976 cost per insured member. Applying a \$317 surplus distribution from the ALIA insurance fund and an \$85 credit from the Canadian Lawyers Insurance Association (CLIA), the July 2002 base net levy was set by the benchers at \$2574. Insured lawyers for whom the program has paid claims in the past five years pay a surcharge of 30 per cent or more above the base net levy.

CLIA reported difficult renewal negotiations with its reinsurers on the excess insurance program, as a result of which law firms can expect premiums for excess insurance to increase.

At the request of Alberta Lawyers Insurance Association and other subscribing law society insurance programs, CLIA will report on the feasibility of raising the mandatory policy limits to \$2,000,000. The Alberta policy limits have been \$1,000,000 for 20 years.

Sarah Brickett, who as Director of Insurance has managed the LSA's professional liability insurance program since 1984, is retiring in May 2003. Sarah's guiding hand will certainly be missed and we wish her well.

Committee Members

James S. Peacock (C)
Tracy Brennan (VC)
Tudor Beattie
John Holmes
Wilfred Willier
Sandra L. Corbett
Walter Kubitz
William J. Kenny
L. M. Alison Lees
Vivian Stevenson
Doug Stokes
David R. Syme
Kenneth J. Warren
Phyllis A. L. Smith (CLIA)
Kenneth G. Nielsen (CLIA)

Sarah Brickett (ALIA)
Margaret Bayerle (ALIA)
Colleen Beatty (ALIA)
Trevor Bozzer (ALIA)
Jackie Hickey (ALIA)
Bill Little (ALIA)
Georges Tambay (ALIA)
Nancy Stenson (ALIA)

JOINT LIBRARY COMMITTEE

by Francine Swanson, QC, chair

During the past year, particular attention has been focused to optimize the use of technology to facilitate access to digital sources of legal information for the profession and to provide equitable services to both urban and rural members.

In November, ALLi-CAT, the Libraries' online catalogue was launched. In addition to providing members with desktop access to the Libraries' collections, the new catalogue provides immediate remote access for members to view their library account, renew book loans, and check the status of loans and requests. Additional functionality will be implemented over the coming months, including the cataloguing of web-based sources of legal information, simultaneous searching of remote databases, and the ability to electronically request documents for delivery and ask reference questions.

With the launch of the new catalogue, and in response to suggestions made by the profession during our 2001 User Survey, book loan periods were extended. Text-books can now be borrowed for 14 days with an additional 14 day renewal, and the loan period for periodicals and law reports has been extended from three days to one week.

Staff now have access to three commercial electronic vendors of legal information - Lexis-Nexis™, QuickLaw™ and Alberta QP Source. These databases provide access to a wide range of provincial, national and international sources of legal information

and greatly enhance reference services to the profession at our Libraries. Staff are currently accessing these databases and providing search results to members at no online costs.

The website continues to be developed, providing members with comprehensive links to national and international legal information resources such as bills, statutes, regulations, and decisions from courts and legal tribunals as well as information on our services, policies, locations and hours of service. The value of the site as a communication medium for the Libraries and a source of legal information for clients was evidenced by the 1.4 million hits received in 2002.

In addition to our information technology initiatives, a number of other initiatives were undertaken to enhance information resources and services to the profession.

Toll-free telephone numbers were implemented at the Edmonton and Calgary Libraries to improve access to resources and services for rural clients. User guides were provided to assist members with navigating the new online catalogue and open houses were held at our Libraries to publicise the new catalogue and provide training to members.

The committee is extremely appreciative of the financial support received from the Libraries' funding stakeholders in 2002; the Alberta Law Foundation, the Law Society of Alberta and Alberta Justice.



Committee Members

Francine Swanson (C)

Everett Bunnell (VC)

Peter Freeman

Mona Pearce

(Alberta Justice)

Andrzej Nowackim

(Alberta Justice)



PROFESSIONAL RESPONSIBILITY COMMITTEE

by Charles Gardner, QC, chair

The committee was again called upon to consider the implications for members in the real estate bar of participating in programs being offered, or potentially being offered, by Title Insurers. The committee also spent a considerable amount of time with criminal practitioners in dealing with ethical situations often involving disclosure obligations of both the Crown and defence counsel.

The LSA's Code of Professional Conduct has undergone major changes in order to keep pace with the changing realities of practice. The benchers have approved some changes to our Code this past year including:

- a) a clarification of the definition of "lawyer" to ensure that there is no misunderstanding as to the applicability of the Code to inactive members;
- b) an expansion of the commentary in the Code dealing with members' obligations when making comments to the media during the progress of a trial; and
- c) the whistle blowing obligations in the Code were expanded at the recommendation of the Practice Review Committee. This is for situations in which a member who is in need of some form of personal assistance refuses to get that assistance and the public is thereby potentially placed at risk.

The recent phenomenon of members granting and advertising loans to their clients was the subject of considerable debate before the committee and will be considered more fully by the committee and its Code of Conduct Review Subcommittee in 2003.

As lawyer mobility increases, the need to harmonize our ethical rules also increases. A committee has now been struck by the western law societies to explore the creation of a harmonized code of professional conduct.

Finally, Barry Vogel, QC, practice advisor, will be retiring in 2003. Barry is an encyclopedia of ethical rules and their practical effect and for many, many years has been an invaluable resource to the professional responsibility committee. On behalf of all former chairs and members of the committee I would like to thank Barry for his wise counsel and wish him much happiness in retirement.

Committee Members

Charles D. Gardner (C)

Bradley Nemetz (VC)

Perry Mack

Vaughn Myers

Brian Peterson

June Ross

Yvonne Stanford

Dennis B. Denis

David Hicks

Stephen D. Hillier

John M. Law

Corinna Lee

Lois MacLean

Daniel J. McDonald

Steve Raby

Anthony G. Young

Barry Vogel (LSA)

Lindsay MacDonald (LSA)

Paul McLaughlin (LSA)

Jennifer Rothery (LSA)

Code Subcommittee

W. Paul Sharek (C)

Bradley Nemetz

Ronald J. Everard

Frederick R. Fenwick

Alan D. Fielding

Lois MacLean

Barry Vogel (LSA)

Paul McLaughlin (LSA)

Jennifer Rothery (LSA)

PRACTICE REVIEW COMMITTEE

by *Mona Duckett, QC, chair*

Throughout 2002, the practice review committee continued to identify members encountering difficulties in their law practices and took pro-active steps to assist those members. Over 25 new files were opened this year as a result of referrals from departments of the LSA involving conduct, insurance or mediation. The majority of those files involve members voluntarily meeting with a practice review panel on a regular basis to identify and address the difficulties they are encountering in their law practices. We hope every member can realize and achieve their full potential so that they might maintain a healthy and enjoyable law practice.

The committee spent some time reflecting on its work and challenges over the last few years and approved a formal mandate and a Statement of Goals and Objectives for Practice Review. We also clarified a protocol for the referral of members in Practice Review to the offices of the practice advisor and the practice management advisor for consultations. We are striving to make the best use of resources available to us, respectful of the importance of confidentiality for the member who is accessing those resources. We also continue to inform members about the benefits they might obtain from accessing the ASSIST program directly.

We were gratified to see the overwhelming support offered by members prepared to participate in the newly launched Peer Support Program. This is a pilot project

that will match members in or leaving the Practice Review process with volunteer mentors. These peer supporters will be available to assist with questions regarding practice related issues. Many members, due to their practice circumstances, do not have the benefit of one-on-one collegial support and it is hoped that this program can facilitate that support for members going through Practice Review. Again, our thanks to all those who so generously offered their time. We are just beginning the process of matching members to peer supporters and look forward to working with more of you as the program becomes better known.

During 2003, it is anticipated that the committee will concentrate some efforts on the continuing evaluation of the Peer Support Program and on the refinement of the Practice Assessment process, which allows in office attendance by assessors to more easily identify practice problems.

I am grateful to have had the opportunity to chair the practice review committee in 2002. Having served on the committee for three years, I've thoroughly enjoyed being part of the kinder, preventative arm of our governing institution. Members experiencing the practice review process have generally committed themselves to working with their panel and have embraced the concept of practice improvement with a view to preventing practice problems.



Committee Members

Mona T. Duckett (C)
Everett Bunnell (VC)
Tracy Brennan
Charlie Gardner
Bradley Nemetz
Perry Mack
Brian Peterson
Robert A. Philp
Morris Taylor
Wilfred Willier
Anne J. Brown
Ronald J. Everard
Geoff Green
Anne Kirker
Gillian Marriott
John Middleton
Richard (Dick) W. Wilson

Barbara Cooper (LSA)
Merry Rogers (LSA)
Vicky Blaine (LSA)



Committee Members

Everett Bunnell (C)
Vaughn Myers (VC)
John Phillips
Shirish Chotalia
M. E. A. (Beth) Miller
C. Calvin Robb

Steve Bach (LSA)
Jim Stevens (LSA)
Greg Busch (LSA)
Lindsay MacDonald (LSA)
Kellie McKeil (LSA)

UNAUTHORIZED PRACTICE OF LAW

by Everett Bunnell, QC, chair

The past year has involved a steady stream of instances where complaints of unauthorized practice of law have been investigated and dealt with. Either no action was taken, the situation was managed to a satisfactory result or a court intervention was pursued. There were no new prosecutions in 2002.

The committee placed a number of articles in *The Advisory* dealing with unauthorized practice of law in order to better explain the business of this committee and communicate with the members of the LSA. Steps were taken to establish a liaison with the Provincial Court of Alberta in order to learn further of its experience dealing with non-lawyers and the development of its protocols.

As well, a subcommittee was created to investigate and report on the provision of legal services by non-lawyers in Alberta. The purpose of this study is to analyze from the perspective of the public's interest whether there is a need for regulation of such non-lawyer persons and whether there should be a role proposed for the LSA in this regard. This subcommittee has reported on an interim basis and it is expected that the benchers will soon determine further directions.

FAMILY LAW ADVISORY COMMITTEE

by Rhonda Ruston QC, chair



Committee Members

Rhonda Ruston (C)
Richard O'Gorman (VC)
Wendy Best
Geoff Ho
Barbara Krahn
Jean McBean
Doug Moe
Alan Maitland
Leonard Pollock
Tony Richard
Peter Freeman

Don Thompson (LSA)

The past three years have been a time of great activity in the area of family law, beginning with the December 2000 report received by the provincial Unified Family Court Task Force. In addition, the year 2002 saw sweeping new family law legislation, which occupied much of the attention of the committee.

In early 2002, Alberta Justice commenced a major initiative entitled Alberta Family Law Reform. Through technical workbooks, written submissions and round table discussions, the department sought the input of both the public and the constituents working directly in the legal system with respect to their proposed reforms. The LSA, through the family law advisory committee, actively participated in this process, through written submissions and by actively participating in the round table discussions.

The result of this work was the drafting, by Alberta Justice, of Bill C-30, then subsequently Bill C 30-2, which ultimately was passed by the legislature as the *Adult Interdependent Relationships Act*.

The committee was also active in developing its position respecting this new legislation and in communicating with Alberta Justice.

Issues the family law advisory committee can expect to address in the future are the pending new Unified Family Court structure, new family law Rules of Court, the consolidation of provincial family law statutes, new divorce legislation and proposed spousal support guidelines.

A copy of the complete financial report is available by writing to Steven Dyer, CFO, The Law Society of Alberta, #600, 919 - 11th Avenue SW, Calgary, Alberta T2R 1P3, or by e-mail at Steven.Dyer@lawsocietyalberta.com.

**THE LAW SOCIETY OF ALBERTA
CONDENSED FINANCIAL STATEMENTS
OCTOBER 31, 2002**

Auditors' Report

To the Members of the Law Society of Alberta:

The accompanying summarized balance sheet and statement of revenue, expenses and fund balances are derived from the complete financial statements of The Law Society of Alberta as at October 31, 2002 and for the year then ended on which we expressed an opinion without reservation in our report dated December 16, 2002. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in Guideline referred to above.

The summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP
CHARTERED ACCOUNTANTS
DECEMBER 16, 2002

**THE LAW SOCIETY OF ALBERTA
CONDENSED BALANCE SHEET
AS AT OCTOBER 31, 2002**

	2002	2001
Assets		
Current assets	\$ 2,056,166	\$ 2,267,120
Investments	8,104,619	8,580,703
Trust assets	395,707	391,735
Capital assets	<u>711,680</u>	<u>505,017</u>
 Total Assets	 <u>\$11,268,172</u>	 <u>\$11,744,575</u>
 Liabilities		
Current liabilities	\$ 750,349	\$ 774,358
Reserve for claims and related costs	683,000	929,000
Deferred rent	253,384	370,331
Trust liabilities	<u>395,707</u>	<u>391,735</u>
 Total Liabilities	 <u>2,082,440</u>	 <u>2,465,424</u>
 Fund Balances		
Invested in capital assets	711,680	505,017
Externally restricted funds		
Contingency reserve	5,283,237	5,720,294
Scholarship reserve	743,910	747,122
Unrestricted funds	<u>2,446,905</u>	<u>2,306,718</u>
 Total Fund Balances	 <u>9,185,732</u>	 <u>9,279,151</u>
 Total Liabilities and Fund Balances	 <u>\$11,268,172</u>	 <u>\$11,744,575</u>

THE LAW SOCIETY OF ALBERTA
CONDENSED STATEMENT OF REVENUE, EXPENSES AND FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2002

	2002	2001
Revenue		
Practice fees	\$ 7,982,784	\$ 7,196,367
Investment and other income	628,671	764,268
Management fee	288,096	280,000
Enrolment fees	250,396	262,164
Computer allocation	106,800	-
Other	51,396	59,214
Application fees	46,957	45,567
Fines and penalties	<u>46,425</u>	<u>17,550</u>
Total Revenue	<u>9,401,525</u>	<u>8,625,130</u>
Expenses		
Corporate costs	2,668,810	2,324,510
Departments and programs	5,671,428	5,342,661
Grants and contributions	811,789	739,688
Bencher/committee meetings	400,250	407,305
Scholarships	51,000	20,000
(Recovery of) provision for claims and related costs	<u>(108,333)</u>	<u>138,736</u>
Total Expenses	<u>9,494,944</u>	<u>8,972,900</u>
Excess (deficiency) of revenue over expenses for the year	(93,419)	(347,770)
Fund Balances - Beginning of Year	<u>9,279,151</u>	<u>9,626,921</u>
Fund Balances - End of Year	<u>\$ 9,185,732</u>	<u>\$ 9,279,151</u>

A copy of the complete financial report is available by writing to Steven Dyer, CFO, The Law Society of Alberta, #600, 919 - 11th Avenue SW, Calgary, Alberta T2R 1P3, or by e-mail at Steven.Dyer@lawsocietyalberta.com.

**THE ALBERTA LAWYERS INSURANCE ASSOCIATION
CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2002**

Auditors' Report

To the Directors of The Alberta Lawyers Insurance Association:

The accompanying summarized balance sheet and statement of revenue, expenses and fund balances are derived from the complete financial statements of The Alberta Lawyers Insurance Association as at June 30, 2002 and for the period then ended on which we expressed an opinion without reservation in our report dated October 2, 2002. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in Guideline referred to above.

The summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

PriceWaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP
CHARTERED ACCOUNTANTS
OCTOBER 2, 2002

**THE ALBERTA LAWYERS INSURANCE ASSOCIATION
CONDENSED BALANCE SHEET**

	June 30 2002	October 31 2001
Assets		
Current Assets	\$ 8,981,811	\$ 5,859,287
Investments	44,762,229	45,627,987
Capital assets	<u>6,900</u>	<u>11,808</u>
Total assets	<u>\$ 53,750,940</u>	<u>\$ 51,499,082</u>
Liabilities and Net Assets		
Current liabilities	\$ 7,160,816	\$ 5,693,946
Reserve for claims/related costs	<u>29,590,000</u>	<u>32,990,000</u>
Total liabilities	36,750,816	38,683,946
Net assets - unrestricted	<u>17,000,124</u>	<u>12,815,136</u>
Total liabilities and net assets	<u>\$ 53,750,940</u>	<u>\$ 51,499,082</u>

**THE ALBERTA LAWYERS INSURANCE ASSOCIATION
CONDENSED STATEMENT OF REVENUE, EXPENSES AND NET ASSETS**

	Eight months ended June 30, 2002	Year ended October 31, 2001
Revenue		
Annual levy	\$ 8,425,784	\$ 12,339,801
Investment income	<u>1,544,504</u>	<u>3,918,237</u>
Total Revenue	<u>9,970,288</u>	<u>16,258,038</u>
Expenses		
Provision for claims and related costs	4,158,449	12,901,124
Premium paid to CLIA	1,699,153	2,684,878
Operating expenses	898,861	1,184,627
Loss prevention	<u>58,480</u>	<u>78,755</u>
Total Expenses	<u>6,814,943</u>	<u>16,849,384</u>
Excess (deficiency) of revenue over for the period before the following	3,155,345	(591,346)
Premium Credit	<u>1,029,643</u>	<u>-</u>
Excess (deficiency) of revenue over expenses for the period	4,184,988	(591,346)
Net assets - beginning of period	<u>12,815,136</u>	<u>13,406,482</u>
Net assets - end of period	<u>\$ 17,000,124</u>	<u>\$ 12,815,136</u>

2002 Ad Hoc COMMITTEES

Alberta Registries

Liaison

S. Raby (C)
J. Dunphy
L. Irwin
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