

The Law Society of Newfoundland

2001 - 2002 Annual Report



The Law Society of Newfoundland
Annual Report 2001 - 2002
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Gerald Squires, RCA, LL D

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**This Report covers the period
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The Law Society of Newfoundland

Annual Report

2001 - 2002



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BENCHERS

Officers:

President: Jeffrey P Benson, QC
Vice-President: William H N Goodridge, QC

Elective Benchers

Eastern District:

Jeffrey P Benson, QC
John D Brooks, QC
William A Cadigan
Brian F Furey
William H N Goodridge, QC
Sheila H Greene
Paul M McDonald
Tobias F McDonald
Stephanie L Newell
Robert M Sinclair, QC
Jamie M Smith, QC
Marina C Whitten

Central District:

Aidan B Beresford
H Wayne Burden

Western District:

M Beverley L Marks, QC
Derrick G M Watton

Labrador District:

Edward M Hearn, QC

Appointed Benchers

John P Greene
C Ted Janes

Bernice Morgan, D Litt
Bert Riggs

***Ex Officio* Benchers**

Barry R Sparkes

Honorary Benchers

Lewis B Andrews, QC
Reginald H Brown, QC
V Randell J Earle, QC
J David B Eaton, QC
Francis P Fowler, QC
J Vernon French, QC
The Hon Chief Justice J D Green
The Hon Gloria Harding
Thomas R Kendall, QC
R Barry Learmonth, QC

Dana K Lenehan, QC
Augustus G Lilly, QC
Dennis C MacKay, QC
G David Martin, QC
M Francis O'Dea, QC
Thomas J O'Reilly, QC
Ernest G Reid, QC
John F Roil, QC
The Hon Mr Justice D Russell
The Hon Mr Justice R Wells

Treasurers/Presidents of the Law Society

Secretaries/Vice-Presidents of the Law Society

— 1834-1845 Records of the Society were destroyed in the Great Fire of June 9, 1846 —

1846 Hon Wm B Rowe, QC
 1849 Bryan Robinson, QC
 1852 E M Archibald
 1855 F B T Carter
 1866 Wm V Whiteway
 1869 Robert J Pinsent, QC
 1870 Wm V Whiteway
 1879 Robert J Pinsent, QC
 1881 J J Little, QC
 1885 Robert J Kent, QC
 1893 Sir Wm V Whiteway, KCMG, QC
 1908 Sir James S Winter
 1911 Daniel J Greene, KC
 1912 Donald Morrison, KC
 1919 J A Clift, KC
 1923 P F Summers, KC
 1927 W R Howley, KC
 1941 C O'N Conroy, KC
 1947 John G Higgins, QC
 1958 R S Furlong, QC
 1959 G M Stirling, CM, QC
 1971 R W Bartlett, QC
 1974 Donald A Mercer, QC
 1977 Robert Wells, QC
 1981 Francis P Fowler, QC
 1982 Ernest G Reid, QC
 1983 Thomas J O'Reilly, QC
 1984 M Francis O'Dea, QC
 1985 Peter W Strong, QC
 1986 David L Russell, QC
 1986 G David Martin, QC
 1987 J Vernon French, QC
 1988 Lewis B Andrews, QC
 1989 John F Roil, QC
 1990 J Derek Green, QC
 1991 R Barry Learmonth
 1992 Thomas R Kendell, QC
 1993 Augustus G Lilly, QC
 1994 V Randell J Earle, QC
 1995 Reginald H Brown, QC
 1996 Dana K Lenahan, QC
 1997 Gloria Harding
 1998 J David B Eaton
 1999 Dennis C MacKay
 2000 Robert M Sinclair, QC
 2001 Jeffrey P Benson, QC

1846 E M Archibald
 1847 H W Hoyles
 1849 F B T Carter
 1855 George Hogsett
 1856 Henry A Clift
 1869 M W Walbank
 1866 Robert J Pinsent
 1869 M W Walbank
 1877 T I Keough, QC
 1879 Prescott Emerson, QC
 1885 Prescott Emerson, QC
 1889 A J W McNeilly, QC
 1895 D M Browning
 1914 C O'N Conroy
 1916 C H Emerson, KC
 1919 Rt Hon Sir Wm Lloyd
 1937 J G Higgins, QC
 1947 J A Barron, QC
 1958 G M Stirling, CM, QC
 1959 T A Hickman, QC
 1967 D A Mercer, QC
 1974 Noel Goodridge, QC
 1976 Francis P Fowler, QC
 1981 Ernest G Reid, QC
 1982 Thomas J O'Reilly, QC
 1983 M Francis O'Dea, QC
 1984 Peter W Strong, QC
 1985 David L Russell, QC
 1986 G David Martin, QC
 1986 J Vernon French, QC
 1987 Lewis B Andrews, QC
 1988 John F Roil, QC
 1989 J Derek Green, QC
 1990 R Barry Learmonth
 1991 Thomas R Kendell, QC
 1992 Augustus G Lilly, QC
 1993 V Randell J Earle, QC
 1994 Reginald H Brown, QC
 1995 Dana K Lenahan, QC
 1996 Gloria Harding
 1997 J David B Eaton
 1998 Dennis C MacKay
 1999 Robert M Sinclair, QC
 2000 Jeffrey P Benson
 2001 William H Goodridge, QC

LAW SOCIETY STAFF

| | |
|--|-------------------|
| <i>Executive Director:</i> | Peter G Ringrose |
| <i>Legal Director:</i> | Phyllis E Weir |
| <i>Director of Legal Education:</i> | Francis P O'Brien |
| <i>Accountant:</i> | Judith Pardy |
| <i>Assistant to the Executive Director:</i> | Janice K Whitman |
| <i>Assistant to the Legal Director:</i> | Anne P Cross |
| <i>Assistant to the Director of Legal Education:</i> | Regina M Whitty |

LIBRARY STAFF

| | |
|----------------------------|------------------|
| <i>Librarian:</i> | Gail A Hogan |
| <i>Librarian:</i> | Harriet A Mercer |
| <i>Library Technician:</i> | Renee Whalen |
| <i>Library Technician:</i> | Brenda Blunden |

MEMBERSHIP

Membership Statistics as of April 30, 2002:

| | |
|-----------------------|-------------------|
| Practising: | 462 |
| Practising Uninsured: | 159 |
| Non-Practising: | 136 |
| Inactive: | 1 |
| Suspended: | 2 |
| Life: | <u>18</u> |
| TOTAL | <u>778</u> |

The total membership figures for the years since 1950 are as follows:

| | | |
|-----------|------------|------------|
| 1950 - 66 | 1968 - 106 | 1985 - 378 |
| 1951 - 64 | 1969 - 110 | 1986 - 394 |
| 1952 - 66 | 1970 - 124 | 1987 - 408 |
| 1953 - 69 | 1971 - 129 | 1988 - 435 |
| 1954 - 72 | 1972 - 129 | 1989 - 445 |
| 1955 - 75 | 1973 - 145 | 1990 - 477 |
| 1956 - 73 | 1974 - 153 | 1991 - 514 |
| 1957 - 76 | 1975 - 179 | 1992 - 560 |
| 1958 - 76 | 1976 - 189 | 1993 - 588 |
| 1959 - 77 | 1977 - 203 | 1994 - 617 |
| 1960 - 81 | 1978 - 237 | 1995 - 635 |
| 1961 - 83 | 1979 - 261 | 1996 - 669 |
| 1962 - 86 | 1980 - 281 | 1997 - 683 |
| 1963 - 86 | 1981 - 316 | 1998 - 706 |
| 1964 - 86 | 1982 - 333 | 1999 - 728 |
| 1965 - 86 | 1983 - 351 | 2000 - 750 |
| 1966 - 86 | 1984 - 371 | 2001 - 767 |
| 1967 - 89 | | |

Eight lawyers were called to the Newfoundland Bar on June 27, 2001.

Roll #

1175 Barry Christopher Lake
 1176 Heather Julia Ann Spurrell
 1177 Janice Elaine Kitchen
 1178 Tannis Lynne King

Roll #

1179 Beverly Jean Sheppard
 1180 Philip Green Warren
 1181 Heidi Catherine Marshall
 1182 Kevin John Baker

Two lawyers were called to the Newfoundland Bar on October 5, 2001.

| Roll # | | Roll # | |
|--------|--------------------|--------|---------------------|
| 1183 | Kathryn Ann Mercer | 1184 | Carey Shavana Majid |

Four lawyers were called to the Newfoundland Bar on February 6, 2002.

| Roll# | | Roll# | |
|-------|-------------------------------|-------|-----------------------|
| 1185 | Joseph Leslie Douglas Anthony | 1187 | Nancy Catherine White |
| 1186 | Todd Paul Strang | 1188 | Stacey Lynn Tower |

Thirteen lawyers were called to the Newfoundland and Labrador Bar on April 12, 2002.

| Roll # | | Roll # | |
|--------|------------------------|--------|-----------------------------|
| 1189 | John Lewis Dobson Cook | 1196 | Shelley Lee Byrant |
| 1190 | Christopher James Fox | 1197 | Philip William John Osborne |
| 1191 | Nadine Colette Hodder | 1198 | Kerry Ruth-Ann Hatfield |
| 1192 | Andrea Beth Channing | 1199 | Michael John McCarthy |
| 1193 | Annette Judy Stringer | 1200 | Kimberly Pearl Keeping |
| 1194 | Cheryl Lynn Mullett | 1201 | Robyn Joycelyn Montague |
| 1195 | Rory Matthew Barnable | | |

Lawyers were first regulated in Newfoundland and Labrador under a Royal Charter of 1826; the Law Society was incorporated on July 1, 1834.

The Barrister and Solicitor Rolls as of the April 12, 2002, Call to Bar reached 1201 enrolments.

IN MEMORIAM

The Benchers record with regret the death of the following members during the period from May, 2001 to April, 2002:

William Richard Smallwood, QC, Roll #233

Sandra Blackwood, Roll #732

SOCIETY COMMITTEES

EXECUTIVE COMMITTEE:

Jeffrey P Benson, QC, *President*
William H N Goodridge, QC, *Vice-President*
Edward P Hearn, QC
Stephanie L Newell
Robert M Sinclair, QC
Jamie M Smith, QC
Peter G Ringrose, *ex officio*

Advisory Council

| | |
|--------------------------------------|-------------------------------------|
| Robert M. Sinclair, QC, <i>Chair</i> | Augustus G Lilly, QC |
| Lewis B Andrews, QC | Dennis C MacKay, QC |
| Reginald H Brown, QC | David G Martin, QC |
| J David B Eaton, QC | M Francis O'Dea, QC |
| V Randell J Earle, QC | Ernest G Reid, QC |
| Francis P Fowler, QC | Thomas J O'Reilly, QC |
| J Vernon French, QC | John F Roil, QC |
| Hon Gloria Harding | The Hon Mr Justice Robert V Wells |
| Thomas R Kendell, QC | Peter G Ringrose, <i>ex officio</i> |
| Dana K Lenehan, QC | |

STATUTORY COMMITTEES:

Complaints Authorization Committee

Stephanie L Newell, *Chair*
John P Greene, *lay Bench*
John F Roil, QC
William H N Goodridge, QC, *Vice-President*
[open] *lay Bench*, *alternate*
Phyllis E Weir, *ex officio*

Discipline

Law Society Members:

| | |
|-------------------------------------|----------------------------|
| Edward M Hearn, QC, <i>Chair</i> | Reginald H Brown, QC |
| John M Green, QC, <i>Vice-Chair</i> | Augustine F Bruce |
| Phyllis E Weir, <i>ex officio</i> | Lisa A Byrne |
| Robert B Andrews, QC | Wayne D Chamberlain |
| Nicholas J G Avis, QC | Bruce C Grant |
| Denis G Barry, QC | John J Harris, QC |
| Bryan J Blackmore, QC | Janet M Henley-Andrews, QC |

Discipline *(continued)*

R Barry Learmonth, QC
William G Morrow QC
Ronald S Noseworthy, QC
D Richard Robbins
Linda M Rose, QC
W Gary Rowe, QC

Daniel W Simmons
Kevin F Stamp, QC
Paul R Stokes, QC
Ellen E Turpin
Charles W White, QC

Lay Representatives:

Donald Crewe
Clarence Galliot
Brenda Genge
Allister Hann
Don Johnson
Marilyn Kinden
David E Locke
Walter C Milley

Dr Melvin Regular
Dr Marina Sexton
C Randy Smith
Gilbert Thomas
Karen E Viscount
Keith Walters
Domino Wilkins

Education

Paul McDonald, *Chair*

Jamie Smith, QC, *ex officio*
Denis G Barry, QC
David G L Buffett, QC
J David B Eaton, QC

Herbert F Edwards
Heather M Jacobs
Ian C Wallace
Francis P O'Brien, *ex officio*

RULES-BASED COMMITTEES:**Bar Admission Course**

J David B Eaton, QC, *Chair*

Aubrey L Bonnell, QC
V Randell J Earle, QC
Augustus G Lilly, QC

Christopher D G Pike, *FIC*
Francis P O'Brien, *ex officio*

Library

Sheila H Greene, *Chair*

Tracy M Bastow
S Bruce Chislett
Kimberly M McLennan
James C Oakley
Randolph J Piercey

Catherine J Perry
Peter G Ringrose, *ex officio*
Gail A Hogan, *Librarian*
Harriet A Mercer, *Librarian*

BENCHER APPOINTED STANDING COMMITTEES

Student Awards

Charles W White, QC, *Chair*

Denis J Mahoney
Joan F Myles

Francis P O'Brien, *ex officio*

Honours and Awards

Robert M Sinclair, QC, *Chair*

Augustus G Lilly, QC
John D Brooks, QC
Bert Riggs, *lay Bench*

Peter Ringrose, *ex officio*
Janice Whitman, *Committee Assistant*

Insurance

Lewis B Andrews, QC, *Chair*

Edward Hearn, QC
Christopher D G Pike, FIIC
Stephen J May
Robert P Pittman

Daniel W Simmons
Raymond P Walsh, FIIC, *Insurance Adjuster*
Peter G Ringrose, *ex officio*

Law Society Act and Rules

Jamie M Smith, QC, *Chair*

Glen L C Noel
John F Roil, QC

Phyllis E Weir, *ex officio*

Legislation

Brian F Furey, *Chair*

John D Brooks, QC
James C Oakley,
Court Rules Committee Representative
John V O'Dea,
Court Rules Committee Representative

Lewis B Andrews, QC
Glen L Noel
Francis P O'Brien, *ex officio*

Practice Rules Compliance Committee

Marina Whitten, *Chair*

Pauline Downer, CA,
*Representative of Canadian Institute of
Chartered Accountants*
Stephanie Newell, *ex officio*
Thomas W Fraize

C Ted Janes, *lay Bench*
David D McKay
Irene S Muzychka
Graham A Wells
Peter G Ringrose, *ex officio*

Project Daisy

John L Joy, *co-Chair*
Christopher P Curran, *co-Chair*

Thomas J Burke
William A Cadigan
Christopher English, PhD
The Hon Mr Justice J D Green,
Chief Justice, Trial Division

Ernest G Reid, QC
Peter G Ringrose, *ex officio*
Janice K Whitman, *Committee Assistant*

Property Management

Tobias F McDonald, *Chair*

Jeffrey P Benson, QC, *President*
William H N Goodridge, QC,
Vice-President

Brian F Furey
Sheila L Greene
Peter G Ringrose, *ex officio*

Real Estate

Denis G Barry, QC, *Chair*

Aiden B Beresford
Graham A Wells

Peter D House
Francis P O'Brien, *ex officio*

General Practitioners and Mentoring

Derrick G Watton, *Chair*

D Bradford L Wicks

Phyllis E Weir, *ex officio*

Information and Communications

V Randell J Earle, QC, *Chair*

Richard L Collins
Christopher D G Pike
Derrick G White

Peter G Ringrose, *ex officio*
Gail A Hogan, *Librarian*
Harriet A Mercer, *Librarian*

Unauthorized Practice

William H N Goodridge, QC, *Vice President, Chair*

Wayne Burden
M Beverley L Marks, QC

Phyllis E Weir, *ex officio*

Archives

Bert Riggs, *Chair, Archivist, lay Bencher*

Members to be confirmed

BENCHER APPOINTED AD HOC COMMITTEES

Advertising

Dennis C MacKay, QC, *Chair*

Roger Bill
Christine A Fagan, QC
Augustus G Lilly, QC

Jackie Pelletier
Peter G Ringrose, *ex officio*

Executive Compensation

John F Roil, QC, *Chair*

J Vernon French, QC
Reginald H Brown, QC
R Barry Learmonth, QC

Lewis B Andrews, QC
Peter G Ringrose, *ex officio*

Guidelines on Ethics and the New Technology

Augustus G Lilly, QC, *Chair*

Christopher P Curran
Colette M Goodyear
Sheila H Greene

Lois R Hoegg, QC
John G Kelly
John F Roil, QC

Law Society Act and Rules Subcommittee

Reginald H Brown, QC, *Chair*

Trudy L Button
S Bruce Chislett
Rebecca C Phillipps

Peter E Ralph
Terry G Rowe
Phyllis E Weir, *ex officio*

Limitations Act Subcommittee (Legislation)

Brian F Furey, *Chair*

Lewis B Andrews, QC
Glen L Noel

Francis P O'Brien, *ex officio*

Law Corporations and Limited Liability Partnerships

Robert P Stack, *Chair*

Jeffrey P Benson, QC, *President*
Michael H Duffy
Stephen J May

Maureen E Ryan
Bert Riggs, *lay Bencher*
Peter G Ringrose, *ex officio*

"Cameras In the Courtroom" Review

Paul McDonald, *Chair*

Valerie Marshall

Ted Janes, *lay Bencher*

JOINT LIAISON COMMITTEES:

Law Society and Canadian Bar Association, Newfoundland Branch, Continuing Legal Education

Maureen Ryan - *Law Society, co-Chair*
Peter Shea - *Canadian Bar Association, co-Chair*
Peter Browne - *President, Canadian Bar Association, NF Branch*
W A Brock Myles - *Canadian Bar Representative*
Hon William J English - *Law Society Representative*
Jeffrey P Keefe - *Law Society Representative*
Roxanne Dean - *Committee Assistant, CBA*
Francis P O'Brien, *ex officio*

Law Society and Canadian Bar Association, Newfoundland Branch, National Meeting/Conference

Marina C Whitten

Law Society and Canadian Bar Association, Newfoundland Branch, Committee on Automobile Tort Reform

Jamie P Martin, *Chair*
Jeffrey P Benson, QC, *President of the Law Society*
Peter N Browne, *President CBA, Newfoundland Branch*
Daniel M Boone
Chesley F Crosbie
Brian F Furey
B Glen Roebathan
D Bradford L Wicks

Law Society/NLMA Liaison

Gillian D Butler, QC, *Chair*

Timothy J Chalker, QC
M Francis O'Dea, QC

Edward P Noonan, QC

Professionals' Assistance

Paul M McDonald
Thomas G Mills

Court Standards

Dennis C MacKay, QC
William A Cadigan

Provincial Court Judicial Council

H Wayne Burden

Atlantic Law Societies Regional Committee

Stephanie L Newell
Peter G Ringrose, *ex officio*

PRESIDENT'S ANNUAL REPORT

Jeffrey P Benson, QC *President*

I am pleased to report on the activities of the President and the Law Society for the period from June 2001 to May 2002. As members who follow Benchers' Notes are aware, the office of President fulfils two roles, it is both ceremonial and functional. I will sketch briefly some of the activities that followed from each of these roles during the past year.

Ceremonies

During the past year, I had the honour to preside over the granting of the Degree of Barrister-at-Law to 27 new members at four Call to Bar Convocations. Preparing for these Calls underscored for me the history and importance of the profession and the role it plays. Recognising as we do the importance of a Call to Bar for new members and their families, the Law Society has invested the ceremonies with the sense of occasion they deserve. For example, a programme is provided to guests, setting out the sequence of events at the ceremony and providing historical background about the ceremony and about the Law Society.

At the April Convocation, there was another cause to celebrate. The Law Society conferred the Degree of Doctor of Laws, *honoris causa*, at the same ceremonies as the Barrister-at-Law Degrees. The occasion was unique in our history and honoured Mr Justice Robert Wells, a Justice supernumerary of the Supreme Court of Newfoundland and Labrador.

At the June 2001 Annual Dinner and Dance, the outgoing President, Robert M Sinclair, QC, and I were pleased to announce Gordon M Stirling Distinguished Service Awards for the Honourable Lynne Verge, QC, the Honourable P Derek Lewis, QC, and the band Rough Justice. At the same ceremonies, we presented Certificates of Merit to Mr Newman Petten, and Mr Apenam Pone.

Significant Decisions

Looking back at the year, there were a number of signal decisions before Benchers that will alter the course of the Law Society.

At our January Convocation, Benchers debated and passed a resolution to change the name of the Society to the Law Society of Newfoundland and Labrador.

At our April Convocation, the topic of increased mobility amongst lawyers in Atlantic Canada dominated. Attending this Convocation were the Presidents of the Barristers' Society of Nova Scotia and the Law Society of New Brunswick. I visited the Nova Scotia Barristers' Society to address this topic in October, as well as the Law Society of New Brunswick in May. A visit to Prince Edward Island was cancelled because of bad weather in February.

By attending each other's Convocations, the Presidents demonstrated a common interest, shared by all law societies in Canada, in increased mobility of lawyers, and the desire to build upon the particular commonalities found in Atlantic Canada. To this end, and for some time now, representatives of each Province have been discussing common trust account rules in Atlantic Canada. A common Code of Professional Conduct is also under consideration.

In recent months, the Atlantic societies have been exploring how best to improve mobility of their members throughout the region and to build upon successes in Western Canada where, generally speaking, members in one western jurisdiction are entitled to practice in another on a visiting basis for up to six months. Atlantic Canada mobility will be on the agenda for the June Convocation. If approved in June, six-month mobility may be available to all members in Atlantic Canada by January 1, 2003.

Another significant issue this year is the fitting-up of the Societies' new premises at 196-198 Water Street. Final decisions about funding the work were taken at a special Convocation held on April 29. Following a broad discussion of the issues, Benchers approved borrowing monies for improvements to the building, in an amount up to \$1.7 million, from available cash reserves held in

the Insurance Funds. The decision two years ago to purchase the building, and now the decision to finance the fitting-up from Law Society insurance funds, will impact significantly and beneficially on members and on the public interest for decades to come.

In the latter part of 2001, the Provincial government published a consultation paper, developed in response to insurance industry pressure to lower premium costs, which proposed to effect automobile tort reform by removing non-economic loss claims for victims of all but the most serious and permanent of automobile injuries, and imposing a substantial deductible on pain and suffering on those claims that remain. Our response was immediate but balanced and, on a positive note, we have taken this also as opportunity to further cement alliances with our friends and colleagues in the Canadian Bar Association, combining our resources into a joint Task Force. This Task Force has been instrumental in shaping and informing the ensuing debate.

Relations with Government

I am pleased to report that relationships with the government of Newfoundland and Labrador remain generally cordial and consultative. The Society continues to meet twice yearly with the Minister of Justice and Attorney General, the Hon Kelvin Parsons, QC, to address matters of common interest. Central among these discussions during the last two years is the need for better court facilities in Happy Valley-Goose Bay. I am pleased to note that the government has allocated funds for new facilities in the 2002-2003 Fiscal Year.

Continuing with government, earlier this year members of the Executive met with the Hon Walter Noel, Minister of Government Services and Lands. Since the jurisdiction of this Department overlaps with many areas of interest to the legal community, Benchers believe it appropriate to develop a consultative relationship with Department officials. The meeting with Minister Noel was informal and productive, and a very good beginning. The Society learned of the Department's commitment to improve the services at the Registry Office, and we were able to discuss the views of the joint Task Force concerning the Department's automobile tort reform initiative.

Federation of Law Societies of Canada

During the last 12 months law societies across

Canada, including the Law Society of Newfoundland, have funded a pan-jurisdictional challenge to the federal government's money laundering legislation, focussing upon the adverse effects this legislation will have on the independence of the legal profession, our ethical obligations to our clients and our clients' constitutional freedoms. To date, all challenges have been successful, and the federal government has recently agreed to exempt lawyers countrywide from the application of the legislation pending the conclusion of the court challenge. We are hopeful that the relevant provisions will be amended or struck.

Further at the national level, the Law Society of Newfoundland made application this year to be licensed as an investigative body under the Personal Information Protection and Electronic Documents Act (Canada). The decision was not without some discussion amongst Benchers, since the federal legislation impacts upon the governance of the profession in the province. However, our status as an investigative body will assist the Law Society in performing its fundamental investigative and disciplinary functions.

I am currently serving on the Federation of Law Societies' Governance and Administration Committee. This committee is reviewing the Federation's operational structure to determine what changes might be beneficial to member societies and the public interest.

Law Foundation

We are fortunate and grateful to have the continued financial support of the Law Foundation for law libraries. For fiscal 2002, the Foundation granted \$110,000 for the Law Society Library in St John's, \$9,000 for the Court House Library in Gander and \$20,000 for the Sir Richard Squires Law Library in Corner Brook. The Foundation's contribution provides a significant portion of each Library's acquisition budget and, in providing the grants to the Libraries, the Foundation serves the public interest by making better resource and research materials available to the bar and, in St John's, to members of the public.

Even with the Foundation's generosity, the grants are alone insufficient to maintain the Law Library in St John's. The Law Society will add in 2002 a further sum exceeding \$325,000 for acquisitions and related operational expenses, including rental costs.

Fiscal Year 2001

The Law Society ended fiscal 2001 with an operating deficit of \$74,579, reducing accumulated surplus funds to \$514,682. The deficit resulted from a number of expenditures not anticipated when the Budget was approved in December 2000. Chief among these, the custodianship of a member's practice in Labrador was a significant factor, costing more than \$30,000. Other increased costs resulted from the mid-year decision to employ a full-time Receptionist for the Law Society. Several worthwhile Benchers' initiatives throughout the year added to expenses, such as the honours and awards granted to members and former members (and the receptions for these awards), most notable among these the Doctor of Laws, *honoris causa*, conferred upon Chief Justice Hickman at his retirement. Coupled with increased expenditures, there was a reduction in revenues. Fewer members and students joined the profession last year, reducing fees revenues. Additionally, revenues from law library photocopiers decreased markedly. Nevertheless, throughout the year Benchers' maintained a watchful eye over finances and approved the added expenditures as they became necessary, a number of them on a one-time basis. For the most part, the added expenses constitute normal variables occurring in the management of a professional society and the accumulated surplus remains strong. A copy of the Society's 2001 Financial Statements is included with this Annual Report.

Committees

Our commitment to our own personal goals and values should also entail a commitment to strengthening the professional community to which we belong. In this regard, every President has occasion to learn about and admire the work of the Society's many Committees. Every President has also remarked, as I now do, upon the number of members who volunteer their time and expertise to the work of the Society. These volunteers strengthen our professional community and protect the precepts of self-governance. By their contribution, our volunteers advance the integrity, credibility and future of the profession.

As always, our Committees have been extremely active in 2001-2002. This has resulted in several initiatives being adopted or advanced, including the development of professional rules and guidelines associated with law corporations and limited liability partnerships, the investigation of members'

practices and the retention, storage and destruction of client files, ethical rules governing the use of new communication technologies, police authority search warrant protocols and a more formalized staff evaluation process. An Advisory Council, consisting of former Treasurers and Presidents, has now been entrenched and has informed Benchers' debate on a number of important issues.

In a modest effort to acknowledge the work of our volunteers, in June 2001 the Law Society hosted a luncheon at the Fairmont Newfoundland Hotel. Dr Jean Bruneau addressed the volunteers, speaking about her years as a lay Benchers' and the value of volunteering in the community. There will be another such luncheon in June, 2002, and I hope this expression of gratitude to volunteers becomes a regular feature in the Law Society's calendar.

Benchers are volunteers, too. They make significant contributions of time and expertise to the Law Society. Few members outside the Benchers' table realize fully the effort and energy necessary to be a Benchers'. Old Minutes of Convocations note from time-to-time the statutory obligation to meet but, "there being no business to discuss, Convocation adjourned." Today, we occasionally trim the Agenda to ensure its completion within the day and have on occasion extended Convocation into the evening or following day.

Conclusion

My term as President has been a source of considerable satisfaction. I have enjoyed working with Benchers and our dedicated Law Society staff, and attending meetings of the Federation of Law Societies and our counterparts throughout Atlantic Canada. In all these instances, much of my reward comes from the exchange of views and the struggle to resolve problems to the benefit of the public interest and the members whom we represent. These experiences have been the reward and satisfaction for a year of hard work. I have been honoured and pleased to have the opportunity to serve the profession and our community in this way. In closing, I want to thank and commend Executive Committee members, Benchers, individual members with whom I have consulted from time to time and Law Society staff, all for their consistent support and assistance. ■

SECRETARY'S REPORT ON DISCIPLINE

William H N Goodridge, QC
Secretary

The Secretary, a Benchers responsible to oversee the discipline process, reviews correspondence concerning professional conduct to determine whether the enquiry constitutes an allegation of conduct deserving of sanction and is within the jurisdiction of the Law Society's discipline process. Conduct deserving of sanction is defined in section 41 of the Law Society Act, 1999, (the Act) to include professional misconduct, conduct unbecoming a member of the Society, acting in breach of the Act or the Law Society Rules and failing to adhere to the Code of Professional Conduct. The Secretary, either refers the allegation to mediation, with the consent of the respondent and the complainant, or refers the allegation for investigation. If the allegation is resolved through mediation the mediator confirms the resolution to the Secretary and to the parties. However, if a satisfactory resolution is not achieved then the allegation will be investigated subject to the third party allegation policy approved by Benchers on June 9, 2000.

A third party allegation is an allegation received from a non-client or a lawyer opposed in interest to the client of the solicitor against whom the allegation is made. Following a review of the allegation on the basis of specific factors, the Secretary has discretion to defer the investigation of the allegation pending the final determination of a proceeding. When the investigation is deferred, the Secretary requests from the respondent a waiver of delay and consent to any subsequent investigation. Also, the complainant must waive any solicitor-client privilege related to the allegation.

Investigation is conducted through the Legal Director's office and generally involves an exchange of written correspondence. However, the Secretary may authorize further investigative measures as needed. The Secretary submits the allegation to the Complaints Authorization Committee, a committee of at least three benchers, one of whom is an appointed bencher. The powers of the Complaints Authorization Committee are listed in section 45 of the Act and include the

authority to conduct further investigation and to make recommendations to the Executive Committee concerning the respondent's practice. Subsequent to its final consideration of the allegation, the Complaints Authorization Committee will either dismiss the allegation or, where there are reasonable grounds to believe that a respondent has engaged in conduct deserving of sanction, counsel or caution the respondent or instruct the Secretary to file the complaint and refer it to the Discipline Committee.

The Discipline Committee, established pursuant to section 42 of the Act, consists of Law Society members and lay representatives appointed by the Minister of Justice. The Discipline Committee Chairperson appoints an adjudication panel, consisting of two members and one lay representative, to hear the complaint. When an adjudication panel accepts a guilty plea it makes an order pursuant to subsection 46(3) of the Act. Otherwise the hearing proceeds pursuant to section 48 of the Act. A party to the hearing has the right to appeal a decision or order of the adjudication panel to the Benchers. A decision or order of the Benchers may be further appealed to the Supreme Court of Newfoundland, Court of Appeal.

During 2001, three complaints have been heard by Adjudication Panels. Two respondents were found guilty of conduct deserving of sanction and reprimands were imposed. One respondent was exonerated by the Adjudication Panel. Benchers considered two complaints which had been heard under the former Law Society Act. Benchers found the respondents guilty and imposed periods of suspension in both matters.

During the 2001 calendar year, the office of the Legal Director received 132 enquiries. Approximately 27 percent of these enquiries were resolved through the office of the Legal Director. Requests for general information and questions about statements of account constitute approximately 22 percent of the enquiries and are respond-

ed to directly by the Legal Director. Approximately 27 percent of the enquiries were determined, by the Secretary, as not constituting an allegation. The following statistics relate to allegations that were investigated and constitute approximately 24 percent of the 2001 enquiries.

| | |
|---|----|
| Allegations Being Investigated | 2 |
| Allegations Investigated and Dismissed | 20 |
| Allegations Resulting in Counsel | 2 |
| Allegations Resulting in Caution | 5 |
| Complaints Referred to the Discipline Committee | 3 |

Hundreds of hours of volunteer time are contributed on an annual basis by lay representatives of the Discipline Committee, Law Society members and the Benchers to the discipline process. The Secretary sincerely thanks all those who assist the Society in the governance of its members. ■

ADVISORY COUNCIL REPORT

Robert M Sinclair, QC *Chair*

The Advisory Council was struck in 2001 as a standing committee of Benchers. All Past Presidents were invited to become members of the Advisory Council. Those choosing to serve are:

Chair:

Robert M Sinclair, QC

Members:

| | |
|------------------------|------------------------|
| Hon Robert Wells; | Thomas R Kendell, QC; |
| Francis P Fowler, QC; | Augustus G Lilly, QC; |
| Ernest G Reid, QC; | V Randell J Earle, QC; |
| Thomas J O'Reilly, QC; | Reginald H Brown, QC; |
| M Francis O'Dea, QC; | Dana K Lenehan, QC; |
| G David Martin, QC; | Hon Gloria Harding; |
| J Vernon French, QC; | J David B Eaton, QC; |
| Lewis B Andrews, QC; | Dennis C MacKay, QC; |
| John F Roil, QC; | Peter G Ringrose. |

The role of the Advisory Council is to advise Benchers on matters of importance on which Benchers expressly seek its counsel and advice from time-to-time.

At its inaugural meeting in June, 2001, the Advisory Council provided guidance to Benchers about an appropriate method of proceeding in a matter of concern involving professional ethics.

The Advisory Council was convened again on 24 April, 2002, to provide guidance to Benchers about the proposed use by Benchers of \$1.7 millions of the Law Society's 1983-1994 Self-Insurance Fund monies to finance the cost of renovations to the new Law Society offices at 196-198 Water Street, St John's.

In this latter instance, the Advisory Council recommended that Insurance Contingency Funds "A" and "B" (see the Financial Statements) should continue for insurance purposes in the full amount of \$3 millions as recommended by the Insurance Committee and previously agreed by Benchers. However, the Council advised Benchers that, in its opinion, the cost of renovations for the new offices could be funded by a borrowing arrangement from the Insurance Contingency Funds to the Capital Fund. It recommended treating the amount as if it were an investment of the Insurance Contingency Funds and by attaching an interest payment term to the money transfer, together with an Undertaking to restore the amount to the Insurance Contingency Funds should the need arise. ■

ACT AND RULES COMMITTEE REPORT

Jamie M Smith, QC ***Chair***

The Law Society Act and Rules Committee, under the chair of Stephanie L Newell, has completed Discipline Rules that are harmonious with the Law Society Act, 1999. The committee, chaired by Jamie M. Smith, QC, has worked to develop Rules concerning practice investigations. Discipline Rules IX and Practice Investigation Rule XIV are available on the Law Society's website. The committee

has proposed amendments to several sections of the Law Society Act, 1999. Following Benchers approval, the amended sections will be forwarded to government for approval during the Autumn session. ■

BAR ADMISSION COURSE COMMITTEE REPORT

J David B Eaton, QC ***Chair***

The Fall 2001 Bar Admission Course was held in the eight week period between October 2, 2001 and November 19, 2001. The Bar Course continues to be a concentrated program. Students receive instruction in the main practice areas of Family Law, Corporate and Commercial, Civil Procedure, Administrative Law, Real Estate and Wills, and Criminal Practice and Procedure and must successfully complete comprehensive 3.5 hour examinations in each of these practice areas. The Bar Course is the last formal educational experience prior to becoming a member of the Newfoundland and Labrador Bar. As such, the Course is focused on providing the most important and essential information and materials, to ensure students enter the profession with a high level of knowledge and familiarity with Newfoundland and Labrador law.

The Bar Course provides students with a very comprehensive picture of the laws, practice and procedures of the province. In recent years, the Course has expanded. This year's students received information through the Bar Admission Course lectures, the Bar Admission materials (12 volumes) and approximately 80 statutes, all of which were examinable in the Bar Course examinations.

In addition to the examinable components, the Bar Course includes other important elements. Students participated in discussions and lectures on risk management and practice management, ethics and professional responsibility (for which students completed a separate assignment), trust accounting, and professional and personal development issues.

The Course now also has an increasing emphasis on lawyering and transaction skills. Students participated in workshops and lectures in Civil Advocacy, Examination-in-Chief and Cross-Examination, Interviewing Skills, Negotiation Skills, Examination for Discovery, Real Estate Transactions, Title Searching and Surveys, Criminal Advocacy and a Mock Trial and Sentencing Hearings.

The Bar Admission Course Committee and our dedicated Instructors are working to ensure the Course continues to be a valuable and relevant experience and a useful bridge to practice.

The Bar Admission Committee sincerely appreciates the contributions of the approximately 80 volunteer lawyers, judges and other professionals who, as lecturers and in other ways, make such a meaningful contribution to the Course. ■

CONTINUING LEGAL EDUCATION COMMITTEE REPORT

Maureen E Ryan
Law Society co-Chair

Continuing Legal Education for members of the Newfoundland Bar is developed and delivered through a Joint Committee of the Law Society of Newfoundland and the Canadian Bar Association, Newfoundland Branch. This Joint Committee on Continuing Legal Education has, as its goal, the provision of high quality legal education programs which assist in keeping our members current and competent.

In the period from June 2001 to June 2002 the following Continuing Legal Education programs were offered to members of the Newfoundland Bar:

- A Practice Primer: Insights on Effective Advocacy, New Legislation and Risk Management for Lawyers
- Real Estate Law in 2001: Practice Points and Current Topics (St John's and Corner Brook) Strategies in Using (and Challenging) Psychological and Psychiatric Experts in the Law
- Legal Research Electronic Products Training Sessions
- Advocacy Skills Workshop: Sharpening Your Skills in Cross-Examination, Impeachment and Rehabilitation of Witnesses on Re-Examination
- New Proceeds of Crime Legislation: What Every Lawyer Must Know

- Focus on Administrative Law, 2001
- The New Class Actions Act (St John's and Corner Brook)
- The New CBCA: Reform of the Canada Business Corporations Act - What does it mean for your practice?
- Using E-Carswell for Legal Research
- Employment and Labour Law: Caselaw and Legislative Update
- Wills, Estate Planning and Probate Practice

Lawyers in Newfoundland and Labrador continue to be enthusiastic and interested in Continuing Legal Education. They continue to support our programming by their excellent attendance, positive feedback and suggestions for future programs.

The Joint Committee sincerely thanks our many volunteer lawyers, judges and other professionals who give freely of their time and talents, as presenters at our seminars, to enhance the knowledge and professional standards of other practitioners. The Committee is greatly appreciative of these contributions and impressed with the excellence and enthusiasm of our presenters.

In the coming year we will continue to offer relevant, practical and useful programs to benefit our members. ■

EDUCATION COMMITTEE REPORT

Paul M McDonald *Chair*

The Education Committee is responsible for all educational issues which arise concerning members and prospective members of the Law Society. The Education Committee deals with ongoing requests and queries of members and prospective members relating to the requirements in the Law Society Act, 1999 and the Law Society Rules on educational issues.

As such, the Education Committee considers applications from law students for admission as a Student-at-Law, applications from members of other Law Societies who wish to practice in Newfoundland and Labrador, and applications from non-practicing or former members of the Law Society who wish to reinstate their status to practicing membership. In all of these cases, the Committee must ensure that the applicant has met the required standards.

From May 2001-April 2002, the Committee admitted thirty-one (31) applicants as Students-at-Law. In that same period, the Education Committee recommended to Benchers that twenty-seven (27) students, having met the requirements as Student-at-Law, be called to the Bar in Newfoundland and Labrador.

Each year the Education Committee reviews and approves the marks from the Bar Admission Course examinations and gives direction, where needed, with respect to the writing of supplementary examinations or the completion of further

educational requirements before a Student-at-Law is eligible to be called to the Newfoundland and Labrador Bar.

The Committee recently implemented a new Rule and Forms respecting Articles of Clerkship. The new Rule requires that an Education Plan be filed by the Student-at-Law and the Principal, setting out the practice areas and skills areas that are to be covered in Articles. An Education Plan Progress Report is jointly filed between six to eight months after articles commence and this gives the Committee an indication of the progress being made in satisfying the Education Plan. Finally, a Certification of Education Plan is filed at completion of articles, certifying that the Education Plan has been successfully completed. Evaluation forms of the Articles of Clerkship are filed by both the Student-at-Law and the Principal upon completion of Articles.

The new Rule and forms are meant to provide guidance to Principals and Students-at-Law as to the practice areas and skills which must be covered during Articles of Clerkship. This year, the first group of students required to comply with the Education Plan are presently serving their Articles of Clerkship.

A complementary rule, dealing with the application process to be followed where a member wishes to act as a Principal of an articling student, is presently being considered by the Education Committee. ■

HONOURS AND AWARDS COMMITTEE REPORT

Robert M Sinclair, QC *Chair*

The Committee was active through the year and made several recommendations to Benchers for innovations in the creation of honours and awards, and as to recipients for established awards.

Membership Service Awards

On the Committee's recommendation, Benchers adopted Certificate Awards for Membership Service to members of the Law Society upon the anniversary of their Call to Bar. Membership Service Awards are to be granted on the following anniversaries: 25, 40, 50 and 60 years. The recipient must have been a practising member for at least ten years, and must be in good standing with the Law Society or have been so upon retirement from practice. The first recipients will be honoured at a special Law Society luncheon to take place later in 2002.

Seventy-five Year Service Award

On the Committee's recommendation, Benchers decided to honour Edmund J Phelan, QC, with a unique 75-year Membership Service Award, to be announced at the Annual General Meeting June 7, 2002. The award will be in the form of a hand-lettered Certificate prepared by a calligrapher.

Mr. Phelan is the oldest living member of the law profession in Newfoundland and Labrador. He was called to the Bar on February 1, 1926, and appears on the Law Society Rolls as Member No. 157. He was appointed as King's Counsel in 1945 and as a Master of the Supreme Court of Newfoundland in 1947.

Following Confederation, Phelan, KC, was Chair of a Committee that revised the statutes of Newfoundland to be in conformity with Canadian law. He was the second person to be appointed as Chair of the Board of Regents of Memorial University of Newfoundland, serving from 1953 to 1968. Phelan, QC, was awarded the degree of Doctor of Laws, *honoris causa* by Memorial University of Newfoundland in 1964. He served as an elective Bencher of the Law Society of Newfoundland from 1963 to 1969. He was granted a Life Membership of the Law Society in April,

1989. He was senior partner of the law firm Phelan & Hawkins.

Phelan, QC, was Solicitor for the Roman Catholic Episcopal Corporation of St John's and in 1958 was inducted as a Papal Knight of the Order of St Gregory. He was inducted into the Newfoundland and Labrador Sports Hall of Fame for his contributions to track and field, soccer and hockey as a student of St Bonaventure's College.

Lapel Pins and Cufflinks

On the Committee's recommendation, Benchers have approved in principle the striking of a lapel pin in recognition of membership in the Law Society of Newfoundland. The criteria for the eligibility of persons to wear the lapel pin are under consideration. The Committee is working on an appropriate design for the pin and engraving/manufacturing arrangements. It is hoped that the pins will be available later in 2002.

The Committee is also considering making recommendations to Benchers to adopt a potential design for cufflinks bearing the Law Society of Newfoundland logo or other suitable insignia which may become available for purchase by members through the Law Society offices later in 2002.

Honourary Life Memberships

The Committee made recommendations that Benchers honour a number of members as Life Members. It is expected that these honours will be bestowed on a suitable ceremonial occasion later in 2002.

Under Rule 2.17 of the Rules of the Law Society of Newfoundland, any member who has been a member for not less than ten years and who is over 65 years and is permanently retired from the practice of law, or is permanently disabled and therefore unable to practice law, may apply to continue his or her membership as a Life Member in the Society. Benchers have the discretionary authority to allow such applications and to bestow Life Membership on any member or former member

with his or her consent upon terms and subject to conditions which Benchers may prescribe.

Volunteer of the Year

The Committee has made a recommendation in principle to Benchers that it create the award of "Volunteer of the Year" with the intention that it be bestowed annually upon a member who made outstanding contributions to community and charitable organizations. Further consideration of this proposed award by the Committee has been deferred, pending directions from Benchers.

Annual Awards

The Committee reviews nominations made by members of the profession annually for the recipients of a series of awards that were first presented two years ago. The Committee reviews the nominations, conducts due diligence and makes recommendations to Benchers.

Doctor of Laws, *Honoris Causa*

On 12 April, 2002, the Honourable Robert Wells was inducted with the degree of Doctor of Laws, *honoris causa*. Dr Wells is a Justice (Supernumerary) of the Supreme Court of Newfoundland and Labrador, Trial Division, who elected Supernumerary status in December, 2001.

He was the 1953 Newfoundland Rhodes Scholar and was graduated from Oxford University in 1956 with a Bachelor of Arts Degree in law and in 1961 took his Oxonian Master of Arts Degree. Following service of Articles at Gray's Inn, he was called to the Bar of England and Wales in 1958; he was called to the Bar of Newfoundland in 1959. He served as a Member of the House of Assembly of Newfoundland and in the mid-1970's, as Government House Leader and then Minister of Health.

An Elective Bencher for a number of years, Dr Wells was the last member to serve a multi-year term as Treasurer of the Law Society, from 1977 to 1981. In 1985 he became the first (and, to date the sole) Newfoundlander to be elected as National President of the Canadian Bar Association. At the time of his appointment in 1986 as Supreme Court Justice, he was Senior Partner of the law firm Wells, O'Dea, Halley, Earle, Shortall & Burke. He is Chair of the Judicial Council of the Provincial Court of Newfoundland and a Past President of both the Canadian Institute for the Administration of Justice and the Canadian Section of the

International Commission of Jurists. He is an Honorary Bencher.

The Stirling Distinguished Service Award

On the recommendation of the Committee, Benchers will bestow the Stirling Distinguished Service Award upon John F Roil, QC. Roil, QC, is an Honorary Bencher and is Corporate Solicitor for Marine Atlantic. Until 2001, he was in private practice, latterly as a partner of Cox Hanson O'Reilly Matheson in St John's. He holds the degree of Master of Laws and is well known for his contributions to arbitration and employment law. Roil, QC, is being honoured for his valuable service to the Law Society, having served for a number of years, and still, as a Member of the Complaints Authorization Committee and of the Act and Rules Committee. Recently, he served as Chair of the Society's Executive Compensation Committee. He serves the Society selflessly, tirelessly and with good cheer.

Certificate of Merit Award

On the recommendation of the Committee, Benchers have decided to honour two persons as recipients of the Certificate of Merit Award in 2002.

Charles Lesley Roberts was called to the Bar on October 14, 1950. In the early 1950's, he was commissioned by the Government of Newfoundland to study and report on the possible establishment of a Family Court in Newfoundland. Subsequently, in 1951, he was the first appointee as Judge of the Family Court of Newfoundland, staying in that capacity for an initial term of six years. After serving for ten years as Superintendent of Education for the United Church of Canada in Newfoundland, he was reappointed as Judge of the Family Court, remaining in that capacity until his retirement in 1984.

Henry Thorne is the retired Deputy Registrar of the Supreme Court of Newfoundland and Labrador. He has served the Court in a number of capacities, rising through promotions to that of Deputy Registrar. He served as such during the merger of the District Court of Newfoundland with the Supreme Court of Newfoundland and with the expansion of the Supreme Court of Newfoundland to a number of judicial centres. Mr Thorne is warmly remembered by Members for his advice, counsel and generous assistance to them in accessing Court services in a congenial and co-operative manner. ■

INSURANCE COMMITTEE REPORT

Lewis B Andrews, QC ***Chair***

The Law Society first made available an insurance program for professional liability errors and omissions in the mid-1970's, but it was only following an amendment to the Law Society Act in 1978 that it was possible to implement a compulsory program.

By the early 1980's, premiums for the compulsory program were significant by today's standards, yet coverage was modest. For example, in 1982 the premium was \$1,150 for \$100,000 cover, with a \$10,000 deductible. In response to these high costs, the Insurance Committee determined it could reduce costs to members by self-insuring a portion of the risk.

In 1983, the Benchers agreed to a program that self-insured members for the first \$30,000 of a claim. Because of projected cost savings, under the new program the premium declined \$200 and the deductible was reduced to \$5,000. Monies to cover anticipated claims against the self-insured risk were deducted from members' premiums and held in separate funds managed by the Law Society, with remaining risk covered by an insurance company.

In 1988, when the Law Society joined the Lawyers' Professional Indemnity Company (LPIC) insurance program, the Society's self-insured component of the policy increased to \$145,000. The deductible remained at \$5,000 with the balance of risk held by LPIC. In 1991, the self-insured component was increased to \$245,000 and remained at this level until 1995. Throughout this period, monies to cover anticipated claims against the self-insured component of the policy were held by the Law Society in separate funds.

In 1995, facing a different insurance market and on the recommendation of the Insurance Committee, Benchers determined not to continue with a policy that retained a self-insured component. Under the 1995 and subsequent LPIC policies, the insurer was, and remains, responsible for payment of the full amount of a claim beyond the \$5,000 member

deductible. Coverage extends to \$1,000,000 per claim with a \$2,000,000 aggregate per member. As a result of the new policy with LPIC, and because claims against the 1983-1994 self-insurance fund years are now substantially settled, there is a net surplus of \$2,800,000 in the self-insurance funds, called Fund A. In addition to this amount, there is \$447,000 available in an Insurance Contingency Fund, Fund B. Fund B was created over several years through a members' fee surcharge in order to provide monies in the event the insurance program required a sudden and substantial expenditure. Such an expenditure could result from a change in claims experience, a change in insurance coverage, or possibly a change of insurers. At the end of 2001, Funds A and B taken together held \$3,331,224.

During the Special Term Convocation of Benchers on December 4, 2000, the insurance premium and the cash reserves held in Funds A and B were reviewed as part of the Law Society's annual budget process. Concerning the Funds, the Insurance Committee recommended, and Benchers agreed, that there was now sufficient cash for emergencies or other insurance requirements and Fund monies should be capped at \$3,000,000. Since, at December 31, 2000, the Funds held \$214,000 in excess of the \$3,000,000 requirement, Benchers decided on the recommendation of the Insurance Committee that it was prudent to use the excess monies to reduce the 2001 insurance premium. As a result, the premium per member was reduced by \$482. Benchers further determined that, in future years, interest earnings on the \$3,000,000 would be used to pay down the insurance premium unless the Insurance Committee recommended otherwise and Benchers agreed.

In recent years, Benchers have taken other decisions to keep premiums under control. Perhaps the most notable of these decisions was taken at the Special Term Convocation of December 1, 1997. At that time, Benchers reviewed the claims history surcharge policy in place during earlier years for members with multiple claims paid. They deter-

mined that the policy was not effective and should be revised. As a result, and at the recommendation of the Insurance Committee, Benchers decided to change the policy concerning members with multiple claims paid. Under the new policy, members with two or more insurance claims reported after December 31, 1997, and for which repair costs were

incurred or indemnity payments made after that date, will pay a claims history surcharge. There will be no surcharge on the first claim paid. A surcharge will be imposed for a five-year period. Below is a chart illustrating the surcharge structure.

CLAIMS HISTORY SURCHARGE

| | |
|---|--------------------------------------|
| One Claim paid in a five year period | Nil |
| Two claims paid in a five year period | \$5,000. |
| Three claims paid in a five year period | \$10,000. |
| Four claims paid in a five year period | \$15,000. |
| Five claims paid in a five year period | \$25,000. |
| Each claim paid in addition to five claims paid | \$25,000. + \$10,000. per claim paid |

During 2001 and the first quarter of 2002, missed limitations continued to account for the majority of Newfoundland claims. Over the past ten years, approximately 30% of claims reported and 40% of claims costs have been attributed to missed limitations. The second most common cause of loss during this period was defective real property searches, accounting for approximately 25% of claims reported and 17% of claims costs. Over time, the gradual implementation of Title Insurance may reduce the number and cost of real property claims against the insurance program.

For 2002, the insurance premium increased by 10% to \$3,300. The increase was attributed to two causes. First, was the reduction in interest rates in North America. Insurers traditionally invest their premiums and include interest earnings in their calculation of the premiums. With reduced earnings from investments, insurers maintain their return on equity by adjusting premiums upward. Second, the impact of the September 11, 2001, attacks resulted in a general increase in all liability premiums. Nevertheless, some relief from premium increases is obtained during 2002 from the subsidy per member provided from the interest earn-

ings on Fund A and B investments. For 2002, the subsidy is \$215; the net premium is \$3,085.

In 2000, and shortly after the Law Society acquired an office building on Water Street to accommodate the Library and professional staff, a change in Fund A and B investments was contemplated. Paying the cost of renovations to the building from these Funds was discussed over many months and, at a Convocation in April, 2002, and following presentations from the Insurance Committee and the Property Management Committee, Benchers decided to borrow from Fund A to a maximum of \$1,700,000 the fitting-up costs for the new building. By agreement, the monies borrowed will be repaid to the Funds over 25 years at an interest rate determined annually in November and equal to a one-year Government of Canada Treasury Bill. In the event the insurance program requires a cash infusion for emergency or other purposes, then the Law Society will borrow from conventional sources for the monies needed up to the amount borrowed against the Fund. In this way, members are able to benefit from interest rates below those of a conventional mortgage and the Funds are available for insurance purposes. ■

LIBRARY COMMITTEE REPORT

Sheila H Greene
Chair

Even though the Law Library will not be moving to its new premises until November or December, 2002, a great deal of transition planning began during 2001. In order to accommodate a 30% approximate reduction in space allocated for the Library at the Water Street building, and accommodate the electronic research needs of members, the Law Librarians began an orderly culling of materials, with print subscription cancellations totaling more than \$66,000. As a result, the Library has become more reliant on electronic sources. This change in emphasis from print to electronic sources does not alter core collection values, but it does underscore the trend of recent years and is now accelerated by the move to the new building. Although the Law Library is moving toward greater reliance on electronic reporters, the Library is firmly committed to providing a strong research collection including the most comprehensive and up-to-date legal texts and journals.

In related matters, there has been an increase in the number of requests received electronically from

members, ie, by e-mail and facsimile. This increase in remote access to our services has resulted in a decrease in research material supplied by photocopy and an increase in information provided by e-mail.

During the past year the Law Librarians, in conjunction with Continuing Legal Education, provided on and off-site training on electronic legal research products. These 22 small group workshops were very well received and additional sessions were offered to meet demand.

In 2001 the Law Foundation once again provided grants totaling \$110,00.00 for Library acquisitions. The Law Library Committee greatly appreciates the continued support of the Law Foundation. The Law Society's Budget allocation for the Law Library, for acquisitions, space rental, salary, telephone, insurance, supplies and travel costs, adds approximately \$325,000 to the Library budget. The Library Committee acknowledge with gratitude Benchers' continued support for the Law Library. ■

PROFESSIONAL ASSISTANCE COMMITTEE REPORT

Paul M McDonald
Law Society Representative

The Professional Assistance Committee is a joint committee of the Law Society of Newfoundland, the Newfoundland and Labrador Medical Association, the Newfoundland Dental Association and the Newfoundland Pharmaceutical Association. The Committee is responsible for the Professional Assistance Program which provides assistance to lawyers, physicians, dentists, pharmacists and their families affected by all types of personal problems. Problems may include, but are not limited to, stress, financial and career problems, depression, personal/marital/family difficulties and inappropriate use of substances.

The Professional Assistance Program employs a clinical co-ordinator, Rosemary Lahey, MSW, a registered social worker with extensive experience work-

ing with individuals, couples and families dealing with a wide range of social and emotional problems. The co-ordinator, in strictest confidence, facilitates early recognition of problems, initiates active intervention and makes appropriate referrals for treatment and rehabilitation. Referrals are accepted directly from the member or from a concerned colleague or family member. Since its inception in 1994, the Program has provided assistance to over 400 professionals including, at the end of April, 2002, more than 120 members of the Law Society.

Ms Lahey, the Co-ordinator, can be contacted in confidence by calling 754-3007 or toll free at 1-800-563-9133, or by electronic mail at rmlahey@roadrunner.nf.net. ■

PROPERTY MANAGEMENT COMMITTEE REPORT

Tobias McDonald
Chair

Members will be aware that two years ago the Law Society purchased a building at 196-198 Water Street with the intention it be re-fitted for the Law Society Law Library and professional and support staff. When the building was purchased, the objective was to have the transition to new offices completed by December, 2002, when current leasing arrangements at Atlantic Place end. For this reason, the recent 12 months have been a time of increasing activity for the Committee as it works to the December deadline.

Last year the Committee completed a careful review of the Society's space and function requirements, and met on several occasions to instruct, and to listen to, the design team headed by Jim Case and Beaton Sheppard. Under their guidance, design work was completed on schedule and in full consultation with the Law Librarians and other professional staff. The Law Library will be housed over the first two floors, and on the third there is incorporated room for Continuing Legal Education lectures, the Bar Admission Course, and for a Benchers' Convocation Room that can double as a place for receptions. The fourth floor will hold all administrative offices.

Concurrent with the Committee activities described, the Insurance Committee, the Executive Committee, the Advisory Council, and Benchers, have been working together to discuss and complete financing arrangements for the fitting-up costs. The President, Jeffrey Benson, QC, refers to these discussions in his President's Report at the beginning of this Annual Report. I am pleased to confirm in my own Report the thoughtful advice and good-will evident throughout these discussions.

As the year began, tenders were called and Benchers approved the bid of Redwood Construction. Tenants vacated the Water Street premises at the end of March and construction work began early April. The contractor assures that completion will require 26 weeks from commencement. I am confident that, for the first time in 176 years, we will welcome members to the New Year's Reception at a building that belongs to them. ■

STUDENT AWARDS COMMITTEE REPORT

Charles White, QC
Chair

The Student Awards Committee determines the recipient of four Law Society awards for Articled Students-at-Law. These are the Hunt Award, the Penney Award, the William J Browne Scholarship and the Maxwell J Pratt Scholarship respectively.

The Hunt Award is presented to the Student-at-Law who receives the highest overall average mark in the Law Society of Newfoundland's Bar Admission Course. The recipient of the Hunt Award for the Fall 2001 Bar Admission Course is Ms Andrea Channing. Ms Channing served Articles of Clerkship at the law firm Cox Hanson O'Reilly Matheson and her principal was Reginald Brown, QC. Ms Channing was called to the Newfoundland and Labrador Bar on April 12, 2002, at which time she began practicing with the firm of Cox Hanson O'Reilly Matheson.

The Penney Award is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course. The recipient of the Fall 2001 Penney Award is also Ms Andrea Channing.

The William J Browne Scholarship is presented to a Student-at-Law who has submitted a research essay on a legal issue of current public concern. The recipient of the 2002 William J Browne Scholarship is Ms Shirley Walsh, who is presently articling with the firm Duffy & Associates. Ms Walsh's research essay is entitled "Subject Matter Patentability of Medical Treatment Methods".

The Maxwell J Pratt Scholarship is presented to a Student-at-Law who is a graduate of Memorial University of Newfoundland and a student at Dalhousie Law School and is based on academic performance. The recipient of the 2002 Maxwell J Pratt Scholarship is Mr Mark Rogers, who is presently articling with the firm Williams Roebothan McKay & Marshall.

The above awards will be presented on June 7, 2002 at the Law Society of Newfoundland Annual Dinner. ■

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the
Fiscal Year Ended December 31, 2001



Law Society of Newfoundland

Financial Statements
December 31, 2001

March 22, 2002

Auditors' Report

To the Members of Law Society of Newfoundland

We have audited the balance sheet of **Law Society of Newfoundland** as at December 31, 2001, the statements of revenue, expenses and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

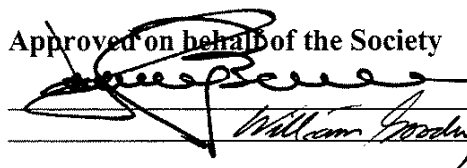
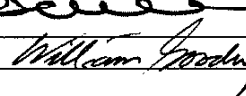
Law Society of Newfoundland

Balance Sheet

As at December 31, 2001

| | 2001 \$ | 2000 \$ |
|---|------------|------------|
| Assets | | |
| Current assets | | |
| Cash (note 2) | 466,565 | 692,968 |
| Treasury bills and government bonds | 644,091 | 646,219 |
| Accounts receivable | 153,076 | 98,924 |
| Prepaid expenses | 1,000 | - |
| Current and deferred grants receivable | 139,000 | 139,000 |
| Due from Law Society - Self Insurance Funds (net) | - | 4,803 |
| | 1,403,732 | 1,581,914 |
| Capital assets (notes 3 and 4) | 376,400 | 393,232 |
| Special funds (note 8) | 830,250 | 770,661 |
| | 2,610,382 | 2,745,807 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 58,432 | 31,065 |
| Current and deferred grants payable | 139,000 | 139,000 |
| Due to Law Society - Self Insurance Funds (net) | 1,511 | - |
| Due to Law Society - General Assurance Fund and Office Fund | 202,851 | 167,225 |
| Insurance levy | 447,363 | 661,188 |
| Capital fund levy - net | 62,854 | - |
| Library - deferred insurance proceeds | 39,128 | 37,673 |
| Current portion of long-term debt | 38,003 | 35,423 |
| | 989,142 | 1,071,574 |
| Long-term debt (note 4) | 276,308 | 314,311 |
| | 1,265,450 | 1,385,885 |
| Members' Equity | | |
| Surplus | 514,682 | 589,261 |
| | 1,780,132 | 1,975,146 |
| Special funds (note 8) | 830,250 | 770,661 |
| | 2,610,382 | 2,745,807 |

Approved on behalf of the Society

 President
 Vice-President

Law Society of Newfoundland
Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2001

| | 2001 \$ | 2000 \$ |
|---|------------------|------------------|
| Revenue | | |
| Admission fees (note 5) | 30,625 | 34,125 |
| Annual fees - certificates | 692,573 | 656,261 |
| Bar admission course | 74,253 | 43,400 |
| Contributions from the Law Foundation of Newfoundland | 139,000 | 139,000 |
| Copy machines and other recoveries | 40,542 | 63,600 |
| Interest | 132,047 | 166,383 |
| Miscellaneous | 970 | 12,126 |
| Process fees | 19,320 | 18,462 |
| Rental property | 138,408 | 91,027 |
| Seminars | 37,364 | 43,600 |
| | <u>1,305,102</u> | <u>1,267,984</u> |
| Expenses | | |
| Bar admission course | 41,394 | 24,948 |
| Benchers' receptions | 6,846 | 3,197 |
| Committees | 16,049 | 15,855 |
| Continuing legal education | 13,918 | 21,564 |
| Contributions | 15,302 | 4,594 |
| Conventions | 19,558 | 14,087 |
| Convocations | 33,526 | 39,321 |
| Copy machines | 33,332 | 31,416 |
| Discipline | (10,912) | 42,474 |
| General insurance | 7,410 | 7,634 |
| Interest and bank charges | 6,554 | 9,078 |
| Libraries | 245,147 | 234,234 |
| Miscellaneous and courier | 9,365 | 6,514 |
| Printing and publishing | 14,703 | 12,278 |
| Postage | 15,196 | 13,933 |
| Professional fees | 85,430 | 38,839 |
| Rent | 125,149 | 127,685 |
| Rental property | 101,840 | 62,041 |
| Salaries and employee benefits | 513,565 | 454,478 |
| Supplies and equipment | 41,589 | 42,582 |
| Telephone | 19,521 | 19,233 |
| Travel | 25,199 | 20,101 |
| | <u>1,379,681</u> | <u>1,246,086</u> |
| Excess of revenue over (under) expenses | (74,579) | 21,898 |
| Surplus - Beginning of year | <u>589,261</u> | <u>567,363</u> |
| Surplus - End of year | <u>514,682</u> | <u>589,261</u> |

Law Society of Newfoundland

Statement of Cash Flows

For the year ended December 31, 2001

| | 2001 \$ | 2000 \$ |
|---|------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over (under) expenses | (74,579) | 21,898 |
| Item not affecting cash | | |
| Amortization | 16,832 | 16,832 |
| | (57,747) | 38,730 |
| Change in non-cash working capital balances | | |
| Decrease (increase) in accounts receivable | (54,152) | 102,331 |
| Increase in prepaid expenses | (1,000) | - |
| Decrease (increase) in due from (to) Self Insurance Funds (net) | 6,314 | 114,830 |
| Increase (decrease) in accounts payable | 27,367 | (41,696) |
| Increase in due to General Assurance Fund and Office Fund | 35,626 | 14,978 |
| Increase in insurance levy | (213,825) | 211,777 |
| Increase in capital fund levy | 62,854 | - |
| Increase (decrease) in deferred insurance proceeds | 1,455 | 983 |
| | (193,108) | 441,933 |
| Financing activities | | |
| Proceeds from long-term debt | - | 369,188 |
| Repayment of long-term debt | (35,423) | (19,454) |
| | (35,423) | 349,734 |
| Investing activity | | |
| Purchase of capital assets – net | - | (410,064) |
| Net change in cash during the year | (228,531) | 381,603 |
| Cash and cash equivalents – Beginning of year | 1,339,187 | 957,584 |
| Cash and cash equivalents – End of year | 1,110,656 | 1,339,187 |
| Cash and cash equivalents is comprised of: | | |
| Cash | 466,565 | 692,968 |
| Treasury bills and government bonds | 644,091 | 646,219 |
| | 1,110,656 | 1,339,187 |

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2001

1 Accounting policy

Capital assets

Capital assets are carried at cost less contributions received. Amortization of the building is calculated on a straight line basis over 20 years.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rates less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Capital assets

| | <u>2001</u> | | <u>2000</u> | |
|----------|----------------|-------------------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net | Net |
| | \$ | \$ | \$ | \$ |
| Land | 73,429 | - | 73,429 | 73,429 |
| Building | 336,635 | 33,664 | 302,971 | 319,803 |
| | <u>410,064</u> | <u>33,664</u> | <u>376,400</u> | <u>393,232</u> |

During the prior year, the Law Society of Newfoundland – Office Fund contributed \$351,177 toward the purchase of the capital assets. This amount has been applied against the cost recorded in the Society's financial statements.

4 Long-term debt

| | 2001 | 2000 |
|---|----------------|----------------|
| | \$ | \$ |
| 7.75% mortgage, renewable in 2002, payable in blended monthly payments of \$5,073 | 314,311 | 349,734 |
| Current portion | 38,003 | 35,423 |
| | <u>276,308</u> | <u>314,311</u> |

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2001

The land, building and related insurance have been provided as security for the 7.75% mortgage.

Aggregate annual principal payments on long-term debt for the next five years are as follows:

| | \$ |
|-------------------|--------|
| December 31, 2002 | 38,003 |
| 2003 | 41,055 |
| 2004 | 44,353 |
| 2005 | 47,915 |
| 2006 | 57,763 |

5 Admission fees

Admission fees consist of the following:

| | 2001 \$ | 2000 \$ |
|-----------------|--------------|--------------|
| Articled clerks | 10,500 | 11,400 |
| Call-to-bar | 20,125 | 18,975 |
| Occasional | - | 3,750 |
| | <hr/> 30,625 | <hr/> 34,125 |

6 Operating lease

The minimum annual payments under an operating property lease, expiring in 2002, including estimated operating costs, are \$120,000.

7 Professional liability insurance

On January 1, 1983, the Society established a Self-Insurance Fund for practising Newfoundland lawyers. Each year the Society assesses its members an amount which is paid to that year's Self-Insurance Fund. Separate financial statements are prepared for each year's Fund and their assets, liabilities and surpluses or deficiencies are not reflected in these statements.

Law Society of Newfoundland

Notes to Financial Statements

December 31, 2001

8 Special Funds

The statement of revenue, expenses and surplus of the Law Society of Newfoundland does not include the operations of the Office and the General Assurance Funds.

During the year, the following transactions occurred in these funds:

| | Office Fund \$ | General Assurance Fund \$ |
|--|----------------------|------------------------------------|
| Revenue | | |
| Contributions | - | 31,087 |
| Interest | - | 26,092 |
| | - | 57,179 |
| Expenses | | |
| Miscellaneous | 47 | (3,747) |
| National Federation of Law Society's | - | 1,290 |
| | 47 | (2,457) |
| Excess of revenue over (under) expenses | (47) | 59,636 |
| Balance – Beginning of year | 971 | 769,690 |
| Balance – End of year | 924 | 829,326 |
| Comprised of: | | |
| Cash | (6) | 239,170 |
| Treasury bills and government bonds | — | 383,196 |
| Accounts and interest receivable | 361 | 4,678 |
| Due from Law Society | 569 | 202,282 |
| | 924 | 829,326 |

**Law Society of Newfoundland -
1983 to 1987 Self-Insurance Funds**

Combined Financial Statements
December 31, 2001

March 22, 2002

Auditors' Report

To the Members of the Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

We have audited the combined balance sheet of the **Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds** as at December 31, 2001 and the combined statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

Combined Balance Sheet

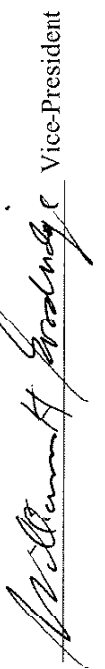
As at December 31, 2001

| | 1983 | Self-Insurance Funds | | | 1987 | Totals | |
|---|---------|----------------------|---------|---------|---------|-----------|-----------|
| | \$ | 1984 | 1985 | 1986 | \$ | 2001 | 2000 |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash (note 2) | 10,924 | 25,262 | 16,028 | 11,671 | 24,083 | 87,968 | 45,791 |
| Treasury bills and government bonds | 578,633 | 646,894 | 375,021 | 419,853 | 356,788 | 2,378,189 | 2,308,155 |
| Accounts and interest receivable | 5,387 | 5,997 | 3,132 | 4,275 | 4,457 | 23,248 | 59,028 |
| Due from 1988 - 1994 Self-Insurance Funds | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 450,000 | 450,000 |
| | 684,944 | 768,153 | 485,181 | 525,799 | 475,328 | 2,939,405 | 2,862,974 |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | 1,950 | 1,950 | 1,950 | 1,950 | 1,950 | 9,750 | 3,750 |
| Surplus | | | | | | | |
| | 682,994 | 766,203 | 483,231 | 523,849 | 473,378 | 2,929,655 | 2,859,224 |
| | 684,944 | 768,153 | 485,181 | 525,799 | 475,328 | 2,939,405 | 2,862,974 |

Approved on behalf of the Society

 President

President

 Vice-President

Law Society of Newfoundland -
1983 to 1987 Self-Insurance Funds
Combined Statement of Revenue, Expenses and Surplus
For the year end December 31, 2001

| | 1983 | 1984 | 1985 | 1986 | 1987 | Totals | |
|--|---------|---------|---------|---------|---------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | 2001 | 2000 |
| | | | | | | \$ | \$ |
| Revenue | | | | | | | |
| Interest | 25,708 | 29,176 | 16,569 | 18,927 | 17,009 | 107,389 | 124,618 |
| Expenses | | | | | | | |
| Reserves | | | | | | | |
| Recoverable from insurers | - | - | - | - | - | - | 71,011 |
| Other expenses | | | | | | | |
| Interest and bank charges | 1 | 4 | 3 | 2 | 7 | 17 | 18 |
| Investment fee - TD Bank | 3,065 | 3,427 | 1,908 | 2,234 | 1,967 | 12,601 | 9,848 |
| Professional fees | 2,005 | 2,005 | 2,005 | 3,633 | 6,107 | 15,755 | 6,000 |
| Professor Morgan's Report | 1,717 | 1,717 | 1,717 | 1,717 | 1,717 | 8,585 | - |
| | 6,788 | 7,153 | 5,633 | 7,586 | 9,798 | 36,958 | 86,877 |
| Excess of revenue over expenses | 18,920 | 22,023 | 10,936 | 11,341 | 7,211 | 70,431 | 37,741 |
| Surplus – Beginning of year | 664,074 | 744,180 | 472,295 | 512,508 | 466,167 | 2,859,224 | 2,821,483 |
| Surplus – End of year | 682,994 | 766,203 | 483,231 | 523,849 | 473,378 | 2,929,655 | 2,859,224 |

Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

Notes to Combined Financial Statements

December 31, 2001

1 Accounting policies

Method of operations

The 1986 and 1987 Funds insure all practising members up to \$30,000 (1983 to 1985 funds - \$20,000) after an initial deductible of \$5,000 per member per claim. Claims exceeding \$35,000 (1983 to 1985 Funds - \$25,000) are insured up to an additional \$65,000 (1983 to 1985 Funds - \$75,000) by a separate liability insurance policy purchased by the Funds.

This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland provided the original claim or suit for damages is brought during the policy period.

The 1986 and 1987 Funds are responsible for total annual claims up to \$300,000 (1983 and 1984 Funds - \$175,000, 1985 Fund - \$200,000) after which the insurance company pays all claims in excess of \$5,000. The Funds are responsible for any adjusting and legal fees involved in settling claims.

Reserve for claims

The adjusting company is responsible for consulting with the Chairman of the Self-Insurance Claims Committee in arriving at an estimate of the reserve required for claims outstanding. The reserve includes potential claims, legal and adjusting fees attributable to the outstanding matters minus any possible recovery.

Any changes in subsequent periods relating to these reserves is a result of:

- 1) Indemnity and legal and adjusting fees paid; and,
- 2) Adjustments as to the potential liability which would also increase or decrease the current period reserve expense.

Any cost, for which no reserve had been previously set up, is treated as a claims expense in the current period.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

Law Society of Newfoundland - 1983 to 1987 Self-Insurance Funds

Notes to Combined Financial Statements

December 31, 2001

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2001, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.

**Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds**

Combined Financial Statements
December 31, 2001

March 22, 2002

Auditors' Report

To the Members of Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

We have audited the combined balance sheet of **Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds** as at December 31, 2001 and the combined statement of revenue, expenses and deficit for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

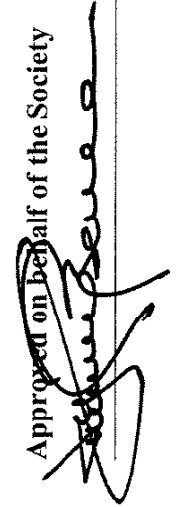
Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Combined Balance Sheet

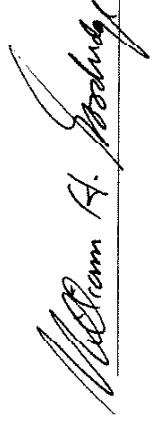
As at December 31, 2001

| | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 2001 | 2000 |
|---|-----------|-----------|--------|-----------|-----------|-----------|---------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash (note 2) | (72,004) | (90,791) | 13,661 | (40,375) | (439) | 16,638 | 366,618 | 193,308 | 176,904 |
| Treasury bills and government bonds | 33,691 | - | - | - | - | - | - | 33,691 | 34,412 |
| Accounts and interest receivable | 297 | - | - | 5,000 | - | - | - | 5,297 | 16,663 |
| Due from 1988-94 Self-Insurance Funds | 97,600 | - | - | - | - | - | - | 97,600 | 97,600 |
| | 59,584 | (90,791) | 13,661 | (35,375) | (439) | 16,638 | 366,618 | 329,896 | 325,579 |
| Liabilities | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Accounts payable | 1,500 | 2,000 | 2,000 | 2,500 | 2,500 | 2,500 | 2,500 | 15,500 | 7,750 |
| Due to 1983-87 Self-Insurance Funds | - | - | - | - | - | 450,000 | - | 450,000 | 450,000 |
| Due to 1988-94 Self-Insurance Funds | - | 5,000 | - | - | 60,400 | - | 32,200 | 97,600 | 97,600 |
| Due to (from) Law Society of Upper Canada (schedule) | (309,801) | (294,216) | 64 | 350,033 | (137,940) | 105,030 | 119,420 | (167,410) | (174,035) |
| | (308,301) | (287,216) | 2,064 | 352,533 | (75,040) | 557,530 | 154,120 | 395,690 | 381,315 |
| Surplus (deficit) | 367,885 | 196,425 | 11,597 | (387,908) | 74,601 | (540,892) | 212,498 | (65,794) | (55,736) |
| | 59,584 | (90,791) | 13,661 | (35,375) | (439) | 16,638 | 366,618 | 329,896 | 325,579 |

Approved on behalf of the Society



President



Vice-President

**Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds**
Combined Statement of Revenue, Expenses and Deficit
For the year ended December 31, 2001

| | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | Totals | |
|--|---------|---------|---------|-----------|---------|-----------|---------|----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | 2001 | 2000 |
| | | | | | | | | \$ | \$ |
| Revenue | | | | | | | | | |
| Interest | 2,161 | 730 | 730 | 730 | 730 | 730 | 9,284 | 15,095 | 50,355 |
| Expenses | | | | | | | | | |
| Claims | | | | | | | | | |
| Indemnity | - | - | - | - | - | - | - | - | 141,773 |
| Legal and adjusting | - | 8,690 | - | 8,131 | - | 4,571 | 1,185 | 22,577 | 36,517 |
| Reserves | | | | | | | | | |
| Indemnity | - | (8,664) | - | - | - | - | (5,000) | (13,664) | (190,000) |
| Legal and adjusting | - | (26) | - | (8,131) | - | (8,303) | 9,328 | (7,132) | (49,009) |
| Other expenses | | | | | | | | | |
| Administration | 1,422 | 1,422 | 1,422 | 1,422 | 1,422 | 1,422 | 1,422 | 9,954 | 11,228 |
| Investment fee -TD Bank | 183 | - | - | - | - | - | - | 183 | 198 |
| Miscellaneous | - | - | - | - | - | - | 24 | 24 | 36 |
| Professional and consulting fees | 1,530 | 1,780 | 1,780 | 2,030 | 2,030 | 2,031 | 2,030 | 13,211 | 12,397 |
| | 3,135 | 3,202 | 3,202 | 3,452 | 3,452 | (279) | 8,989 | 25,153 | (36,860) |
| Excess of revenue over (under) expenses | (974) | (2,472) | (2,472) | (2,722) | (2,722) | 1,009 | 295 | (10,058) | 87,215 |
| Surplus (deficit) - Beginning of year | 368,859 | 198,897 | 14,069 | (385,186) | 77,323 | (541,901) | 212,203 | (55,736) | (142,951) |
| Surplus (deficit) - End of year | 367,885 | 196,425 | 11,597 | (387,908) | 74,601 | (540,892) | 212,498 | (65,794) | (55,736) |

Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Notes to Combined Financial Statements

December 31, 2001

1 Accounting policies

Method of operations

The Law Society of Newfoundland participates in the Insurance program of the Law Society of Upper Canada. This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland, provided the original claim or suit for damages is brought during the policy period.

1988 to 1994 Insurance Program

The 1988 to 1994 Insurance Program insures all practising members up to a deductible amount of \$245,000 (\$145,000 for claims brought January to June 1988 which are included in the 1988 fund), after an individual deductible of \$5,000 per member per claim. Claims exceeding the deductible amount are insured by a separate liability policy purchased by the Insurance Program, up to an additional \$750,000 per claim, (\$450,000 for claims brought January to June 1988) to a maximum annual limit of \$2,000,000 per insured.

Reserve for claims

The adjusting company in Newfoundland is responsible for consulting with the Chairman of the Self-Insurance Claims committee in Newfoundland in arriving at an estimate of the reserve required for claims outstanding. The reserve includes potential claims, legal and adjusting fees attributable to the outstanding matters minus any possible recovery.

Any changes in subsequent periods relating to these reserves is a result of:

- 1) Indemnity, legal and adjusting fees paid, and
- 2) Adjustments as to the potential liability which would also increase or decrease the current period reserve expense.

Any cost, for which no reserve had been previously set up, is treated as a claims expense in the current period.

Law Society of Upper Canada

The insurance assessment from the annual fee is due to the Law Society of Upper Canada. The funds remaining with the Law Society of Newfoundland pay certain administrative, operational and travel expenses.

The amount due to (from) the Law Society of Upper Canada includes reserves for indemnity, recoverable from members and other insurers, legal fees, adjusting fees, administration costs, and insurance premiums, less any advances made and interest earned thereon.

Law Society of Newfoundland - 1988 to 1994 Self-Insurance Funds

Notes to Combined Financial Statements

December 31, 2001

When all of the claim files have been closed and all indemnities have been settled, any monies remaining with, or owed to the Law Society of Upper Canada will be paid or refunded together with interest earned on these funds. Upon receipt of assessments from the Law Society of Upper Canada, the Law Society of Newfoundland recognizes an adjustment to the estimated balance in the fund to which it relates.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2001, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.

**Law Society of Newfoundland -
1988 to 1994 Self-Insurance Funds**

Due to (from) Law Society of Upper Canada

As at December 31, 2001

Schedule

| | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | Totals | |
|---|------------------|------------------|-----------|----------------|------------------|----------------|----------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | 2001 | 2000 |
| Reserves | | | | | | | | | |
| Indemnity claims | - | 70,000 | - | 60,000 | - | - | - | 130,000 | 148,664 |
| Recoverable from members | - | (5,000) | - | (10,000) | - | - | - | (15,000) | (20,000) |
| Legal and adjusting | - | 7,219 | - | 38,205 | - | - | 11,028 | 56,452 | 63,586 |
| | - | 72,219 | - | 88,205 | - | - | 11,028 | 171,452 | 192,250 |
| Less | | | | | | | | | |
| Advances and interest net of disbursements | 309,801 | 366,435 | (64) | (261,828) | 137,940 | (105,030) | (108,392) | 338,862 | 366,285 |
| | <u>(309,801)</u> | <u>(294,216)</u> | <u>64</u> | <u>350,033</u> | <u>(137,940)</u> | <u>105,030</u> | <u>119,420</u> | <u>(167,410)</u> | <u>(174,035)</u> |

**Law Society of Newfoundland -
1995 to 2001 Self-Insurance Funds**

Combined Financial Statements
December 31, 2001

March 22, 2002

Auditors' Report

To the Members of the Law Society of Newfoundland - 1995 to 2001 Self-Insurance Funds

We have audited the combined balance sheet of the **Law Society of Newfoundland - 1995 to 2001 Self-Insurance Funds** as at December 31, 2001 and the combined statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

**Combined Balance Sheet
As at December 31, 2001**

| | Self-Insurance Funds | | | | | | Totals | |
|--------------------------------------|----------------------|------------|------------|------------|------------|------------|------------|------------|
| | 1995 \$ | 1996 \$ | 1997 \$ | 1998 \$ | 1999 \$ | 2000 \$ | 2001 \$ | 2000 \$ |
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash (note 2) | 117,710 | 15,436 | (20,404) | (26,837) | (23,018) | (18,091) | (493) | 104,930 |
| Accounts receivable | 5,000 | 5,000 | — | — | 2,329 | — | — | 5,245 |
| Due from Law Society of Newfoundland | — | — | — | 765 | 768 | — | — | 32,378 |
| | 122,710 | 20,436 | (20,404) | (26,072) | (19,921) | (18,091) | (493) | 142,553 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable | 1,500 | 1,500 | 1,500 | 1,000 | — | — | — | 54,900 |
| Due to Law Society of Newfoundland | — | — | — | — | — | — | 5,022 | 37,180 |
| | 1,500 | 1,500 | 1,500 | 1,000 | — | — | 5,022 | 92,080 |
| Surplus (deficit) | | | | | | | | |
| | 121,210 | 18,936 | (21,904) | (27,072) | (19,921) | (18,091) | (5,515) | 50,473 |
| | 122,710 | 20,436 | (20,404) | (26,072) | (19,921) | (18,091) | (493) | 142,553 |

Law Society of Newfoundland -
1995 to 2001 Self-Insurance Funds
Combined Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2001

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | Totals |
|--|---------|---------|----------|----------|----------|----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | | | | |
| Fees | — | — | — | — | — | — | 1,121,978 | 1,661,549 |
| Insurance levy | — | — | — | — | — | — | 214,000 | — |
| Interest | 2,997 | — | — | — | — | — | 2,997 | 4,880 |
| | 2,997 | — | — | — | — | — | 1,335,978 | 1,666,429 |
| Expenses | | | | | | | | |
| Insurance policy premium | — | — | — | — | — | — | 1,341,000 | 1,664,400 |
| Professional and consulting fees | 493 | 493 | 493 | 493 | 492 | 494 | 493 | 3,450 |
| Provision for doubtful accounts | — | — | — | (765) | (768) | — | — | 60,718 |
| Miscellaneous | — | (1,113) | — | — | — | — | — | 499 |
| | 493 | (620) | 493 | (272) | (276) | 494 | 1,341,493 | 1,729,067 |
| Excess of revenue over (under) expenses | 2,504 | 620 | (493) | 272 | 276 | (494) | (5,515) | (62,638) |
| Surplus (deficit) — Beginning of year | 118,706 | 18,316 | (21,411) | (27,344) | (20,197) | (17,597) | — | 113,111 |
| Surplus (deficit) — End of year | 121,210 | 18,936 | (21,904) | (27,072) | (19,921) | (18,091) | (5,515) | 50,473 |

Law Society of Newfoundland - 1995 to 2001 Self-Insurance Funds

Notes to Combined Financial Statements
For the year ended December 31, 2001

1 Accounting policy

Method of operations

The Law Society of Newfoundland participates in the Insurance Program of the Law Society of Upper Canada. This insurance applies to acts or omissions committed by an Insured in connection with his/her practice as a member of the Law Society of Newfoundland provided the original claim or suit for damages is brought during the policy period.

1995 to 2001 Insurance Program

The 1995 to 2001 Insurance Program insures all practising members up to \$1,000,000 per claim, after an individual deductible of at least \$5,000 per member per claim, to a maximum annual limit of \$2,000,000 per insured. The 1995 Insurance Program is now responsible for all claims and legal and adjusting expenses and has arranged for 57% quota share reinsurance above the members' deductible, retaining the other 43% for its own account. The Law Society of Newfoundland has agreed to share equally in this 43% retention. The 1996 to 2001 Insurance Program is responsible for 100% of all claims and legal and adjusting expenses above the members' deductible.

2 Cash investment

The cash account earns interest calculated on the consolidated average daily balance at the Toronto Dominion Bank's weighted average prime lending rate less 2 ½%. This is the rate paid on investments of less than one year. Interest on the cash account is paid monthly.

3 Insurance Program

During 2000, Benchers approved the creation of two Insurance Contingency Funds, A and B. Fund A comprises of the balance of insurance monies held in the Self-Insurance Funds from insurance years 1983 to 1994, minus liabilities. Fund B comprises of monies assessed against members in recent years for insurance contingency purposes.

The combined total of these funds in excess of \$3,000,000 was used for the reduction of members' insurance premium on a per insured member basis during 2001, and that interest earned on Funds A and B be used in future years on an annual basis to reduce the insurance premium on a per insured member basis.