2013 - 2014 Annual Report
The Law Society of Newfoundland and Labrador

Annual Report
2013 - 2014
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Fiscal Year Ended December 31, 2013
(covering: General Fund, Lawyers’ Insurance Programme,
Assurance Fund and Endowment Fund)
BENCHERS

Officers

<table>
<thead>
<tr>
<th>7 June, 2013 to 10 April 2014</th>
<th>10 April 2014 to Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>President: George L. Murphy, QC</td>
<td>President: Kenneth L. Baggs, QC</td>
</tr>
<tr>
<td>Vice-President: Kenneth L. Baggs, QC</td>
<td>Vice-President: Susan M. LeDrew</td>
</tr>
</tbody>
</table>

Elective Benchers

Eastern District:
Donald E. Anthony
R. Paul Burgess
Amy M. Crosbie
Barry G. Fleming, QC
Kenneth W. Jerrett
Ann F. Martin (appointed at the 7 June 2013 Benchers’ Convocation)
Donovan F. Molloy
Liam P. O’Brien
Leanne M. O’Leary
Ian C. Wallace

Central District:
Marcus A. Evans
Kevin T.A. Preston

Western District:
Shawn C. A. Colbourne, QC

Labrador District:
J. John Noseworthy (resigned 5 March 2014)
Adrienne S. Edmunds (appointed by Benchers to serve the balance of the term to which J. John Noseworthy was elected prior to his resignation)

Appointed Benchers

Donovan Downer
Linda Harnett
Glenda Reid
Bert Riggs

Honorary Benchers

Lewis B. Andrews, QC
Jeffrey P. Benson, QC
Augustine F. Bruce
Morgan C. Cooper
V. Randell J Earle, QC
J. David B. Eaton, QC
Francis P. Fowler, QC
J. Vernon French, QC
The Hon. Mr. Justice Brian F. Furey
Sheila H. Greene, QC
The Hon Mr. Justice W. Goodridge
The Hon Chief Justice J. D. Green
The Hon Gloria Harding
Edward M. Hearn, QC
Thomas R. Kendell, QC
R. Barry Learmonth, QC
Dana K. Lenehan, QC
Augustus G. Lilly, QC
Dennis C. MacKay, QC
G. David Martin, QC
Paul M. McDonald
The Hon. Mr. Justice George L. Murphy (effective 10 April 2014)
Irene S. Muzychka
Stephanie L. Newell, QC
Glen L.C. Noel
M. Francis O’Dea, QC
Thomas J. O’Reilly, QC
Ernest G. Reid, QC
John F. Roil, QC
The Hon Mr. Justice D. Russell
Robert M. Sinclair, QC
The Hon. Mr. Justice R. Wells
Marina C. Whitten, QC
### Officers of the Law Society of Newfoundland (and Labrador)

#### Treasurers / Presidents
- 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. Kendall, QC
- 1993: Augustus G. Lilly, QC
- 1994: V. Randall J. Earle, QC
- 1995: Reginald H. Brown, QC
- 1996: Dana K. Lenehan, QC
- 1997: Gloria Harding
- 1998: J. David B. Eaton, QC
- 1999: Dennis C. MacKay
- 2000: Robert M. Sinclair, QC
- 2001: Jeffrey P. Benson, QC
- 2002: William H. Goodridge, QC
- 2003: Stephanie L. Newell, QC
- 2004: Brian F. Furey, QC
- 2005: Edward M. Hearn, QC
- 2006: Paul M. McDonald
- 2007: Marina C. Whitten, QC
- 2008: Sheila H. Greene, QC
- 2009: Irene S. Muzychka
- 2010: Glen L.C. Noel
- 2011: Augustine F. Bruce
- 2012: Morgan C. Cooper
- 2013: George L. Murphy, QC

#### Secretaries / Vice-Presidents
- 1846: E. M. Archibald
- 1847: H. W. Hoyles
- 1849: F. B. T. Carter
- 1855: George Hogsett
- 1866: Henry A. Clift
- 1869: M. W. Walbank
- 1870: Robert J. Pinsent
- 1877: T. I. Keough, QC
- 1879: Prescott Emerson, QC
- 1885: A. J. W. McNeily, QC
- 1895: D. M. Browning
- 1914: C. O’N. Conroy
- 1916: C. H. Emerson, KC
- 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
- 1991: Thomas R. Kendall, QC
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- 1994: Reginald H. Brown, QC
- 1995: Dana K. Lenehan, QC
- 1996: Gloria Harding
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- 2004: Edward M. Hearn, QC
- 2005: Paul M. McDonald
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- 2008: Irene S. Muzychka
- 2009: Glen L.C. Noel
- 2010: Augustine F. Bruce
- 2011: Morgan C. Cooper
- 2012: George L. Murphy, QC
- 2013: Kenneth L. Baggs, QC

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*Notes:
- Records of the Society were destroyed in the Great Fire of June 9, 1846.
### LAW SOCIETY STAFF

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>Executive Director</td>
<td>Brenda B. Grimes</td>
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<tr>
<td>Director of Legal Education</td>
<td>Francis P. O’Brien</td>
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<tr>
<td>Legal Director</td>
<td>Phyllis E. Weir</td>
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<tr>
<td>Library Director</td>
<td>Gail A. Hogan</td>
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<td>Librarian</td>
<td>Heather A. Myers</td>
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<tr>
<td>Accountant</td>
<td>Richard T. Yabsley</td>
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<td>Administrators</td>
<td>Pamela A. Marks</td>
<td>Professional Responsibility</td>
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<td>Janice K. Ringrose</td>
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<td>Anne P. Cross</td>
<td>Professional Responsibility</td>
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<td>Lisa E. Kennedy</td>
<td>Custodianship</td>
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<td></td>
<td>Erin C. Rowe</td>
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<td>S. Renee Whalen</td>
<td>Library / Reception</td>
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<td>Regina M. Whitty</td>
<td>Education</td>
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<tr>
<td>Library Technician</td>
<td>Lauren R. Kean</td>
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<td>Maintenance</td>
<td>Donald Norman</td>
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MEMBERSHIP

Membership Statistics as of June, 2014:

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<th>Practising (Insured):</th>
<th>551</th>
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<td>Practising (Uninsured):</td>
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<tr>
<td>Non-Practising:</td>
<td>206</td>
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<tr>
<td>Life:</td>
<td>33</td>
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<tr>
<td>TOTAL</td>
<td>983</td>
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The total membership figures for the years since Confederation with Canada are as follows:

<table>
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<th>Year</th>
<th>Practising (Insured)</th>
<th>Practising (Uninsured)</th>
<th>Non-Practising</th>
<th>Life</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>1950</td>
<td>66</td>
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<td>1976</td>
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<td>1977</td>
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<td>617</td>
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<td>1978</td>
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<td>1983</td>
<td>351</td>
<td>750</td>
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Seven lawyers were called to the Bar of Newfoundland and Labrador on June 15, 2013

<table>
<thead>
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<th>Roll#</th>
<th>Name</th>
<th>Roll#</th>
<th>Name</th>
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<tbody>
<tr>
<td>1592</td>
<td>Ashley Rae Dresser</td>
<td>1596</td>
<td>John Alexander Groves</td>
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<tr>
<td>1593</td>
<td>Scott Alexander Harron</td>
<td>1597</td>
<td>Emily Helen Lukaweski</td>
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<tr>
<td>1594</td>
<td>David Julien D’Intino</td>
<td>1598</td>
<td>Deborah Christine Gillis</td>
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<tr>
<td>1595</td>
<td>Joanne Beatrice Healey</td>
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</table>
Eleven lawyers were called to Bar of Newfoundland and Labrador on October 11, 2013

<table>
<thead>
<tr>
<th>Roll #</th>
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<tbody>
<tr>
<td>1599</td>
<td>Aimee Carolyn Letto</td>
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<tr>
<td>1600</td>
<td>Christopher Ian Vaughan</td>
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<tr>
<td>1601</td>
<td>Mark Alexander Mills</td>
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<td>1602</td>
<td>Sandra Lee Sarto</td>
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<td>1603</td>
<td>Kendra Lee Grace Grabo</td>
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<tr>
<td>1604</td>
<td>Colin Daniel McMorrow</td>
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</tbody>
</table>

Twenty lawyers were called to the Bar of Newfoundland and Labrador on February 14, 2014

<table>
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<tr>
<th>Roll #</th>
<th>Name</th>
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<tbody>
<tr>
<td>1610</td>
<td>Ashley Elizabeth Savinov</td>
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<tr>
<td>1611</td>
<td>Matthew Stewart Curlew Clarke</td>
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<tr>
<td>1612</td>
<td>Emily Margaret Grace Stockley</td>
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<tr>
<td>1613</td>
<td>Justin Paul Dunphy</td>
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<tr>
<td>1614</td>
<td>Mark Philip Sheppard</td>
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<tr>
<td>1615</td>
<td>Jonathan Michael Andrews</td>
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<td>1616</td>
<td>Kenneth Frederic Anderson</td>
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<td>1617</td>
<td>Daniel William Bennett</td>
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<td>1618</td>
<td>Christina Anne Spurrell</td>
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<tr>
<td>1619</td>
<td>Justin William King</td>
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</table>

Thirteen lawyers were called to the Bar of Newfoundland and Labrador on April 14, 2014

<table>
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<tr>
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<tr>
<td>1630</td>
<td>Robert Trent Skanes</td>
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<tr>
<td>1631</td>
<td>Carrie Michelle Rudolph</td>
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<td>1632</td>
<td>Allison Maria Wade</td>
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<td>1633</td>
<td>Sylina Le-Von Jones</td>
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<tr>
<td>1634</td>
<td>Hilary Grace Feltham</td>
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<tr>
<td>1635</td>
<td>Sarah Jean Lane</td>
</tr>
<tr>
<td>1636</td>
<td>Erika Barbara Breen</td>
</tr>
</tbody>
</table>

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

The Barrister and Solicitor Rolls, as of June 1, 2013, record that 1591 members have been called to the Bar since 1826.

The Benchers record with regret the death of the following members and past members during the period from June 2013 to June 2014:

**The Honourable Mr. Justice Kevin J. Barry**
called June 29, 1946, Roll #205

**Boyce Taylor**
called July 2, 1996, Roll #1019
Law Society Committees

Executive Committee:

(7 June 2014 – 10 April 2014)

George L. Murphy, QC, President
Kenneth L. Baggs, QC, Vice-President
Morgan C. Cooper, Past President
Susan M. LeDrew
Barry G. Fleming, QC
Brenda B. Grimes, ex officio

(11 April 2014 – Present)

Kenneth L. Baggs, QC, President
Susan M. LeDrew, Vice-President (effective 16 April 2014)
Morgan C. Cooper, Past President
Barry G. Fleming, QC
R. Paul Burgess (effective 17 April 2014)
Brenda G. Grimes, ex officio

Statutory Committees:

Complaints Authorization Committee
Susan M. LeDrew, Chair (7 June 2013 to 16 April 2014)
Barry G. Fleming, QC, Chair (16 April to Present)
J. David B. Eaton, QC, Vice-Chair
Linda Harnett, Appointed Bencher
Phyllis E. Weir, ex officio

Alternate Members

Donald E. Anthony
Amy M. Crosbie
Sheila H. Greene, QC

Glenda Reid, Appointed Bencher
Marina C. Whitten, QC

Discipline Committee
Irene S. Muzychka, Chair
John M. Green, QC, Vice-Chair

Law Society Members:
John M. Babb, QC
Glen S. Belbin
Katrina A. Brannan
Janis C. Byrne
Wayne D. Chamberlain
Sandraf R. Chaytor, QC
S. Bruce Chislett
Paul L. Coxworthy
Michael J. Crosbie, QC
Jean V. Dawe, QC
V. Randell J. Earle, QC
Anne M. Fagan
Donald J. Gallant
Bruce C. Grant, QC
Deborah L.J. Hutchings
David A. King, QC
R. Barry Learmonth, QC
Mary J. Mandville
Tobias F. McDonald, QC
John W. McGrath, QC
James C. Oakley
Mary C. O’Brien
John V.B. O'Dea
D. Richard Robbins
Linda M. Rose, QC
Daniel W. Simmons
Ellen E.M. Turpin
James E. Vavasour, QC
John D. Brooks, QC
Dennis N. Clarke
Paul D. Dicks, QC
Tamara L. Drover
Gladys H. Dunne
Gregory A. French
Brian R. Gatien
Stephanie S. Hickman
David W. Jones, QC
Lee Ann L. Montgomery
Lynn M. Moore
Gregory A.C. Moores
Tracey Pasley
Stephen F. Penney
Richard S. Rogers
James L. Thistle, QC
Thomas E. Williams, QC
Rodney J. Zdebiak

Appointed Representatives:
Bernard Bolger
Angela Bowes
Herbert Burry
Frederick Drover
Raymond Rose
Dr. Marina Sexton
Education Committee  
Ian C Wallace, Chair

- David G. L. Buffett, QC
- J. David B. Eaton, QC
- Heather M. Jacobs

- D. Bradford Wicks, QC
- Kenneth L. Baggs, QC, ex officio
- Francis P. O’Brien, ex officio

RULES-BASED COMMITTEES:

Accounts and Finance Committee  
Barry G. Fleming, QC, Chair

- Kenneth L. Baggs, QC
- George L. Murphy, QC
  (7 June 2013 – 10 April 2014)

- Glenda Reid
- Brenda B. Grimes, ex officio
- Richard T. Yabsley, ex officio

Bar Admission Committee  
J. David B. Eaton, QC, Chair

- Aubrey L. Bonnell, QC
- Sandra M. Burke, QC
- V. Randell J. Earle, QC

- Gregory M. Smith
- Francis P. O’Brien, ex officio

Custodianship Committee  
Barry G. Fleming, QC, Chair

- Kenneth W. Jerrett

- Brenda B. Grimes, ex officio

Library Committee  
Liam P. O’Brien, Chair

- Rebecca C. Phillipps
- Padraig J. Mohan
- Maeve A. Baird
- Angela M. Whitehead
- Andrew A. Fitzgerald
- Benjamin J. Blackmore

- Daniel M. Boone
- Bert Riggs, Appointed Bencher
- Gail A. Hogan, ex officio
- Heather A. Myers, ex officio
- Brenda B. Grimes, ex officio

BENCHER APPOINTED STANDING COMMITTEES:

Archives Committee  
Bert Riggs, Chair, Appointed Bencher

- Justin S. C. Mellor
- Veva B. Moulton

- Rebecca C. Phillipps
- Gail A. Hogan, Librarian, ex officio

Claims Review Committee

- Thomas J. Johnson, Counsel
- Lewis B. Andrews, QC
- Gary L. Baird

- Raymond P. Walsh, FCIP
- Janice K. Ringrose, ex officio
Honours and Awards Committee
Marcus A. Evans, Chair
John D. Brooks, QC
V. Randell J. Earle, QC
Paul M. McDonald
Bert Riggs, Appointed Bencher
Edward J. Shortall, QC

Insurance Committee
R. Paul Burgess, Chair
Philip J. Buckingham
Edward M. Hearn, QC
Stephen J. May, CLIA Board Rep.
Thomas J. Johnson
Donald E. Anthony
Raymond P. Walsh, FCIP
Janice K. Ringrose, ex officio
Brenda B. Grimes, ex officio

Law Society Act and Rules Committee
Kevin T.A. Preston, QC, Chair
Donald E. Anthony
Jane C. Hennebury
Jamie P. Martin
Karen M. Stone
Brenda B. Grimes, ex officio

Legislation Committee
Brian F Furey, Chair
(untill his appointment to the bench on 31 January 2014)
John D. Brooks, QC
Glen L.C. Noel
Tobias F. McDonald, QC,
Court Rules Committee Rep.
Leanne M. O’Leary,
Court Rules Committee Rep.
Robert J. Hickey,
Court Rules Committee Rep.
Francis P. O’Brien, ex officio

Practice Rules Compliance Committee
Kenneth L Baggs, QC, Chair
Shelley L Bryant
Annette M. Conway
Bert Riggs, Appointed Bencher
Roland C. Snelgrove, QC
Diane Rendell, ex officio
Phyllis E. Weir, ex officio
Brenda B. Grimes, ex officio

Professional Law Corporations Committee
Jeffrey P. Benson, QC, Chair
Michael H. Duffy
Maureen E. Ryan
Brenda B. Grimes, ex officio

SS Daisy Legal History Committee
Christopher P. Curran, QC, Co-chair
The Honourable Judge John L. Joy, Co-chair
Mel Baker, Ph.D.
The Hon. Judge Gerald J Barnable
Thomas J. Burke, QC
John F.E. Drover
Christopher English
The Hon. J. Derek Green,
Chief Justice of Newfoundland & Labrador
David J. Jones, QC
Robert P. Pittman
Francis P. O’Brien, ex officio
Real Estate Committee
Susan M. LeDrew, Chair
Shawn C.A. Colbourne, QC
Catherine J. Perry
Graham A. Wells
Brenda B. Grimes, ex officio

Student Awards Committee
Denis J. Mahoney, Chair
Andrew Fitzgerald
Heather Jacobs
Gail Hogan, ex officio
Francis P. O’Brien, ex officio

Unauthorized Practice Committee
Susan LeDrew, Chair
James Thistle, QC
Phyllis E. Weir, ex officio

BENCHE R APPOINTED AD HOC COMMITTEES:

Life Membership Committee
Ian C. Wallace, Chair
Barry G. Fleming, QC
Bert Riggs, Appointed Bencher

JOINT LIAISON COMMITTEES:

Law Society and Newfoundland and Labrador Medical Association Committee
Daniel M. Boone, Chair
Thomas J. Johnson
Thomas G. Mills
LeeAnn L. Montgomery
Edward P. Noonan, QC

Professionals’ Assistance Committee
Brian F. Furey, QC
( until his appointment to the bench on 31 January 2014)
Amy M. Crosbie
Brenda B. Grimes, ex officio
This year’s Report comes from both Mr. Justice George L. Murphy who was President until 10 April 2014, when he was appointed as a judge of the Supreme Court of Newfoundland and Labrador, and Mr. Kenneth L. Baggs, QC. Justice Murphy’s appointment came just two months short of his end of term as Law Society President. In accordance with our Rules, immediately following this appointment, Mr. Kenneth Baggs, QC, took on the role of President of the Law Society of Newfoundland and Labrador.

Call to Bar for New Lawyers
One of the more pleasant tasks a President of the Law Society carries out is participating in the various ceremonies and celebrations of the Law Society including the Call to Bar ceremonies. Four (4) of these took place from June 2013 to June 2014. The result of these was the admission of 51 new lawyers to our Bar. As is customary, the Law Society hosted receptions following these Call to Bar ceremonies at the Law Society offices.

While the practice of law is exciting and rewarding, it also brings with it much responsibility. It is important that all members of the Law Society continue to provide guidance and support to these new colleagues as they move forward on their chosen career path.

New Judges
Another notable ceremonial occasion is when a member of the Law Society makes the transition from the Bar to the Bench upon being appointed as a judge. Although this appointment marks the end of that person’s membership in the Law Society, it is still an occasion to be recognized and celebrated by the members of the Law Society as it highlights the esteem in which this former member is held. Prior to his appointment to the bench, Justice Murphy attended and gave remarks at the Swearing In ceremonies of Judge Mark T. Linehan, who was appointed to the Provincial Court in St. John’s, Justice Brian F. Furey, who was appointed to the Supreme Court in St. John’s and Justice Laura A. Mennie who was appointed to the Supreme Court in Corner Brook. Mr. Kenneth Baggs, Q.C. attended and gave remarks for the Swearing In ceremonies for Judge Lynn Cole who was appointed to the Provincial Court in Stephenville and for Justice George L. Murphy who was appointed to the Supreme Court in Happy Valley-Goose Bay. We congratulate them on their appointments and wish them all the best as they each embark on this new phase of their career.

The Law Society, in partnership with the Courts, co-hosted receptions for four of these appointments while the Supreme Court hosted a reception for Justice Mennie, who was a Provincial Court judge before her appointment to the Supreme Court.

Former Judges and Members
On occasion, a President is asked to speak at a ceremony organized to pay tribute to a member or former member who is no longer with us. This year a ceremony was held to celebrate the life of the late Justice Kevin J. Barry, a former Honourary Life Member of the Law Society and former Law Society Bencher. While the former President was unavailable, fellow Bencher and, at that time, Vice-President, Kenneth L. Baggs, QC (who had a personal connection to the family), attended and spoke at this ceremony.
The Work of the Law Society: Benchers, the Executive Committee and Law Society Professional Staff

As the governing body of the Law Society, Benchers have the authority to regulate the practice of law and the legal profession in the public interest. Benchers consists of 17 elected members of the Law Society, and four lay members appointed by a Committee chaired by the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador.

Members of our bar are often unaware of the dedicated work that is done behind the scenes by Benchers. Being a Bencher requires dedication, engagement and, sometimes, a significant commitment of time but it is also a very rewarding experience. In the course of regulating in the public interest, Benchers wrestle with many interesting issues and make decisions which can have a fundamental impact on the profession. Members are encouraged to take the time to get involved in the Law Society, whether by running for election as a Bencher or by volunteering for one of the Committees.

As indicated, Benchers, in conjunction with the Executive Committee, the Complaints Authorization Committee, the Insurance Committee, the Education Committee and many others, have important roles to play in policy development and legislative change, all with the objective of protecting the public interest. In order to successfully carry out these roles, significant reliance must be placed on the information, guidance and advice provided by the Law Society’s senior professional staff under the leadership of the Executive Director, Brenda B. Grimes.

The Law Society’s professional and administrative staff are diligent in advising, informing and supporting Benchers and the Executive Committee in furtherance of our protection of the public interest mandate. Benchers look forward to continuing to work in collaboration with them in the continued discharge of our responsibilities as a Law Society, and the successful regulation of the practice of law and the legal profession in the public interest.

Notable Positive Initiatives / Results Achieved this Year

Benchers and Law Society staff work hard to ensure that the Law Society is operating effectively and efficiently. Members can be confident that our Law Society is well placed to carry out its public protection mandate. Some examples of positive initiatives/results include:

1. The Executive Director has continued to keep Benchers well informed on key operations and programs, including finances, insurance and custodianships;

2. Financial operations of the Law Society have been relatively stable over the past couple of years and we were pleased to be in a position to retain the same fee structure for 2014 as we had in place in 2012 and 2013. The formal investment policy put in place in 2012 with ScotiaMcLeod generated reasonable returns in 2013. Operating expenses in 2013 were relatively consistent with the previous year and this trend is expected to continue in 2014. We are also pleased to report that there was a reduction in the Transaction Levy by 12.5% (from $40.00 to $35.00) beginning 1 January 2014. The Law Society’s financial position remains strong which helps to ensure that the Law Society can carry out its statutory mandate of protection of the public;

3. We continue to monitor our infrastructure requirements to ensure that the integrity and safety of Law Society information is protected and that we can effectively receive and deliver information;

4. A review of various internal administrative policies and processes is now complete. A
Personnel Manual which, among other things, addresses overtime, sick leave and vacation policies, has been developed and adopted;

5. There has been continued improvement in the general transparency and understanding of Law Society operations by Benchers and members;

6. The redesign of the Law Society’s website is now complete. The new website provides enhanced information services and greater usability for both members and the public.

Committee Work
The work of Law Society staff and Benchers is often augmented by the work done by the committees listed, many of whom have included summaries of their activities elsewhere in this Annual Report. The committees assist in a wide range of areas including education, finance and accounts, the library, professional law corporations, compliance with trust and practice rules, discipline and professional conduct, admissions and insurance. The work is always challenging and often time consuming but it is invaluable to the success and effective operation of the Law Society. The dedication of these committee members must be recognized.

The Law Society is reviewing the current Committee structure to determine whether any changes need to be made and will be seeking expressions of interest from members for involvement.

Federation of Law Societies of Canada
Canada’s fourteen provincial and territorial law societies govern over 100,000 lawyers and 3,500 Québec notaries in the public interest. The Federation of Law Societies of Canada is their national coordinating body.

As a member of the Federation of Law Societies of Canada, the Law Society has access to a broader range of resources to assist it in carrying out its mandate than it would otherwise have. Matters of national importance which are discussed at the Federation level quite often lead to the creation of and implementation of common policies in each jurisdiction. This commonality helps in the adoption of uniform best practices and provides for a larger pool of precedent on which to draw when interpreting matters locally. It also ensures that mobility between provinces is more seamless. All of this is of benefit to the profession and protects the public interest.

One of the more important initiatives of the Federation of Law Societies of Canada which benefits members of the Law Society and the public at large is the Canadian Legal Information Institute (CanLII), a virtual law library service which, except for an annual per lawyer levy, is a free service. The Law Society assists in the maintenance and expansion of this library by ensuring that the collection of judgments and legislation from this province which is available on the CanLII site is as current and comprehensive as possible. Use of CanLII by members and by the public continues to grow steadily, indicating the need for and value of this public service. In 2013 CanLII received over nine million visits, which was a 15% increase over 2012. Major additions in historical collections continued, including over 2000 reported decisions from Newfoundland and Labrador, over 15,000 reported decisions from Ontario and over 9000 reported decisions from Saskatchewan. In March 2014 CanLII introduced auto-completion in the search boxes. In April 2014, CanLII rolled out its first major foray into secondary sources through “CanLII Connects.”

Newfoundland and Labrador hosted the Federation of Law Societies’ Conference October 16-19, 2013. It was an incredibly successful event with topics and workshops which were relevant and thought-provoking. One of the highlights of the conference was the signing of the new National Mobility Agreement by provincial law societies. This new agreement brings together Canada’s two
legal traditions, the common law and the civil law. The former President hosted the reception for the historic signing which was held at The Rooms.

Other important initiatives currently in progress include the development of national standards in the areas of discipline and education and regulation of the legal profession. The President and Vice-President both attended the Federation of Law Societies’ meetings in Regina in April, 2014, where there was discussion of the national admission standards. While National Competency Standards have been adopted, work continues on National Suitability to Practice Standards. Consultation with all law societies has taken place and a Federation Working Group will be assessing the next steps to finalize the standards.

Another topic of interest at the Federation table is that of National Discipline Standards. The National Discipline Standards Project was launched in 2010 to develop and test uniform standards for the handling of complaints and disciplinary matters by the law societies. The pilot phase, which saw testing of a proposed set of standards, is now at an end and a final set of standards has been developed. The Federation Council has referred the National Discipline Standards to the societies for adoption and implementation effective January 1, 2015 and will establish a Standing Committee with the mandate to monitor law societies’ implementation of the Standards, liaise with the societies and make recommendations to Council for such amendments as are required from time to time.

The Federation continues to refine the Model Code of Professional Conduct. Working with the various law societies, the Federation will maintain its own national code as the Canadian Bar Association made the decision to take more of a hands-off approach to the code. This move will assist the public and profession by providing a more consistent, nation-wide standard.

Law Foundation
We are fortunate and grateful once again to have the continued financial support of the Law Foundation of Newfoundland and Labrador for law libraries. For 2013, the Foundation granted $76,000.00 for law libraries in the province. This funding is allocated among the Law Society Law Library in St. John’s and the libraries in Corner Brook and Gander. The Governors of the Law Foundation are Aubrey Bonnell, QC, Chair, Jeffrey Benson, QC, F. Geoffrey Aylward, QC, Daniel Boone, L. Wade Locke, Adam Sparkes and Sheri Wicks. Mr. Lawrence Collins is the Foundation’s Executive Director. On behalf of Benchers and the Law Society, I would like to extend sincere thanks to the Law Foundation and its Board of Governors for its continued support, which is crucial to maintaining and upgrading the library resources so essential to the profession and the public.

Our Volunteers
The dedication of numerous members and non-members who contribute, on a volunteer basis, to the important work of the Law Society does not go unnoticed. Whether they are contributing at the Bencher’s level, on one of the Law Society’s committees or in other ways, our volunteers strengthen our professional community, thus enhancing and advancing the integrity, credibility and future of the profession. On behalf of Benchers and the Law Society, thank you for all of your hard work and commitment.

Conclusion
The Law Society has an important mandate to fulfill in ensuring that the integrity of the profession is maintained and the interests of the public are protected. As the Bar grows larger and barriers to mobility disappear, new issues and challenges arise. Changes in the way legal services are delivered and increasing reliance on electronic communication contribute to the complexity of the Law Society’s work. As a Bencher and President, it is easy to see how much the work of the Law Society has
changed in response to our changing world. Many other changes will occur as time goes on, as the Law Society strives to ensure that its method of regulation is dynamic and responsive to the challenges of a changing profession. Being a Bencher is an important, sometimes onerous, always challenging but incredibly rewarding and enjoyable experience. Consideration in participating in the work of the Law Society at this level is encouraged.

In closing, it is a privilege to have, and to have had, the opportunity to serve the profession and our members as Benchers and as President. Thank you for this opportunity. Our experiences as Benchers and Presidents gave us a unique perspective on the regulatory issues facing the profession.

Benchers, Executive Committee members and the entire Law Society team are to be commended for their valued support and assistance. Best wishes to all involved in the Law Society for continued success.
The Law Society Act, 1999 (the “Act”) prescribes the Vice-President’s role in the disciplinary process. The Vice-President receives reports from the Legal Director and submits allegations to the Complaints Authorization Committee. The Complaints Authorization Committee, a statutory committee consisting of three Benchers, at least one of whom is an appointed Bencher, screens allegations of conduct deserving of sanction. Conduct deserving of sanction is defined in section 41 of the Act to include professional misconduct, failure to maintain the standards of practice, 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 Vice-President, with the consent of the parties, may attempt to resolve an allegation or may refer the allegation to alternate dispute resolution. If the allegation is resolved the mediator confirms the resolution and the file is closed. Where a satisfactory resolution is not achieved then the allegation is referred to the Complaints Authorization Committee. The initial assessment of an allegation is subject to the third party allegation policy.

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 Vice-President has discretion to decline or to defer the investigation pending the final determination of a proceeding. When an investigation is deferred, the Vice-President requests, from the respondent, a consent and a waiver of delay. When an investigation is declined, the complainant is advised that outstanding issues, if any, may be re-filed with the Law Society subsequent to the final determination of the proceeding.

The powers of the Complaints Authorization Committee are prescribed by section 45 of the Act and include the authority to conduct investigation, conduct a practice review and require the member’s appearance before the Committee. The investigation/review is conducted through the Legal Director’s office. Following its final consideration of an 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, the Committee will authorize the Complaint. A complainant whose allegation is dismissed by the Complaints Authorization Committee has a right to appeal to the Supreme Court, Trial Division.

Following authorization of the Complaint, the Complaints Authorization Committee may counsel or caution the respondent, may instruct the Vice-President to file the Complaint and refer it to the Disciplinary Panel, make an application for appointment of a Custodian of the member’s practice, and suspend or restrict the member’s licence to practice.

The Disciplinary Panel, appointed pursuant to section 42 of the Act, is comprised of Law Society members and lay representatives, appointed by the Minister of Justice. For the purpose of dealing with Complaints referred and applications made to the Disciplinary Panel, the Chairperson appoints an Adjudication Tribunal, consisting of two members and one lay representative, to hear the matter. The Hearing proceeds pursuant to
sections 47 through 51 of the Act. A party to the Hearing has the right to appeal an Order or Decision of the Adjudication Tribunal to the Supreme Court of Newfoundland and Labrador, Trial Division.

Information concerning Complaints processed during the current reporting period follows. The Complaints Authorization Committee has authorized thirteen Complaints; seven of which resulted in letters of counsel; three resulted in letters of caution and three were referred to the Disciplinary Panel. Currently there are six Complaints before the Disciplinary Panel. During this reporting period seven decisions were filed by Adjudication Tribunals. The Tribunals determined that the respondents had engaged in conduct deserving of sanction and imposed sanctions in six Complaints. Reprims and orders for the payment of costs and publication were issued to five members. One member’s license to practice was suspended for a three month period. One Complaint was dismissed and the Adjudication Tribunal filed an Order for publication and ordered each party to pay their own costs.

Hundreds of hours of volunteer time are contributed on an annual basis by members of the Complaints Authorization Committee and by members of the Disciplinary Panel to the Law Society’s disciplinary process. The Society could not function without the dedication and volunteer time of benchers and committee members. Your contribution is significant and very much appreciated.
The Bar Admission Course for Newfoundland and Labrador began on October 8, 2013 and continued until November 22, 2013. This year, 39 students took the Course. The Bar Course is a 7-week intensive educational experience in which students cover practical material on provincial and federal law.

What follows is an overview of the Course:

**Family Law:**
Topics include divorce proceedings, parenting (custody and access), child and spousal support, matrimonial property, provincial family legislation, pensions, court procedure, child protection, support enforcement and tax implications of family law. There is also a panel discussion on the practice of family law.

**Corporate/Commercial Law:**
Topics include incorporation and organizing a business, registration issues, corporate procedures, corporate finance, the *Personal Property Security Act*, security opinions, purchase and sale of a business/shares and commercial insolvency.

**Civil Procedure:**
Topics include limitations of actions, fatal accidents, survival of actions, commencing proceedings, service, defences, counterclaims, third party proceedings, summary trial, expedited trial, discovery and disclosure of evidence, setting down for trial, the *Judgment Enforcement Act*, civil appeals, costs and alternative dispute resolution mechanisms.

**Practice Skills, Practice Management and Ethics:**
The Course presents lawyering-skills workshops where students receive instruction in direct examination, cross-examination, negotiating settlements, interviewing clients, examination for discovery, risk management and how to avoid professional negligence claims. As well, there is a session on maintaining a balance between professional and personal lives, a presentation on the Lamer Inquiry and a presentation on using the resources of the Law Society Library. There are also presentations on the Law Society Trust Accounting requirements and professional conduct and client complaints. There is a separate section on ethics and the *Code of Professional Conduct*, in which students complete a written assignment.

**Criminal Law and Procedure:**
Topics include the court structure, presumptions and burdens, classification of offences, pre-arrest, arrest, charge, first appearances, judicial interim release, disclosure, elections and re-elections, solicitor/client matters, preliminary inquiries, pre-trial matters, Charter applications, trial by judge alone, jury trials, the sentencing process, types of sentences, criminal appeals, young offenders, evidentiary matters, voir dires, search and seizure and defences. As well, in this section, students receive instruction on advocacy skills, there is a panel discussion with judges on the topic of advocacy, and students prepare for and participate in a mock trial and sentencing exercises.

**Administrative Law:**
Topics include the Labour Relations Board, labour and commercial arbitration, municipal law, the Human Rights Commission, the Workplace Health, Safety and Compensation Commission, the professional discipline process, statutory appeals, judicial review of arbitration and a presentation on judicial review and other prerogative orders.

**Real Estate and Wills:**
Topics include the registry system and land tenure, the real estate transaction, the mort-
gage, professional responsibility in real estate issues, title insurance, survey/location certificates, taxation issues, crown lands, quieting of titles, possessory title, residential tenancies and title searches. There is a real estate transaction workshop and a separate section on wills, estates and probate.

To pass the Bar Course, students must pass examinations in Family Law, Commercial Law, Civil Procedure, Criminal Law, Administrative Law and Real Estate/Wills. Each exam is 3½ hours long and focuses on the lecture presentations, the Bar Admission Course materials and the approximately 80 provincial and federal statutes and regulations covered in the Course. The Bar Admission Course materials consist of 11 separate volumes and cover thousands of pages of materials.

The goal of the Course is to give new lawyers a comprehensive overview of Newfoundland and Labrador and federal law and procedure and transfer to them the necessary information to ensure entry level competence in the profession. The Course is intensive, practical and relevant to what a new lawyer will see in practice. We attempt to have the Course be an enjoyable experience for the students and the judges, lawyers and other professionals whose contributions make the Course a success.

The Bar Admission Course Committee and the Law Society is grateful for the generous contributions made by members of the profession in ensuring the Course remains vibrant and beneficial to our new lawyers.

Law Society members or prospective members interested in obtaining further information about the Bar Admission Course should contact Mr. Francis P. O’Brien at (709) 722-4898 or by email francis.obrien@lawsociety.nf.ca.
The Law Society of Newfoundland and Labrador develops and delivers a program of Continuing Legal Education for members of the Bar. This is achieved through the Law Society’s education entity, Newfoundland and Labrador Continuing Legal Education.

Newfoundland and Labrador Continuing Legal Education has, as its goal, the provision of high quality legal education programs which assist in keeping our members current and competent.

Continuing legal education programs are offered to members of the Newfoundland and Labrador Bar in a variety of practice areas. Examples of recent programs are:

- **Effective Writing for Lawyers Simplify the Process; Simplify the Product; Manage Email**
- **New Developments in Personal Property Security Law**
- **Trial from A to Z: Opening Statements, Exhibits and Closing Statements**
- **Gain The Edge! Negotiation Strategies for Lawyers**
- **Issues in Employment and Labour Law**
- **Update on Criminal Law**
- **Sentencing in Criminal Law**
- **Understanding and Effectively Using Financial Statements for Lawyers**
- **A Teamwork Approach to Law**

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

We appreciate 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 Law Society greatly appreciates these contributions and we are continuously impressed with the excellence and enthusiasm of our presenters.

Members with program suggestions should contact Mr. Francis P. O’Brien at (709) 722-4898 or by email at francis.obrien@lawsociety.nf.ca.
EDUCATION COMMITTEE REPORT

The Education Committee is responsible for educational issues which arise concerning members and prospective members of the Law Society. The Committee deals with all applications for admission and re-admission to practice, which applications generally involve an assessment of academic credentials, currency of legal knowledge, fitness to practice and good character elements. The Education Committee deals with requests throughout the year from members and prospective members relating to the requirements in the Law Society Act, 1999 and the Law Society Rules on educational and admissions issues.

As such, the Education Committee considers applications from:

- law students regarding admission as a Student-at-Law;
- applications from members of other Law Societies who wish to practice in Newfoundland and Labrador on a temporary basis under the National Mobility Agreement;
- applications from members of other Law Societies who wish to transfer to Newfoundland and Labrador on a permanent basis pursuant to the National Mobility Agreement; 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, educational and otherwise.

Each year the Education Committee also reviews and approves the marks from the Bar Admission Course examinations and directs, when required, 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.

From May 2013-April 2014, the Education Committee:

(i) admitted twenty-four (24) new applicants as Students-at-Law;
(ii) recommended to Benchers that thirty-three (33) students, having met the requirements of a Student-at-Law, be called to the Bar in Newfoundland and Labrador;
(iii) approved the application of nineteen (19) transfer candidates, eighteen (18) of whom were called to the Bar of Newfoundland and Labrador under the National Mobility Agreement; and
(iv) approved a change from non-practicing to practicing status for thirty-five (35) Law Society members.
At the outset I wish to thank each of the members of the Insurance Committee who devote significant time out of their busy schedules to ensure the Lawyers’ Insurance Programme (the “Programme”) continues to be effectively administered and is financially stable. The Programme provides the best possible coverage to members and protects the public as effectively as possible. This report will summarize some of the developments which have occurred over the last year. If members have any questions or require further details, please contact the undersigned or our Insurance Administrator, Ms. Janice Ringrose.

Our insurer, CLIA, which is a reciprocal, has been undergoing an internal review of its governance and cost-sharing structure. The Programme, along with Benchers, is actively involved in this process. Discussions have been ongoing for many months between the ten subscribers, and a consensus appears to have been substantially reached. A Steering Committee has been put in place to produce a new Subscribers’ Agreement and to then implement the related reforms. The new Subscribers’ Agreement will come into effect July 1, 2014.

Premium costs to members remain stable. We can see further savings and, ultimately, the further reduction of premiums for members in the future if members act diligently to ensure claims costs are reduced. To that end, missed limitation periods continue to account for a significant portion of the claims and is an entirely preventable expense to the Programme.

As part of our risk management mandate, in the past year the Programme became involved with the selection and implementation of a new service provider for the Professionals’ Assistance Program. After careful consideration, Homewood Human Solutions was chosen.

Part of the Programme’s mandate is to provide excess cover insurance through CLIA. One of the benefits of excess cover through CLIA is the consistent policy wording above the basic $1M provided by members’ Law Society insurance and, as well, unified administration of claims.

Excess coverage can be purchased through CLIA from the Law Society in amounts from $1M to $9M. The premium rate structure per lawyer remains the same as last year and is as follows:

- $1,000,000.00 per occurrence / and aggregate = $343
- $2,000,000.00 per occurrence / and aggregate = $504
- $3,000,000.00 per occurrence / and aggregate = $589
- $4,000,000.00 per occurrence / and aggregate = $624
- $9,000,000.00 per occurrence / and aggregate = $873

This highlights some of the developments which have occurred over the last year. The Insurance Committee is pleased with the effectiveness of the Programme and the coverage it provides to its members which ultimately provides protection to the public. The Insurance Committee will continue to strive to improve the Programme in the future.
The primary objective of the Law Society Library is to aid in the Law Society’s mandate of regulation in the public interest by supporting lawyer competency through the delivery of high level reference services to members in Newfoundland and Labrador and by providing services to the public. To provide these services it is essential to maintain the Library’s excellent collection of texts, reference tools and electronic databases including e-books and e-journals.

In September 2013 the Law Society launched the newest version of its website. The library staff were responsible for the information collection, management and design of the website. Although a very time consuming project, it was a rewarding experience. Members of the Bar and public have responded enthusiastically to the changes.

On October 2, 2013 the library welcomed Lauren Kean to our team. Lauren has both archival and legislative library experience and is a welcome addition to the Law Society. Lauren is able to assist members with reference questions, tweets library related information @LSlibraryNL and is also responsible for maintaining the Law Society website.

The 2014 budget of the Law Society increased the library acquisition budget from $220,000 to $260,000. This was the first increase in several years. Benchers recognized that the library had trimmed expenses as much as possible and needed additional funding to maintain and improve the collection. As a result the library now subscribes to Irwin Law E-Library, which allows members desktop access to over 100 Irwin law texts. This, along with a subscription to HeinOnline, provides members with further access to an extensive collection of journals.

The library greatly appreciates the financial and moral support of Benchers and thanks them for their recognition of the continuing value of, and need for, the library despite the growing presence of free online resources.

The library extends its appreciation to members of the Library Committee for generously providing their advice and assistance. Committee members include Liam P. O’Brien, Chair, Maevé A. Baird, Benjamin J. Blackmore, Rebecca C. Phillipps, Angela M. Whitehead, and Bert Riggs, appointed Bencher.

The Library Committee would like to express its gratitude to the Law Foundation of Newfoundland and Labrador for its continued financial support, without which the Law Society could not provide current in-depth research materials.
The Student Awards Committee deals with Law Society awards for Articled Students-At-Law. These are the Hunt Award, the Provincial Court Judges’ Association Award, the Penney Award, the Spracklin 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 and Labrador’s Bar Admission Course. The recipient of the Hunt Award for the 2013 Bar Admission Course is Ms. Sophie St. Croix. Ms. St. Croix served Articles of Clerkship at the firm Roebothan McKay & Marshall and her principal was Ms. Valerie Hynes. Ms. St. Croix was called to the Newfoundland and Labrador Bar on February 14, 2014, at which time she commenced practice with Roebothan McKay & Marshall.

Ms. St. Croix is also the winner of the following awards:

The Provincial Court Judges’ Association Award which is presented to the Student-at-Law achieving the highest mark in the Criminal Law Examination of the Bar Admission Course.

The Penney Award which is presented to the Student-at-Law achieving the highest mark in the Family Law Examination of the Bar Admission Course.

The Spracklin Award is presented to the Student-at-Law achieving the highest mark in the Real Estate/Wills Examination of the Bar Admission Course. The recipient of the Spracklin Award for the 2013 Bar Admission Course is Mr. Justin Dunphy. Mr. Dunphy served Articles of Clerkship at the firm Martin Whalen Hennebury & Stamp and his principal was Mr. Geoffrey David-Abraham. Mr. Dunphy was called to the Newfoundland and Labrador Bar on February 14, 2014, at which time he commenced practice with Martin Whalen Hennebury & Stamp.

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 2014 William J. Browne Scholarship will be determined in May 2014.

The Maxwell J. Pratt Scholarship is based on academic performance and is presented to a Student-at-Law who is a graduate of Memorial University of Newfoundland and a student at Dalhousie Law School. The recipient of the 2014 Maxwell J. Pratt Scholarship will be determined in May 2014.

The above-described awards will be formally presented on June 6, 2014 at the Law Society of Newfoundland and Labrador Annual Dinner.
Financial Statements of

LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR

Year ended December 31, 2013
## Table of Contents

**LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR**

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</tr>
</tbody>
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INDEPENDENT AUDITORS’ REPORT

To the Members of Law Society of Newfoundland and Labrador

We have audited the accompanying financial statements of the Law Society of Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Lawyer’s Insurance Programme derives revenues from transaction levies, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Lawyer’s Insurance Programme. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows for the year then ended, and current assets and net assets as at December 31, 2013. Our audit opinion on the financial statements for the year then ended was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Law Society of Newfoundland and Labrador as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants
May 2, 2014
St. John’s, Canada
# LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR

## Statement of Financial Position

December 31, 2013, with comparative information for 2012

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$53,717</td>
<td>$733,366</td>
<td>$29,408</td>
<td>-</td>
<td>$816,491</td>
<td>$521,059</td>
</tr>
<tr>
<td>Trust account (note 2)</td>
<td>196,087</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>196,087</td>
<td>172,808</td>
</tr>
<tr>
<td>Investments and marketable securities (note 3)</td>
<td>2,229,791</td>
<td>11,870,483</td>
<td>997,751</td>
<td>11,354</td>
<td>15,109,389</td>
<td>14,287,060</td>
</tr>
<tr>
<td>Trust audit receivable</td>
<td>65,975</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65,975</td>
<td>45,534</td>
</tr>
<tr>
<td>Trade receivable</td>
<td>108,836</td>
<td>314,642</td>
<td>20,330</td>
<td>-</td>
<td>444,808</td>
<td>349,399</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,642</td>
<td>291,575</td>
<td>28,212</td>
<td>-</td>
<td>324,429</td>
<td>306,424</td>
</tr>
<tr>
<td>Interfund balances</td>
<td>8,750</td>
<td>(8,750)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Capital assets (note 4) | 1,139,847 | - | - | - | 1,139,847 | 1,229,488 |
| Claims recovery receivable (note 5) | - | 78,000 | - | - | 78,000 | - |

**Total Assets** | **$3,810,645** | **$13,279,316** | **$1,073,711** | **$11,354** | **$18,175,026** | **$16,911,552** |

| Liabilities and Net Assets | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities (note 6) | $243,216 | $94,617 | - | - | $337,833 | $257,158 |
| Trust account liability (note 2) | 196,087 | - | - | - | 196,087 | 172,808 |
| Provision for unpaid claims | 60,000 | - | - | - | 60,000 | 50,000 |
| Reserve for claims and related costs (note 7) | - | 3,082,626 | - | - | 3,082,626 | 2,347,745 |

| Net assets: | | | | | | |
| General Fund | 3,311,342 | - | - | - | 3,311,342 | 3,186,787 |
| Lawyers' Insurance Programme | - | 10,102,073 | - | - | 10,102,073 | 9,881,470 |
| Assurance Fund | - | - | 1,073,711 | - | 1,073,711 | 1,004,387 |
| Endowment Fund | - | - | - | 11,354 | 11,354 | 11,354 |

| Total Net Assets | **$3,810,645** | **$13,279,316** | **$1,073,711** | **$11,354** | **$18,175,026** | **$16,911,552** |

See accompanying notes to financial statements.

On behalf of the Benchers:

[Signatures]

President

Vice President

Chair of Insurance Programme
# LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR

## Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission fees (note 9)</td>
<td>$73,415</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$73,415</td>
<td>$39,675</td>
</tr>
<tr>
<td>Annual fees (note 10)</td>
<td>1,503,937</td>
<td>871,496</td>
<td>36,380</td>
<td>-</td>
<td>2,411,813</td>
<td>2,379,351</td>
</tr>
<tr>
<td>Audit program</td>
<td>65,480</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65,480</td>
<td>71,855</td>
</tr>
<tr>
<td>Bar admission course</td>
<td>85,068</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>85,068</td>
<td>70,416</td>
</tr>
<tr>
<td>Claims recovery</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Continuing legal education</td>
<td>26,212</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,212</td>
<td>35,022</td>
</tr>
<tr>
<td>Grant - Law Foundation</td>
<td>76,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>76,000</td>
<td>76,000</td>
</tr>
<tr>
<td>Interest - membership fees</td>
<td>70,779</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70,779</td>
<td>70,364</td>
</tr>
<tr>
<td>Investment income</td>
<td>123,684</td>
<td>524,877</td>
<td>63,282</td>
<td>50</td>
<td>711,893</td>
<td>292,994</td>
</tr>
<tr>
<td>Other income</td>
<td>21,993</td>
<td>-</td>
<td>191</td>
<td>-</td>
<td>22,184</td>
<td>20,529</td>
</tr>
<tr>
<td>Transaction levy revenue</td>
<td>-</td>
<td>1,106,840</td>
<td>-</td>
<td>-</td>
<td>1,106,840</td>
<td>1,165,885</td>
</tr>
</tbody>
</table>

**Total**

| 2,047,568 | 2,503,213 | 99,853 | 50 | 4,650,684 | 4,249,168 |

## Expenses:

| Claims and related costs | - | 1,279,127 | - | - | 1,279,127 | 991,148 |
| Salaries and benefits | 971,208 | 185,676 | - | - | 1,156,884 | 1,195,743 |
| CLIA premiums | - | 568,151 | - | - | 568,151 | 537,856 |
| Libraries | 229,075 | - | - | - | 229,075 | 236,537 |
| Miscellaneous expenses | 190,465 | 30,112 | 161 | 83 | 220,621 | 248,451 |
| Building operation | 138,184 | - | - | - | 138,184 | 136,937 |
| Discipline expense | 93,538 | - | - | - | 93,538 | 73,852 |
| Amortization | 89,621 | - | - | - | 89,621 | 91,234 |
| Audit program | 79,410 | - | - | - | 79,410 | 75,053 |
| Professional fees | 52,930 | 18,916 | - | - | 71,846 | 57,937 |
| Benchers' convocations and receptions | 47,131 | - | - | - | 47,131 | 10,018 |
| Federation of Law Societies' fees | 45,985 | - | - | - | 45,985 | 46,033 |
| Professional development | 41,611 | - | - | - | 41,611 | 47,336 |
| Insurance | 10,494 | - | 30,378 | - | 40,872 | 64,838 |
| Actuarial fees | - | 32,485 | - | - | 32,485 | 34,812 |
| Bar admission course | 28,044 | - | - | - | 28,044 | 12,650 |
| Professional Assistance Program | - | 26,719 | - | - | 26,719 | 50,000 |
| Custodianship | - | 21,424 | - | - | 21,424 | 6,954 |
| Continuing legal education | 15,317 | - | - | - | 15,317 | 27,066 |
| Provision for unpaid claims | 10,000 | - | - | - | 10,000 | (40,000) |
| Loss on disposal of investments | - | - | - | - | - | 14,312 |
| Admin fees | (120,000) | 120,000 | - | - | - | - |

**Total**

| 1,923,013 | 2,262,610 | 30,539 | 83 | 4,236,245 | 3,918,767 |

## Excess of revenues over expenses

| $124,555 | $220,603 | $69,314 | (33) | $414,439 | $330,401 |

See accompanying notes to financial statements.
LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>$ 3,186,787</td>
<td>$ 9,881,470</td>
<td>$ 1,004,397</td>
<td>$ 11,387</td>
<td>$ 14,084,041</td>
<td>$ 13,753,640</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>124,555</td>
<td>220,603</td>
<td>69,314</td>
<td>(33)</td>
<td>414,439</td>
<td>330,401</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 3,311,342</td>
<td>$ 10,102,073</td>
<td>$ 1,073,711</td>
<td>$ 11,354</td>
<td>$ 14,498,480</td>
<td>$ 14,084,041</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
LAW SOCIETY OF NEWFOUNDLAND AND LABRADOR
Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
</tr>
<tr>
<td>Operations:</td>
<td></td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>$414,439</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>89,621</td>
</tr>
<tr>
<td>Provision on risk sharing on unpaid claims</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>514,060</td>
</tr>
<tr>
<td>Change in non-cash operating working capital:</td>
<td></td>
</tr>
<tr>
<td>Marketable securities</td>
<td>(822,329)</td>
</tr>
<tr>
<td>Trust audit receivable</td>
<td>(20,441)</td>
</tr>
<tr>
<td>Trust account asset</td>
<td>23,479</td>
</tr>
<tr>
<td>Trade receivable</td>
<td>95,409</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(18,005)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>80,675</td>
</tr>
<tr>
<td>Due from CLIA</td>
<td>-</td>
</tr>
<tr>
<td>Reserve for claims and related costs</td>
<td>734,881</td>
</tr>
<tr>
<td>Trust account liability</td>
<td>23,479</td>
</tr>
<tr>
<td>Claims recovery receivable</td>
<td>(78,000)</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents</td>
<td>295,432</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>521,059</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$816,491</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The Law Society of Newfoundland and Labrador (the "Law Society") is a regulatory body for the legal profession in the province. The Law Society is a not-for-profit entity and, as such, is exempt from the payment of income tax.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Fund accounting:

The Law Society records its financial transactions on the fund accounting basis as follows:

(i) General Fund:

Operations include all activities related to the Law Society not directly associated with the Assurance Fund or the Lawyers' Insurance Programme.

(ii) Lawyers' Insurance Programme (the "Programme"):

Operations relate to the administration of professional liability insurance for members of the Law Society whereby professional liability insurance is provided to the members of the Law Society by the Canadian Lawyers' Insurance Association (CLIA). The Programme receives contributions from members of the Law Society through annual insurance premiums. In addition, effective October 1, 2005, the Programme commenced the collection of transaction levies. The levies are collected from members of the Law Society on certain legal transactions and are then reported and remitted to the Programme on a quarterly basis.

(iii) Assurance Fund:

Operations relate to providing compensation to individuals who have suffered a loss due to misappropriation of funds or other fraudulent activities by a member.

(iv) Endowment Fund:

The endowment fund holds investments for the purposes of providing scholarships to law students in the province of Newfoundland and Labrador.
1. Significant accounting policies (continued):

(b) Reserve for claims and related costs:

The provision for claims and related costs is based upon the change from year to year for claims and related costs. The reserve value is based upon the greater of the Programme’s estimate of incurred costs of claims during the current year and the actuarial computed discounted costs of possible claims for the current year.

The Programme’s actuary is engaged to provide an annual valuation of the reserve for claims and related costs in accordance with the standards of practice adopted by the Canadian Institute of Actuaries. For the purpose of the actuarial valuation, the actuary is making use of certain information contained in the Programme’s financial records.

Claims and related costs of the Programme are subject to specific maximum limits set out in the insurance policy with CLIA as follows:

(i) Up to June 30, 2009: CLIA’s liability is limited to $1,000,000 per occurrence, and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs but does not retain any responsibility for the indemnification of claims.

(ii) July 1, 2009 to June 30, 2010: CLIA’s liability is limited to $1,500,000 per occurrence and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits included $100,000 per occurrence for damages and defence costs, to an aggregate annual limit of $900,000.

(iii) July 1, 2010 to June 30, 2011: CLIA’s liability is limited to $1,000,000 per occurrence and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits included $100,000 per occurrence for damages and defence costs, to an aggregate annual limit of $1,000,000.

(iv) July 1, 2011 to June 30, 2012: CLIA’s liability is limited to $1,000,000 per occurrence and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits included $200,000 per occurrence for damages and defence costs, to an aggregate annual limit of $1,350,000.
1. Significant accounting policies (continued):

(b) Reserve for claims and related costs (continued):

(v) July 1, 2012 to June 30, 2013: CLIA's liability is limited to $1,000,000 per occurrence and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits included $200,000 per occurrence for damages and defence costs, to an aggregate annual limit of $1,375,000.

(vi) July 1, 2013 to June 30, 2014: CLIA's liability is limited to $1,000,000 per occurrence and $2,000,000 in aggregate per policy year. A deductible of $5,000 is recoverable from the insured member at the time of claim pay-out. The Programme is responsible for administrative costs and for the indemnification of claims to specified limits. Limits included $200,000 per occurrence for damages and defence costs, to an aggregate annual limit of $1,400,000.

(c) Recoveries:

Recoveries from claims and related costs from insurers and other parties are recorded when they can be reasonably estimated and collectability is reasonably assured. Otherwise, the recovery is recorded when received.
1. Significant accounting policies (continued):

   (d) Provision for unpaid claims:

   Lawyers' Professional Indemnity Company (LawPRO) is an insurance company that is licensed to provide professional liability insurance and the title insurance in numerous jurisdictions across 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, provided the original claim or suit for damages is brought during the policy period.

   The 2003 and 2004 insurance program insures all practicing 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 program is responsible for all claims and legal and adjusting expenses above the members' deductible and has arranged for 90% quota share reinsurance above the members' deductible, retaining the other 10% for its own account. For claims relating to 2003 the program has arranged for 80% quota share reinsurance above the members' deductible, retaining the other 20% for its own account. The Law Society has agreed to share equally in this 10% and 20% retention.

   The determination of the provisions for unpaid claims includes reported claims, legal and adjusting fees, less recoveries.

   (e) Cash and cash equivalents:

   Cash and cash equivalents consist of cash and short-term investments with a maturity of less than 90 days.
1. Significant accounting policies (continued):

(f) Revenue recognition:

The Law Society follows the restricted fund method of accounting for revenue which include annual administration and other fees, grants, and investment income. Revenue from annual fees are recognized in the general fund over the course of the calendar year. Revenue from insurance premiums are recognized in the Lawyers’ Insurance Programme. Revenue from various other services provided by the Law Society, including grants for library services, are recognized in the general fund over time as the services are provided. Investment income is recognized in the corresponding fund in the period in which it is earned.

Unrestricted revenue is recognized in the general fund when it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue in the endowment fund in the period in which they are received.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized costs, unless management has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Law Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Law Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.
1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(i) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Basis</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>Straight line</td>
<td>4%</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>Declining balance</td>
<td>25%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Straight line</td>
<td>33%</td>
</tr>
</tbody>
</table>

2. Trust funds:

The trust assets and liabilities represent cash received from law firms for funds unclaimed in trust accounts. At the balance sheet date, the amounts received from law firms and held in trust was $196,087 (2012 - $172,608).
3. Investments and marketable securities:

Guaranteed investment certificates are measured at fair value which is equal to cost plus accrued interest. Equity instruments and mutual funds holdings are measured at fair value.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed investment certificates</td>
<td>$12,231,958</td>
<td>$12,124,528</td>
</tr>
<tr>
<td>Equity investments</td>
<td>1,468,154</td>
<td>1,533,722</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,397,923</td>
<td>817,423</td>
</tr>
<tr>
<td>Investments held in endowment</td>
<td>11,354</td>
<td>11,387</td>
</tr>
</tbody>
</table>

$15,109,389 $14,287,060

Included in investment income is interest income of $179,472 (2012 - $142,918) and realized gains (losses) on the disposal of marketable securities of $47,665 (2012 - $(14,312)).

4. Capital assets:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Land</td>
<td>$73,429</td>
<td>- $</td>
</tr>
<tr>
<td>Building</td>
<td>1,935,376</td>
<td>890,839</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>278,513</td>
<td>264,002</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>22,110</td>
<td>14,740</td>
</tr>
</tbody>
</table>

$2,309,428 $1,169,581 $1,139,847 $1,229,468

5. Claims recovery receivable:

The claims recovery receivable is non-interest bearing and is to be received in monthly instalments of $1,000 until maturity in 2019.

6. Accounts payable and accrued liabilities:

As at December 31, 2013 there was $904 (2012 - nil) in payroll related taxes included in accounts payable and accrued liabilities.
### 7. Reserve for claims and related costs:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for claims and related costs beginning of year</td>
<td>$2,347,745</td>
<td>$2,047,078</td>
</tr>
<tr>
<td>Current year expense</td>
<td>1,279,127</td>
<td>991,148</td>
</tr>
<tr>
<td>Claims and related costs paid during the year</td>
<td>(544,246)</td>
<td>(690,481)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,082,626</td>
<td>$2,347,745</td>
</tr>
</tbody>
</table>

As at December 31, the outstanding claims liabilities, calculated by the Programme's actuaries in accordance with the standards of practice of the Canadian Institute of Actuaries, were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted damages and defence costs</td>
<td>$2,193,258</td>
<td>$1,577,248</td>
</tr>
<tr>
<td>Discounted adjusting and counselling fees</td>
<td>330,905</td>
<td>369,846</td>
</tr>
<tr>
<td>Discounted internal claim administration expenses</td>
<td>187,621</td>
<td>189,694</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,711,784</td>
<td>2,136,788</td>
</tr>
</tbody>
</table>

| Provision for adverse deviation                  | 280,842  | 210,957  |
| Discounted receivable                            | 90,000   | -        |

| Total discounted liabilities plus provision for adverse deviation | $3,082,626 | $2,347,745 |

The liabilities have been discounted at a rate of 2.4% (2012 - 1.75%). The provision for adverse deviation for 2013 and 2012 includes a margin of 25 to 200 basis points on the discount rate and 2.5% to 20% on the claims development variables. There is no active market for the trading of claims liabilities, however the present value of the actuarial claims liabilities, including provision for adverse deviation is considered an indicator of fair value.
8. Obligations under operating leases:

The Law Society has equipment and building leases with the following annual lease payments for the next four years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$15,693</td>
</tr>
<tr>
<td>2015</td>
<td>13,138</td>
</tr>
<tr>
<td>2016</td>
<td>12,885</td>
</tr>
<tr>
<td>2017</td>
<td>7,516</td>
</tr>
</tbody>
</table>

9. Admission fees:

Admission fees consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articled clerks</td>
<td>$6,300</td>
<td>$11,100</td>
</tr>
<tr>
<td>Call to bar</td>
<td>25,715</td>
<td>21,875</td>
</tr>
<tr>
<td>Certificate of standing</td>
<td>3,900</td>
<td>4,200</td>
</tr>
<tr>
<td>Transfers</td>
<td>37,500</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>$73,415</td>
<td>$39,675</td>
</tr>
</tbody>
</table>

10. Annual fees:

Annual fees consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance Fund annual membership fee</td>
<td>$36,380</td>
<td>$36,112</td>
</tr>
<tr>
<td>Law Society annual membership fee</td>
<td>1,430,482</td>
<td>1,419,684</td>
</tr>
<tr>
<td>Federation fees</td>
<td>43,600</td>
<td>43,352</td>
</tr>
<tr>
<td>Professional law corporation fees</td>
<td>29,855</td>
<td>31,188</td>
</tr>
<tr>
<td>Insurance premiums</td>
<td>871,496</td>
<td>849,015</td>
</tr>
<tr>
<td></td>
<td>$2,411,813</td>
<td>$2,379,351</td>
</tr>
</tbody>
</table>
11. Equity in Canadian Lawyers’ Insurance Program:

The Programme is a subscriber to the Canadian Lawyers’ Insurance Association (CLIA), a reciprocal insurance exchange through which the law societies of ten provinces and territories (or their associated liability insurance entities) enter into agreements of mutual indemnification. CLIA maintains separate reserves for each participating entity with regards to risks assumed, and the Programme has an interest in the surpluses of these reserves. CLIA prepares annual Subscriber Accounts as of December 31, which represents the end of their fiscal year, which are reviewed and approved by CLIA’s Advisory Board. These accounts include a reserve for claims liabilities on a discounted basis. The Subscribers Accounts of CLIA as of December 31, 2013 show the Programme’s subscriber’s equity to be $1,782,024 (2012 - $1,658,276).

12. Financial risks:

Financial instruments consist of cash, trade receivable, trust account receivable, investments and marketable securities, accounts payable and accrued liabilities, and provision for unpaid claims. The fair values of financial instruments approximates their carrying amounts due to their short term maturity and liquidity.

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Financial instruments are primarily exposed to interest rate volatility, credit and liquidity risk.

(a) Credit risk:

Financial instruments which potentially subject the Law Society to credit risk consist primarily of cash and cash equivalents and trade receivable trust audit receivable. The Law Society limits the amount of credit exposure with its cash balances by only maintaining cash with major Canadian financial institutions. Credit exposure is minimized by dealing with only credit worthy counter parties.

(b) Interest rate risk:

Interest rate risk refers to the impact of future changes in interest rates on cash flows and fair values of assets and liabilities. The Law Society is not exposed to any significant interest rate risk due to the short term nature of its financial instruments.
12. Financial risks (continued):

   (c) Liquidity risk:

   Liquidity risk is the risk that the Law Society will not be able to meet its cash requirements in a timely and cost effective manner. Liquidity requirements are managed through the receipt of funds from the Law Society’s various revenue sources. These sources of funds are used to pay operating expenses and meet debt service requirements.

13. Comparative information:

   During the current year, the fund for the Lawyers’ Insurance Programme has been included in the Law Society of Newfoundland and Labrador’s financial statements as the Programme is not a separate legal entity. Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.