



Law Society
of Saskatchewan

MICHEL RIOU
HEARING DATE: April 18, 2018
Law Society of Saskatchewan v. Riou, 2018 SKLSS 9

IN THE MATTER OF *THE LEGAL PROFESSION ACT, 1990*
AND IN THE MATTER OF MICHEL RIOU,
A LAWYER OF UNITY, SASKATCHEWAN

ORDER OF THE HEARING COMMITTEE FOR THE
LAW SOCIETY OF SASKATCHEWAN

A Hearing Committee of the Law Society of Saskatchewan (hereinafter called the "Hearing Committee"), comprised of David Rusnak, Q.C., as Chair, Murray Walter and Evan Soestad having convened a meeting on April 18, 2018 determined that Michel Riou is guilty of conduct unbecoming a lawyer in that he:

1. did personally, or on behalf of his firm, enter into or continue a debtor-creditor relationship with his client J.B.;
2. did enter into a business transaction with his client J.B. wherein he acquired a security interest in all present and after-acquired property of J.B., without first ensuring J.B. obtained independent legal advice regarding the transaction.

and after having heard submissions from Timothy Hawryluk, Q.C. on behalf of the Member and from counsel on behalf of the Law Society of Saskatchewan Conduct Investigation Committee and after due deliberation to determine the action to be taken, the Hearing Committee orders the following:

- a. IT IS ORDERED THAT MICHEL RIOU is reprimanded;
- b. IT IS FURTHER ORDERED THAT MICHEL RIOU shall, forthwith, pay a restitution in the amount of \$1,113.66 to his client, J.B.;
- c. IT IS FURTHER ORDERED THAT MICHEL RIOU shall pay costs to the Law Society of Saskatchewan in the amount of \$2,830.00 by June 18, 2018, or such other date as the Chair of Discipline may approve.

DATED at the City of Regina, in the Province of Saskatchewan, this 19th day of April, 2018.

"Timothy Brown, Q.C."
Executive Director
Law Society of Saskatchewan

AGREED STATEMENT OF FACTS AND ADMISSIONS

In relation to the Formal Complaint dated March 4, 2016, alleging that he is guilty of conduct unbecoming a lawyer in that he:

1. **did personally, or on behalf of his firm, enter into or continue a debtor-creditor relationship with his client J.B.;**
2. **did enter into a business transaction with his client J.B. wherein he acquired a security interest in all present and after-acquired property of J.B., without first ensuring J.B. obtained independent legal advice regarding the transaction.**

1. Michel Riou (hereinafter "the Member") is, and was at all times material to this proceeding, a practicing member of the Law Society of Saskatchewan (hereinafter the "Law Society"), and accordingly is subject to the provisions of *The Legal Profession Act*, 1990 (herein after the "Act") as well as the *Rules of the Law Society of Saskatchewan* (the "Rules"). Attached at **Tab 1** is a Certificate of the Executive Director of the Law Society of Saskatchewan pursuant to section 83 of the Act confirming the Member's practicing status.

2. The Member is currently the subject of a Formal Complaint dated March 4, 2016. The Formal Complaint is comprised of the allegations noted above. The Formal Complaint was served upon the Member on March 23, 2016. Attached at **Tab 2** is a copy of the Formal Complaint along with proof of service. The Member has agreed to plead guilty to the allegations of conduct unbecoming set out in the Formal Complaint

PARTICULARS OF CONDUCT

J.B. Matter

3. In the context of the Member's annual trust filings for the period of April 1, 2014 to March 31, 2015, Law Society of Saskatchewan Auditor, Pamela Harmon, became aware of a loan from the Member to one of his clients, J.B. The Member self-reported the existence of this loan in his trust reporting forms. In a letter dated August 13, 2015, Ms. Harmon requested further detail from the Member in relation to this loan.

4. On September 3, 2015, the Member provided particulars of the loan to Ms. Harmon stating that the loan had been in the amount of \$13,886.34 and was outstanding from October 29, 2013 to November 8, 2013. The Member's letter dated September 3, 2015 is attached hereto at **Tab 3**.

5. Ms. Harmon requested that the Member provide a copy of the loan agreement. A copy of the Loan Agreement was provided to Ms. Harmon by the Member on September 23, 2015, and is attached hereto at **Tab 4**.

6. The Member's states that the reason for the Loan Agreement was due to the fact that J.B. was in a dire financial position and needed some form of bridge financing to retire outstanding debts as a prerequisite to a larger refinancing transaction with another lender. The Member's view is that J.B.'s financial situation would have become extremely worse had he not extended some form of credit to her. His decision to loan J.B. money appears to have been made with good intentions.

7. The Loan Agreement was prepared by the Member and provided for the granting by J.B. of a security interest to the Member in all present and after-acquired property. The agreement dated October 29, 2013 contemplated that the term of the loan would end on or before November

15, 2013. The term of the loan was therefore intended to be a maximum of 18 days. Pursuant to the Loan Agreement, J.B. was required to pay the Member \$15,000.00 on or before the end of the term.

8. Immediately prior to the Loan Agreement being executed, the Member's junior associate met with J.B. and explained the implications and risks associated with the agreement. The Member had his junior associate witness his signature and the signature of J.B.

9. Ultimately, J.B. repaid the \$13,886.34 loan on November 8, 2013 (10 days into the term), plus an additional \$1,113.66 for what the Member characterized as "interest". The total payment from J.B. to the Member on November 8, 2013 was \$15,000.00, as was contemplated by the Loan Agreement.

10. The Member entered into a debtor-creditor relationship with J.B., without ensuring that J.B. received independent legal advice.

11. The Member realized a profit of \$1,113.66 as a result of the Loan Agreement which arose in the context of an unresolved conflict of interest between himself and his client.

J.B.'s Position

12. Throughout these proceedings, J.B. has remained extraordinarily supportive of the Member and remains appreciative of the legal services provided to her by the Member.

13. At no point in these proceedings has J.B. suggested that she felt an entitlement to the return of the profit of \$1,113.66 that she had previously paid to the Member in regards to the Loan Agreement.

14. Notwithstanding the above, the Member has provided his legal counsel with the amount of \$1,113.66, and has instructed his legal counsel to forward such funds to J.B. at the conclusion of these matters.

PRIOR RECORD

15. The Member has no prior findings of conduct unbecoming on his record.