

**IN THE MATTER OF PART 3 OF THE  
LEGAL PROFESSION ACT, RSA 2000, c. L-8**

**AND**

**IN THE MATTER OF A HEARING REGARDING  
THE CONDUCT OF CHRISTOPHER NEUFELD  
A MEMBER OF THE LAW SOCIETY OF ALBERTA**

**Hearing Committee**

Grant Vogeli, KC – Chair  
Grace Brittain – Adjudicator  
Robert Philp, KC – Former Bencher

**Appearances**

Karl Seidenz – Counsel for the Law Society of Alberta (LSA)  
Christopher Neufeld – Self-represented

**Hearing Date**

December 15, 2022

**Hearing Location**

Virtual Hearing

**HEARING COMMITTEE REPORT**

**Overview**

1. The following citations were directed to hearing by the Conduct Committee Panel on October 19, 2021:
  - a) It is alleged that Christopher R. Neufeld breached Rule 119.17 by using his trust account to receive and disburse trust funds, when no legal services were provided in relation to the trust funds, and that such conduct is deserving of sanction.
  - b) It is alleged that Christopher R. Neufeld released funds held in trust to his client without honouring the trust conditions imposed on those funds, and that such conduct is deserving of sanction.
  - c) It is alleged that Christopher R. Neufeld failed to comply with Rule 119.36 by failing to properly maintain his firm's prescribed financial records, and that such conduct is deserving of sanction.

- d) It is alleged that Christopher R. Neufeld failed to respond promptly and completely to communications from the Law Society, and that such conduct is deserving of sanction.
2. On December 15, 2022, the Hearing Committee (Committee) convened a hearing into the conduct of Christopher Neufeld, based on the four citations set out above.
3. After reviewing the Statement of Admitted Facts, Exhibits, and Admission of Guilt (Agreed Statement) and hearing the submissions of counsel for the LSA and Mr. Neufeld, for the reasons set out below, the Committee finds Mr. Neufeld guilty of conduct deserving sanction on all four citations pursuant to section 71 of the *Legal Profession Act (Act)*.
4. The Committee also finds that the appropriate sanction is a suspension. In accordance with section 72 of the *Act*, the Committee orders that Mr. Neufeld shall be suspended for five months commencing on February 15, 2023.
5. In addition, pursuant to section 72(2) of the *Act*, the Committee orders that Mr. Neufeld pay costs of these proceedings in the amount of \$25,000 by July 31, 2024.

### **Preliminary Matters**

6. There were no objections to the constitution of the Committee or its jurisdiction, and a private hearing was not requested, so a public hearing into Mr. Neufeld's conduct proceeded.

### **Agreed Statement of Facts/Background**

7. Mr. Neufeld and the LSA collaborated on the Agreed Statement. A summary of the background and facts is set out below.
8. On November 2, 2010, Mr. Neufeld was admitted as a member of the LSA. Before then, Mr. Neufeld practiced law in Ontario for ten years.

### *Background*

9. The LSA received 18 complaints from members of the public about Mr. Neufeld's involvement in a land development project. The LSA then conducted an investigation that led to the four citations.
10. At all material times Mr. Neufeld practiced as a sole practitioner primarily in the areas of corporate/commercial law and employment law.
11. In 2017, Mr. Neufeld was retained by DM, a developer experienced in developing Recreational Vehicle (RV) campsites and resorts.

12. Mr. Neufeld was initially retained to incorporate a numbered company (PS Co.) and to act for PS Co. in the acquisition of lands near Buffalo Lake, Alberta, on which PS Co. was planning to develop an RV resort (Development).
13. After the completion of the land acquisition, Mr. Neufeld was retained by DM to manage the payments made by parties leasing stalls in the development.
14. Initially, the proposed Development was to contain a 1000-stall RV park, a water park, pool, docks, and other amenities. The RV Park was to be separated into five phases.
15. On February 14, 2018, Stettler county conducted a first reading of the bylaws that would facilitate the approval of the RV Park. However, the proposed RV Park met with objections.
16. The objections were withdrawn after PS Co. agreed to reduce the number of RV stalls from 1,000 to 750 and the County agreed to issue a Development Permit for Phase 1 of the Development.
17. On July 5, 2018, the County issued a Development Permit for Phase 1 of the RV Park. However, shortly thereafter, some local residents submitted an appeal to the Subdivision and Development Appeal Board (SDAB) of the decision to issue the Development Permit.
18. On October 29, 2018, PS Co. advised the lessees that it had completed approximately 344 RV sites out of the originally approved 370 sites.
19. On November 2, 2018, the SDAB confirmed the issuance of the Development Permit, but reduced the number of RV stalls in Phase 1 from 370 to 168 and prohibited overnight use from November to April.
20. On May 17, 2019, the county issued a Stop Order after a site inspection, which included a direction to cease any further construction and to prohibit overnight camping.
21. Shortly thereafter, the construction company went into receivership. Phase 1 of the RV Park had been constructed but only 1 of the 18 Complainants took possession of a lot.

#### *Initial Trust Conditions*

22. Mr. Neufeld's role was to receive funds from the lessees, deposit those funds to his trust account, and disburse those funds to PS Co. pursuant to the trust conditions in the lease contracts.
23. The original trust conditions provided as follows:
  - a) Lessees were to provide a bank draft, money order, or wire transfer to "Neufeld Legal Corporation In Trust"; and

b) Mr. Neufeld would release the funds pursuant to the following trust conditions:

i. Lease Fee

100% of funds received, will be held in trust.

50% to be released at the construction start date.

Remaining 50% to be released upon occupancy of available pre-assigned RV Site or permanent site completion.

24. Mr. Neufeld never clarified the meaning of the following terms in the trust conditions:

a) Construction Start Date, which could be construed as the start of construction on the entire Development, or on the phase in which a lessee had purchased a lot; and

b) Occupancy, which could be construed as meaning the lessee had to physically occupy the site or merely offering a temporary site sufficient.

#### *Modified Trust Conditions*

25. As the Development progressed and encountered difficulties, PS Co. changed the trust conditions in the lease contracts without telling Mr. Neufeld.

26. Later iterations of the lease contract provided the following trust conditions:

a) Lessees were again directed to provide a bank draft, money order, or wire transfer to "Neufeld Legal Corporation In Trust"; and

b) The funds would be released pursuant to the following trust conditions:

2.1.1.2. Upon receipt of the Initial Rent Payment, the funds will be held in trust and released to the Lessor as follows:

a. 50% to be released upon issuance of the development permit for the Lands.

b. Any remaining funds are to be released upon occupancy of:

i. A temporary, pre-assigned site (while awaiting completion of the RV-site), or

ii. The RV-Site,

whichever occurs first.

#### *Complainants' Trust Conditions*

27. Of the 18 Complainants,
  - a) Ten leased lots that were subject to the initial trust conditions;
  - b) Eight leased lots that were subject to the modified trust conditions.
28. Almost all of the Complainants stated that they felt more comfortable providing deposits to PS Co. because those deposits were provided to a lawyer pursuant to trust conditions.

#### *Trust Account Activity*

29. Mr. Neufeld kept track of receipts and disbursements with accounting software and on a spreadsheet.
30. There were multiple versions of the spreadsheets, and the spreadsheets did not always match entries in the accounting software. Mr. Neufeld received deposits from lessees totaling \$6,124,196.00.

#### *Disbursements to PS Co.*

31. On February 16, 2018, Mr. Neufeld received a letter from the Development's construction manager, who confirmed that he had received a notice to proceed for work and would start preliminary earthworks on February 17, 2018.
32. Shortly thereafter, on February 27, 2018, Mr. Neufeld made the first of 23 disbursements of trust funds to PS Co.
33. On August 24, 2018, Mr. Neufeld received a memo from DM which attached 48 releases, purporting to provide Mr. Neufeld with the authority to release the second half of the lessee's payments.
34. It was then that Mr. Neufeld first realized that the initial trust conditions had been modified.
35. Mr. Neufeld released \$1,200,007.50 to PS Co. on August 24, 2018, and an additional \$225,310.39 over the next several weeks, for a total of \$1,425,317.89 (23% of all lessee deposits). He released the funds without clarifying the trust conditions and without ensuring that the trust conditions had been satisfied.

#### *Billing Irregularities*

36. During Mr. Neufeld's six-month retainer, he issued nine statements of account to PS Co. for services related to the management of the lessee deposits, for a total of \$9,543.96.

37. Mr. Neufeld's Trust Ledger indicates that he withdrew an additional \$6,267.61 from his trust account without first issuing an account for services. However, his bank records indicate that the figure was actually \$7,267.61.
38. The following irregularities arise out of these statements of account and withdrawals:
- a) The Trust Ledger indicates that Mr. Neufeld withdrew \$2,289.89, with no indication for what purpose;
  - b) On September 25, 2018, Mr. Neufeld issued two invoices, one for \$1,065.75 and the other for \$1,034.25. However,
    - i. There is nothing in the records to indicate that the first invoice for \$1,065.75 was paid in or around September 25, 2018. Rather, the records indicate that \$1,065.75 was transferred from Mr. Neufeld's trust account to his general account on August 20, 2018. Consequently, either the date of the invoice is incorrect, or Mr. Neufeld transferred the funds more than one month before issuing the invoice;
    - ii. There is no indication in the records that the second invoice for \$1,034.25 was paid from the trust account or paid directly into Mr. Neufeld's general account;
  - c) Mr. Neufeld made six transfers from his trust account to his general account or to pay his credit card, for a total of \$7,267.61, without issuing Statements of Account beforehand.

#### *Accounting Irregularities*

39. The following irregularities exist in Mr. Neufeld's accounting of the trust monies:
- a) With respect to two RV Lots leased by DR and JR,
    - i. They purchased two lots at \$36,250.00 per lot, for a total of \$72,500.00;
    - ii. They transferred \$72,500.00 to Mr. Neufeld's trust account;
    - iii. Mr. Neufeld incorrectly recorded the amount as being \$36,250.00, not \$72,500.00, in his trust ledger; and
    - iv. Contrary to section 67 of the *Act*, Mr. Neufeld does not have an explanation for this discrepancy.
  - b) Regarding the RV Lot purchased by DP and MP,
    - i. On March 9, 2018, Mr. Neufeld entered receipt of \$36,250.00 from DP and MP. However, Mr. Neufeld entered it twice on the spreadsheet;

- ii. Those funds formed part of a deposit of \$467,500.00 into Mr. Neufeld's trust account that day;
  - iii. However, Mr. Neufeld incorrectly entered the amount of \$362,250.00 into his trust ledger, and there is no record of any correction having been made; and
  - iv. Contrary to section 67 of the *Act*, Mr. Neufeld does not have an explanation for these discrepancies.
- c) The trust ledger identified 23 payments to PS Co. however,
- i. Mr. Neufeld only had receipts for 17 of those 23 payments in his client file;
  - ii. Two of the payments were not made to PS Co., but were made to Mr. Neufeld's general account; and
  - iii. Of the four unidentified payments;
    - 1. one was a wire transfer with no recipient identified;
    - 2. one was a cheque, but no copy of the cheque was completed; and
    - 3. two have no identification at all.

#### *File Management*

40. Mr. Neufeld experienced the following file management problems:
- a) He did not obtain full copies of the contracts between PS Co. and the lessees;
  - b) He did not provide receipts for each deposit and withdrawal;
  - c) He relied on PS. Co. for authority to release the trust monies and did not independently verify with the lessees that trust conditions had been completed;
  - d) He did not identify, reconcile, and correct his records when errors occurred; and
  - e) He did not obtain releases from all lessees.

#### *Communications With the LSA*

41. On September 5, 2019, Conduct Counsel for LSA wrote to Mr. Neufeld and requested a response regarding this matter pursuant to section 53 of the *Act*. Mr. Neufeld responded on September 20, 2019.

42. On October 1, 2019, Conduct Counsel wrote again and requested additional information. Mr. Neufeld did not respond.
43. From October 1, 2019 until November 4, 2020, Mr. Neufeld failed to respond to at least 12 requests for information or documentation from the LSA.

### **Submissions on Sanction**

44. Counsel for the LSA advised that he and Mr. Neufeld had agreed to a joint submission on sanction. In presenting the joint submission on sanction to the Committee, LSA Counsel first summarized the principles related to sanction. He referred to paragraphs 185, 186, and 187 of the LSA Pre-Hearing and Hearing Guideline, which state:

The fundamental purposes of sanctioning are to ensure the public is protected from acts of professional misconduct and to protect the public's confidence in the integrity of the profession. These fundamental purposes are critical to the independence of the profession and the proper functioning of the administration of justice.

Other purposes of sanctioning include:

- a. Specific deterrence of the lawyer;
- b. Where appropriate to protect the public, preventing the lawyer from practicing law through disbarment or suspension;
- c. General deterrence of the lawyers,
- d. Ensuring the Law Society can effectively govern its members; and
- e. Denunciation of the misconduct

Sanctioning must be purposeful. The factors that relate most closely to the fundamental purposes outlined above carry more weight than others.

45. Counsel for the LSA acknowledged several mitigating factors including:
  - a) Mr. Neufeld did not steal any funds;
  - b) Mr. Neufeld's conduct was not malicious;
  - c) Mr. Neufeld was not told about the change in trust conditions;
  - d) Mr. Neufeld cooperated with the LSA and made significant admissions; and
  - e) Mr. Neufeld expressed remorse.



46. Counsel for the LSA referred to 4 cases in relation to sanction, as follows:
- a) *Law Society of Alberta v. Souster*, 2016 ABLS 1;
  - b) *Law Society of Alberta v. Laurich*, 2014 ABLS 45;
  - c) *Law Society of Alberta v. Nguyen*, 2021 ABLS 23; and
  - d) *Law Society of Alberta v. Chhoker*, 2017 ABLS 16.
47. Counsel for the LSA submitted that an appropriate sanction was a five-month suspension based on the cases he cited and the facts of this case.
48. Mr. Neufeld was remorseful and contrite. He apologetically acknowledged his conduct.
49. Mr. Neufeld agreed to the five-month suspension and asked that he be given time to pay costs.

### **Analysis and Decision on Sanction**

50. Hearing Committees must give significant deference to a joint submission on sanction. The Supreme Court of Canada has set out a test for assessing the acceptability of joint submissions in the criminal law context. The “public interest test” states that a judge should not depart from a joint submission on sentence unless the proposed sentence would bring the administration of justice into disrepute or is otherwise contrary to the public interest. The judge should consider the following questions in applying the public interest test:
- a) Is the joint submission so markedly out of line with the expectations of reasonable persons aware of the circumstances of the offence and the offender that the joint submission would be viewed as a breakdown in the proper functioning of the criminal justice system?
  - b) Would the joint submission cause an informed and reasonable public to lose confidence in the institution of the courts?
  - c) Is the joint submission so unhinged from the circumstances of the offence and the offender that its acceptance would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system had broken down?
51. The Supreme Court of Canada recognized that the test sets an “undeniably high threshold” but held it was justified given the importance of joint submissions to the proper functioning of the justice system. If a hearing committee finds that the test is met, it can reject the joint submission. The public interest test has been widely adopted by professional discipline tribunals across Canada. The case law confirms that the test is appropriate and should be applied in LSA conduct proceedings.

52. Mr. Neufeld was careless and failed to comply with his ethical obligations. He failed to consider whether he was providing legal services when he was actually just allowing his trust account to be used by his client. He also failed to clarify and comply with the trust conditions that he agreed to. In addition, in managing the trust funds, Mr. Neufeld failed to maintain proper trust records and there were irregularities in his billings. Finally, to make matters worse, Mr. Neufeld failed to respond appropriately to the LSA regarding the complaints.
53. Mr. Neufeld breached the rules of the LSA and the code of conduct by failing to comply with trust conditions, failing to maintain prescribed financial records, and failing to respond promptly and completely to communications from the LSA. It is imperative that lawyers comply with trust conditions and maintain prescribed financial records to protect the public and allow the legal system to function appropriately. Although Mr. Neufeld's conduct was not self-interested or malicious, his misconduct caused significant harm to many people. Mr. Neufeld's breaches were serious. In order to denunciate this serious misconduct, deter similar conduct, and protect the public, a serious sanction is required.
54. Based upon the agreed facts, the mitigating factors and the cases cited the Committee determined that a five-month suspension was an appropriate sanction and therefore accepted the joint submission on sanction.

### **Concluding Matters**

55. Mr. Neufeld is suspended for five months starting on February 15, 2023.
56. Mr. Neufeld shall pay costs of the hearing in the amount of \$25,000 within 12 months of reinstatement but in any event not later than July 31, 2024.
57. Because a suspension has been ordered, a Notice to the Profession is required and therefore was ordered by the Committee. The Committee understands that such Notice was issued on January 25, 2023.
58. The exhibits, other hearing materials, and this report will be available for public inspection, including the provision of copies of exhibits for a reasonable copy fee, except that identifying information in relation to persons other than Mr. Neufeld will be redacted and further redactions will be made to preserve client confidentiality and solicitor-client privilege (Rule 98(3)).

Dated March 15, 2023

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Grant Vogeli, KC

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Grace Brittain

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Robert Philp, KC