

# Strictly Legal: Bankruptcy petition filed against lawyer Dany Perras

BY KATHRYN LEGER, SPECIAL TO THE GAZETTE NOVEMBER 11, 2011

MONTREAL - Legal proceedings continue to pile up against Dany Perras, the Montreal lawyer who abruptly resigned three weeks ago from the official roll of lawyers authorized to practise law in Quebec.

The resignation from the Barreau du Québec was on Oct. 19, the same day Perras was hit with two separate seizure orders launched by two Montreal businessmen and Perras's wife, lawyer Judith Cohen, in connection with the alleged disappearance of funds lawyers describe as part of a multimillion financial scheme in which people loaned large amounts of money on a shortterm basis with the promise of a very high rate of return.

On Thursday, Montreal law firm Stein & Stein Inc. - acting on behalf of close to a dozen investors who say they gave Perras money that was allegedly promised to only be held in trust and has since not been repaid - obtained court permission for the filing of a bankruptcy petition against Perras.

If the bankruptcy petition is granted in the normal time frame of eight to 10 days, the seizures and any other civil proceedings against Perras claiming missing funds - up to \$10 million is now in question - would be suspended, lawyer Neil Stein said.

Those with claims of money owed would file a proof of claim under the bankruptcy petition, and an investigation could proceed to track and determine what happened to the money allegedly held in trust by Perras.

Following the Oct. 19 seizure obtained by law firm Sternthal Katznelson Montigny LLP and lawyer Leon J. Greenberg, acting on behalf of Advocate Investment Corp. Ltd., a company of Montreal businessmen David and Simon Gameroff, the Bank of Montreal froze three accounts belonging to Perras and on Nov. 2 declared to the court that the total balance in the accounts is \$27,418.06.

Documents produced for the court showed the Gameroffs' Advocate Investment Corp. gave a total of \$1.44 million in three instalments to Perras in late September and October: \$525,000, with a promised investment return of \$52,000 within 31 days, \$540,000 that would earn \$20,000 within a week, and \$375,000 with an interest payment of \$20,000 in under one month.

The money was to be held in escrow and in the lawyer's trust account. Lawyers typically have a trust account - or a law firm does in the case of a partnership - to hold onto money advanced by clients for transactions or for retainer fees for legal services.

But, according to allegations in the Gameroff suit, Perras "illegally and without any right or authorization transferred the funds to an (unidentified) third party ... in blatant breach of his legal and fiduciary obligation, of his code of ethics and his representations and undertakings."

For her part, Cohen separately filed a motion to dissolve her 12-year marriage to Perras and a seizure to claim the 50 per cent of their home owned by Perras.

Cohen, represented by Doreen Brown of Green Glazer Nadler Danino LLP, told the court she gave Perras "money she has been saving since she was a child ... \$200,000, which no longer exists." Cohen added that she asked Perras to leave the family home after she learned on Oct. 17 "the defendant has been involved in financial schemes, thereby making friends, family and the applicant (Cohen) lose large sums of money."

Stein said based on claims it appears potential investors in the scheme were typically asked to put up financing with a promise that there was no risk because the money would be held in a lawyer's trust account. The money would allegedly be used to show that a client of the lawyer had enough money available to carry out say, a real estate transaction, but would never leave the trust account.

"It appears to be the illegal use of a lawyer's trust account for purposes of creating an investment as opposed to being used for holding a deposit," Stein said.

"Surprisingly enough, a lot of these people had these agreements reviewed by their lawyers and the lawyers made all kinds of changes, but on the face of it they are clearly illegal-type agreements."

The Barreau du Québec's syndic office, which investigates claims of wrongdoing by lawyers, and the professional order itself, cannot comment on any investigation it is conducting, a spokeswoman said this week, adding that there are, at present, no proceedings involving Perras filed before its disciplinary committee.

Perras could not be reached for comment. He is being represented in the civil proceedings by Denis Godbout, a litigator with Péroquin Kattan LLP.

"It is delicate for him (Perras) to give any information or to respond to questions," Godbout said late Thursday, adding that Perras, even if he has resigned from the Bar, "is still bound by professional secrecy."

In recent months, Perras had been acting as a solo practitioner. In June, he resigned from Kaufman Laramée LLP less than six months after the firm recruited him.

William Brock, a Davies Ward Phillips & Vineberg LLP lawyer speaking for KL, said the law firm "was not satisfied with the quality of his (Perras's) work." Brock added that, "none of Kaufman Laramée's clients suffered any loss and that none of its clients were lenders in the scheme." The firm approached the syndic of the Bar in late September after the Canadian Imperial Bank of Commerce advised it of "suspicious activity in his account (an account that was reportedly later terminated by the bank)."

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