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$1m fraudster jailed three years

Greed blamed for ex-bank manager's scheme
By BRIAN HAYES Court Reporter

A former Dartmouth Scotiabank manager was sentenced Thursday to three years in prison for ripping off more than $1 million from his employer.

An apologetic Rodney (Rod) Arnold Barton appeared resigned to his fate when sentenced for a breach of trust believed to be one of the biggest of its kind ever committed in Canada.

The balding and moustachioed Waverley man was wearing a waist-length black leather jacket covering a black shirt and blue jeans when escorted out of the courtroom by sheriff's deputies to begin serving his sentence.

It's expected Mr. Barton will serve his jail term in a minimum-security facility. Under parole regulations, he could be back on the street within a year.

The 46-year-old pleaded guilty in November to defrauding Scotiabank of more than $5,000 between Jan. 1, 1997, and Sept. 29, 2005. But the extent of the fraud didn't become clear until Crown attorney Andrew Macdonald laid out the facts of the case Thursday before Judge Flora Buchan in Dartmouth provincial court.

Mr. Macdonald told the court that over an eight-year period Mr. Barton stole $1,025,032.17, most of which will never be recovered.

Only about $30,000 that was frozen in a ScotiaMcLeod portfolio at the time of his arrest has been recovered.

"It was greed," Mr. Macdonald said of Mr. Barton's motive. Mr. Macdonald noted that Mr. Barton had no prior criminal record and had fully co-operated with investigators since his arrest.

The agreed statement of facts revealed that from January 1996 until May 2002 Mr. Barton was manager of retail banking at the bank's Portland Street branch. The statement of facts also noted that from May 2002 until his dismissal in September 2005, he was manager of the Wyse Road branch. Both branches are in Dartmouth.

From 1997 through 2005, Mr. Barton opened six Scotiabank lines of credit and four Scotia Plan loans under the names of his father, mother, brother, sister, brother-in-law and two non-relatives without their knowledge.

He then forged customer signatures and credit applications and had the paperwork for the accounts redirected to either his home address or to a mailbox address.

He withdrew funds from the various accounts in the form of bank transfers or bank drafts, which were deposited in a line of credit account held at another financial institution.

Mr. Barton used some of those transferred funds to make payments on loans or for personal investments and expenses, including personal banking credit cards, his mortgage and car payments.

But most of the funds were deposited to a Toronto-Dominion Bank account and cheques were written on that account and then deposited into a self-managed ScotiaMcLeod account from which the money was used to purchase stocks.

Most of the transactions by Mr. Barton were made at times when the bank's manager of customer service was absent. That allowed Mr. Barton to have more control over the daily audit requirements and helped him avoid detection.

Mr. Barton's luck ran out in September 2005, when an employee of a private mailbox and mail-forwarding service delivered eight envelopes to the bank while he was on vacation.

The bank's customer service supervisor became suspicious when it was discovered that the envelopes, which were marked for Mr. Barton's attention, appeared to originate from the bank and were addressed to individual branch customers.

When the fraud was discovered, bank representatives met with Mr. Barton, who confessed to his crime.

Defence counsel Pat Duncan told the court his client's actions started out small but grew until he was "in a hole he couldn't get out of."

Mr. Barton apologized to his family, friends, working colleagues and to the bank, which he described "as a fantastic employer for 20 years."

Several family members and friends were seated in the court's spectator gallery.

"I had to say goodbye to my broken-hearted son this morning," Mr. Barton said when asked if he had anything to say. "It was the worst thing I've ever had to do."

He promised he would never be in trouble with the law again.

In a victim impact statement, the bank noted it had spent a great deal of money, time and energy in training Mr. Barton and was dismayed by his abuse of trust. Mr. Barton's crime hurt not only the bank but also his customers, a bank official wrote.

"There were a number of customers who dealt with Mr. Barton who had their credit rating compromised and for whom the bank had to take action to rectify the situation," John Mair, Scotiabank's senior manager of security for Eastern Canada, wrote in a victim impact statement.

"These customers were angered and troubled to learn that Mr. Barton had abused their trust and manipulated their personal information for his own benefit."

Mr. Mair goes on to write that the bank suffered "substantial financial loss" and that "Mr. Barton's actions clearly damaged the bank's reputation and public image in the Halifax/Dartmouth area as well as across the Atlantic provinces, exposing the bank to significant reputational risk."

Judge Buchan noted Mr. Barton's actions were planned and well-thought-out and that his breach of trust and the length of time over which the offences were committed were aggravating factors.

The joint Crown and defence counsel sentencing recommendation, which fell within the three- to five-year range for such crimes, also required Mr. Barton to make $995,032 restitution to the bank.

But Mr. Macdonald suggested that could be a problem because he understood Mr. Barton intended to declare bankruptcy.

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Victim of crooked lawyer got "full restitution’

By DAVENE JEFFREY Staff Reporter

A Halifax man ripped off by his lawyer knew nothing of the crime until Srinivasen Pillay was suspended from practice two years ago.

"It would have been very bad for me," Charles Lamont said during a telephone interview from his Halifax home.

When news broke in The Chronicle Herald that Mr. Pillay had been suspended for three months while auditors reviewed his handling of client trust accounts, Mr. Lamont said a family friend and executor of his mother’s estate gave him a call. Mr. Pillay had handled Mr. Lamont’s mother’s estate.

The Nova Scotia Barristers’ Society eventually disbarred Mr. Pillay and set about reimbursing Mr. Pillay’s clients, whom auditors determined had been defrauded of at least $1.3 million.

Many of those clients were not well off.

Mr. Lamont was one of the first to have his money returned.

"I got full restitution," said Mr. Lamont, referring to the society as kind and generous.

Between April 2000 and January 2005, Mr. Pillay misappropriated and converted client trust funds for his personal use, sometimes using money from some clients to cover shortfalls in the accounts of others.

Mr. Pillay used the misappropriated money to feed his gambling problem. At the same time his professional troubles made the news, bankruptcy court documents revealed the extent of his personal financial troubles.

After a more than 20-year legal career, Mr. Pillay was more than $400,000 in debt. In May 2005, Mr. Pillay was disbarred.

In December, police charged Mr. Pillay with defrauding three clients of more than $5,000. Those charges were withdrawn a few weeks later.

On Wednesday, police said the provincial Public Prosecution Service has asked them to continue investigating Mr. Pillay.

Mr. Lamont was hesitant to say much about his particular case for fear of interfering with the investigation and Mr. Pillay's potential trial, but he did say he expects to see charges laid against the lawyer again.

Mr. Lamont did say that because of the mishandling of his accounts by Mr. Pillay, he has had some problems with the Canada Revenue Agency over the collection of back taxes.

Another victim, Gerald Tanner, and his wife, Alma, have received $150,000, roughly the amount that went missing from their trust fund.

Mr. Tanner previously told The Chronicle Herald the amount represented their entire savings, which they had invested in their business.

Mr. Pillay had been the lawyer for G&A Tanner Real Estate and Development Ltd. since the Tanners opened the business in 2000.

When contacted Thursday, Mrs. Tanner said she and her husband did not wish to comment about the latest development involving Mr. Pillay.

Mr. Pillay could not be reached for comment. There have been reports that the lawyer is no longer in the country.

In a posting on a website for people seeking jobs in Taiwan teaching English as a second language, Mr. Pillay makes no mention of his disbarment.

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