

Citation: Pacific Quorum Properties Inc. (Re), 2024 BCSRE 29

Date: 2024-05-09

File # X026846

BC FINANCIAL SERVICES AUTHORITY

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*,
SBC 2004, c 42 as amended**

AND

IN THE MATTER OF

**PACIFIC QUORUM PROPERTIES INC.
(X026846)**

AMENDED NOTICE OF ADMINISTRATIVE PENALTY

[This Notice has been redacted before publication.]

The Superintendent of Real Estate (the "Superintendent") of the BC Financial Services Authority ("BCFSA") issues this Notice of Administrative Penalty (the "Notice") pursuant to sections 57(1) and (3) of the *Real Estate Services Act*, SBC 2004, c 42 ("RESA").

TAKE NOTICE that the Superintendent is satisfied that you have contravened one or more rules designated as subject to administrative penalties under section 56(1)(a) of the RESA and section 26 of the *Real Estate Services Rules* (the "Rules"), collectively, the "Designated Rules".

TAKE NOTICE the Superintendent is imposing the following administrative penalties based on your having contravened the Designated Rules:

1. Rule: 79; First contravention: Yes; Base Penalty: \$1,000; Daily Penalty: 31 days x \$250 = \$7,750*

Details: During an audit in January 2023, ~~it was observed that~~ **Brokerage representatives self-disclosed that** the Brokerage was unable to reconcile the Online Payment Trust Account for several months. A follow-up audit of the Brokerage was commenced November 15, 2023 to ensure that the Online Payment Trust Accounts were now being reconciled in compliance with sections 80 and 81 of the Rules. During the follow-up audit, it was observed that the monthly bank reconciliations for the Online Payment Trust Accounts (ending [Redacted] and [Redacted]) included discrepancies as a result of not processing accounting entries promptly and correctly. As at October 30, 2023, the trust accounts had an accumulative discrepancy of \$33,469.08, which represented the difference in withdrawals and deposits between the bank account and the ledgers maintained by the Brokerage in Excel. **Brokerage representatives were in the process of investigating and resolving the discrepancies; however, the Brokerage remained in non-compliance with section 79 of the Rules.**

On January 22, 2024, a Non-Compliance Warning Letter was sent to [Managing Broker 1], managing broker, advising that the brokerage must provide written confirmation and supporting documentation to confirm that the discrepancies observed during the audits have been resolved and that there are no other discrepancies in the records of the Online Payment Trust Accounts during the “Compliance Warning Period” deadline of March 12, 2024.

On March 12, 2024, the Brokerage advised that compliance had not been achieved and they were still working to resolve the discrepancies. On March 13, 2024, BCFSA advised the Brokerage that the Compliance Warning Period had expired, and daily penalties would begin to accumulate as at that date.

On April 12, 2024, [Individual 1], Executive Vice President of Pacific Quorum Properties Inc., provided a written response with supporting evidence via email confirming that the brokerage has taken the appropriate steps to resolve the discrepancies in the Online Payment Trust Accounts as detailed in the Non-Compliance Warning Letter, which is 31 days after the Compliance Warning Letter due date of March 12, 2024.

*The daily penalty is based on a rate of \$250 multiplied by the number of penalty days i.e., the number of calendar days between the end of the Compliance Warning Period and the date compliance was achieved.

(collectively the “Contravention”).

Total administrative penalties: \$8,750

TAKE FURTHER NOTICE you may respond to this Notice by requesting an opportunity to be heard as follows (a “Reconsideration Request”):

- a. *Time limit:* You must deliver any Reconsideration Request so that BCFSA receives it within thirty (30) calendar days of the date you received this Notice (the “Response Deadline”).
- b. *Format:* A Reconsideration Request Form must be completed.
- c. *Content:* A Reconsideration Request should explain how you exercised due diligence to prevent contravention of the Designated Rules. You may also provide any other information you believe the Superintendent should consider.
- d. *Delivery:* A Reconsideration Request may be delivered by email to APreconsiderations@bcfsa.ca and/or delivered to BCFSA’s offices at 600 – 750 West Pender Street, Vancouver, BC V6C 2T8, Attention: Legal Services – Reconsiderations.

The date you received this Notice is the earliest date on which:

- the Superintendent personally served you with the Notice (s 57(3)(a) or (b) of the RESA);
- the Superintendent provided “substituted service” by a method provided for in a court order (s 12 of the RESA); or

- the Superintendent provided this Notice to Canada Post for delivery to your mailing address (ss 18 and 19 of the Rules). This will normally also be the day it was emailed to you.

If BCFSa receives your Reconsideration Request by the Response Deadline, the Superintendent will consider your Reconsideration Request, and may cancel or confirm the administrative penalty. If BCFSa confirms an administrative penalty, payment is due immediately.

TAKE FURTHER NOTICE if you fail to deliver a Reconsideration Request by the Response Deadline, you are deemed to acknowledge your having contravened the specified Designated Rule (s 57(2)(d) of the RESA).

TAKE FURTHER NOTICE that unless you deliver a Reconsideration Request by the Response Deadline, you must pay the administrative penalty within thirty (30) calendar days of the date you received this Notice. The Reconsideration Request may be by email or otherwise in writing, and should attach or include information respecting the due diligence exercised to avoid the contravention, any extenuating circumstances that prevented compliance, and any other information that you wish BCFSa to consider.

Dated this 9th day of May, 2024 at the City of Vancouver, British Columbia.

Superintendent of the BC Financial Services Authority

“Original signed by Lisa Holst”

Per: Lisa H. Holst, CPA CA
Delegate of the Superintendent of Real Estate
Province of British Columbia