

BC FINANCIAL SERVICES AUTHORITY

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

AND IN THE MATTER OF

**ARTYOM SEROV
(166072)**

**REASONS FOR DECISION REGARDING
ADMINISTRATIVE PENALTY RECONSIDERATION REQUEST**

[These Reasons have been redacted before publication.]

DATE AND PLACE OF HEARING: Via Written Submissions

HEARING OFFICER: Gareth Reeves

Introduction

1. On July 17, 2025, the BC Financial Services Authority (“**BCFSA**”) issued a Notice of Administrative Penalty (the “**NOAP**”) in the amount of \$5,000 to Artyom Serov aka “Art Seroff” pursuant to section 57(1) and 57(3) of the *Real Estate Services Act*, RSBC 2004, c 42 (“**RESA**”).
2. In the NOAP, BCFSA determined that Mr. Serov had contravened section 34 of the *Real Estate Services Rules*, BC Reg 209/2021 (the “**Rules**”) by listing a property located in North Vancouver, British Columbia (the “**Property**”) for sale while he was in a joint venture regarding the Property and without the consent of all the parties with an interest in the Property. BCFSA alleges Mr. Serov’s “actions contributed to a listing that was subject to civil litigation.”
3. Mr. Serov applied for a reconsideration of the NOAP under section 57(4) of RESA. The application proceeded by written submissions.

Issues

4. The issue is whether the July 17, 2025 NOAP should be cancelled or confirmed.

Jurisdiction and Standard of Proof

5. This application for reconsideration is brought pursuant to section 57(4) of RESA, which requires the Superintendent of Real Estate (the “**superintendent**”) to provide a person who receives an administrative penalty with an opportunity to be heard upon request.
6. Section 57(4) of RESA permits the superintendent to cancel the administrative penalty, confirm the administrative penalty, or, if the superintendent is satisfied that a discipline hearing under section 40 of RESA would be more appropriate, cancel the administrative penalty and issue a notice of discipline hearing.

7. The superintendent has delegated the statutory powers and duties set out in section 57 to Hearing Officers.
8. The standard of proof is the balance of probabilities.

Background

9. The evidence and information before me consists of an investigation report completed by BCFSA, the tabs thereto, and the information provided by Mr. Serov in the application for reconsideration. The following is intended to provide some background to the circumstances and to provide context for my reasons. It is not intended to be a recitation of all of the information before me.

General Background

10. Mr. Serov was first licensed as a representative in the trading services category on March 25, 2013. Except for a brief period in August 2016, he has been licensed in that way since. On April 19, 2018, Art Seroff Personal Real Estate Corporation became licensed and has been licensed in the same fashion as Mr. Serov since.
11. At all relevant times, Mr. Serov was the owner of 1250664 BC Ltd ("**664 BC Ltd**") and [Individual 1] was the owner of [Company 1] ("**[Company 1]**")
12. At all relevant times, [Individual 2] was the sole registered owner of the Property, which he acquired in July 2022. There are no interests in the Property registered with the Land Owner Transparency Registry.
13. In March 2023, Mr. Serov, 664 BC Ltd, [Company 1], and [Individual 2] signed a joint venture agreement (the "**JVA**").
14. The recitals to the JVA set out that [Individual 2] was the registered and beneficial owner of the Property. It further noted that [Individual 2] and [Company 1] had a previously existing joint venture agreement with respect to the Property, which the JVA terminated. The JVA goes on to acknowledge that [Individual 2] had contributed \$800,000 to the joint venture, [Company 1] had contributed \$200,000 to the joint venture, and 664 BC Ltd was to contribute \$150,000 to the joint venture and reserve \$800,000 for further contributions to the joint venture. It is not clear to me exactly when or how [Individual 2]'s or [Company 1]'s contributions were made. Mr. Serov agreed to guarantee 664 BC Ltd's obligation to contribute funds to the JVA and to indemnify [Individual 2] and [Company 1] from any losses they suffer as a result of 664 BC Ltd's breach of the JVA.
15. The stated purpose of the JVA was to improve, rebuild, or restore the Property. [Individual 2] was responsible for obtaining permits, assisting the joint venture to sell the Property, assisting the joint venture in engaging trades and other contractors, receiving and distributing any sale proceeds through legal counsel, and disclosing information to the parties.
16. The JVA contained no provisions regarding how the project would proceed, how the parties would handle disputes, or how the parties might terminate the JVA. The JVA did, however, contain the following material terms:
 - "12. Except as otherwise expressly provided in the Agreement, no Party shall sell, assign, transfer or otherwise dispose of all or any part of an interest in the Joint Venture to a third party without written consent from the other Party.
 13. Except as otherwise expressly provided in this Agreement, no Party shall sell, transfer, assign or convey or grant any encumbrance over all or any part of its, his or her interest in the Property, the Project or this Agreement or any of its rights, benefits and privileges hereunder without the prior written consent of the other Party thereto, and any attempt to sell, transfer, assign or convey or to grant any

such encumbrance over all or any part of its interest in the Property without such consent will be of no effect.

...

18. In addition to their obligations under this Agreement, [Individual 2] shall be responsible for and undertake to perform the proper and prompt fulfillment of the following:
 - a. To handle the applications for all necessary approvals, and recording with respect to the Property which is comprised of permits, licences and/or any other form of real estate reconstruction same to the Joint Venture;
 - b. To obtain all relevant and necessary approvals, permits, licenses and qualifications for the Joint Venture's reconstruction and restoration of the Property;
 - c. To assist the Joint Venture in selling the completely restored Property at a desirable return rate;
 - d. To assist the Joint Venture in recruiting contracting personnel, real estate personnel, labourers and other personnel needed;
 - e. To divide the share of the sale proceeds of the Property in the witness of a legal counsel to the Parties as soon as it is practical;
 - f. To disclose all information relevant to the Property or operation on the Property to each other."
17. It appears that Mr. Serov contributed \$70,000 to the joint venture following the signing of the JVA. It is not clear exactly when or how he did this.
18. It appears that [Individual 1] and Mr. Serov were not in direct contact with each other and that [Individual 2] was the central figure in the joint venture with all communication flowing through him.
19. Over the course of the summer and fall of 2024, it appears that the project to improve, rebuild, or restore the Property encountered some financial trouble. This resulted in [Individual 2] seeking further funding from [Individual 1] and Mr. Serov. It also appears that [Individual 2] and Mr. Serov entertained the idea of paying [Company 1] out, but this did not occur because [Individual 2] thought it better to proceed with the project than to attempt to sell.
20. In November 2024, Mr. Serov and [Individual 2] began discussing a possible sale of the Property to break even on the project. It appears that there was some risk of a foreclosure on the Property at this time.
21. On November 26, 2024, Mr. Serov and [Individual 2] executed an agreement which purported to terminate Mr. Serov's interest in the JVA on certain terms regarding the eventual sale of the Property. Those terms included a reduction in Mr. Serov's payout from the venture in the amount of any commission he earned from selling the Property. This document makes no reference to [Company 1] or 664 BC Ltd. There is no evidence that [Individual 1] or [Company 1] were aware of this agreement when it was signed or agreed to terminate Mr. Serov's obligations under the JVA.
22. On December 5 and 6, 2024, Mr. Serov and [Individual 2] executed various required agency disclosure, designation, and authorization forms in preparation for the listing of the Property for sale.
23. On December 6, 2024, Mr. Serov, [Individual 2], and Mr. Serov's managing broker executed a multiple listing contract whereby Mr. Serov, as designated agent, agreed to list the Property for sale at the list price of \$2,100,000.

24. On December 9, 2024, Mr. Serov listed the Property for sale on the Multiple Listing Service (“**MLS**”) at a price of \$2,100,000 (the “**Listing**”). Mr. Serov says that at least part of the motivation for listing the Property for sale was to get [Individual 1]’s attention because he had stopped speaking with [Individual 2].
25. Mr. Serov did not receive [Individual 1]’s or [Company 1]’s consent to list the Property.
26. On December 20, 2024, [Company 1] filed a notice of civil claim (the “**NOCC**”) against [Individual 2], Mr. Serov, and 664 BC Ltd claiming that [Individual 2], Mr. Serov, and 664 BC Ltd had breached the JVA in several ways, including by listing the Property for sale without [Company 1]’s consent. In broad strokes, the NOCC alleges that the parties to the JVA entered into the JVA to invest in the Property and that certain representations were made to [Company 1] regarding the expected profits from the JVA and alleges that [Company 1] has an interest in the Property. The NOCC does not describe what the nature of that interest is and does not appear to plead any proprietary relief or set out any legal basis on which [Company 1] might be entitled to a proprietary interest in the Property. Notwithstanding the lack of a clear proprietary claim, the NOCC also sought a certificate of pending litigation against the Property (the “**CPL**”). I understand the CPL was registered against the Property but I have not been provided any evidence of the date that occurred.
27. On December 28, 2024, Mr. Serov was served with the NOCC. Mr. Serov has indicated that he engaged the same counsel as [Individual 2] to represent himself and 664 BC Ltd in responding to the NOCC. Mr. Serov says, and I accept, that there have been some attempts at settlement with [Company 1]. I have no evidence before me establishing what the status of the civil claim is at this time.
28. On January 23, 2025, the Listing was terminated.

Submissions

29. Mr. Serov submits that there were “no black and white rules” regarding what he should have done in the situation he faced in December 2024. He argues that [Individual 2] and he listed the property to bring [Individual 1] to the negotiation table because [Individual 1] had been ignoring [Individual 2]’s correspondence. He submits that listing the Property “way over the market value” did not breach the JVA. He submits that the JVA does not prohibit listing the Property for sale.
30. Mr. Serov submits that the Property was not sold, he received no offers, and conducted no showings. He submits that [Individual 2], as confirmed by the JVA, was the registered and beneficial owner of the Property and was responsible to manage the Property and the project.
31. Mr. Serov submits that he has already suffered substantial losses from the project and has learned his lesson and asks that the penalty be cancelled or reduced.

Reasons and Findings

Applicable Legislation

32. Section 56 of RESA provides that BCFSA may designate specific provisions of RESA, the *Real Estate Services Regulation* (the “**Regulations**”), or the Rules as being subject to administrative penalties, and may establish the amounts or range of amounts of administrative penalty that may be imposed in respect of each contravention of a specified provision. Pursuant to section 56(2), the maximum amount of an administrative penalty is \$100,000.
33. Section 26(1) of the Rules indicates that for the purposes of section 56(1) of RESA, contraventions of the Rules listed in section 26(2) of the Rules are designated contraventions to which Division 5 (Administrative Penalties) of Part 4 of RESA applies.

34. Section 26(2) of the Rules identifies six categories, Category A, B, C, D, E, and F, for designated contraventions for the purpose of determining the amount of an administrative penalty. Section 34 of the Rules is placed in Category C. Section 27(3) of the Rules provides that a contravention of a section designated in Category C may attract a \$5,000 monetary penalty for a first contravention or \$10,000 for a subsequent contravention.
35. Section 57(1) of RESA sets out that if the superintendent is satisfied that a person has contravened a provision of RESA, the Regulations, or the Rules designated under section 56(1)(a) of RESA, the superintendent may issue a notice imposing an administrative penalty on the person. Section 57(2) requires that a notice of administrative penalty indicate the rule that has been contravened, indicate the administrative penalty that is imposed, and advise the person of the person's right to be heard respecting the matter.
36. Section 34 of the Rules provides as follows:

Duty to act with reasonable care and skill

- 34** When providing real estate services, a licensee must act with reasonable care and skill.

Analysis

37. The imposition of an administrative penalty under section 57 of RESA is a discretionary decision. A request to reconsider the imposition of an administrative penalty often requires a Hearing Officer to consider not only whether the alleged contravention has occurred, but also whether a licensee exercised due diligence or if extenuating circumstances prevent compliance; however, where BCFSa alleges that a licensee failed to act with reasonable care and skill contrary to section 34 of the Rules, the concept of due diligence is subsumed within the reasonable care and skill standard. BCFSa therefore bears the onus of proving that the licensee failed to exercise reasonable care and reasonable skill when providing real estate services.
38. The standard to be applied when considering whether a licensee exercised reasonable care and skill is whether a reasonably prudent licensee in the applicant's circumstances would have acted differently.
39. In my view, BCFSa has not demonstrated that a reasonably prudent licensee in Mr. Serov's circumstances would not have listed the Property for sale or would have obtained [Individual 1]'s or [Company 1]'s consent to list the Property before doing so.
40. First, BCFSa has not established, on a balance of probabilities, that the JVA prohibited [Individual 2] from listing the Property for sale without [Individual 1]'s prior consent.
41. Clauses 12 and 13 of the JVA do not clearly state that [Individual 2], the sole registered owner of the Property, cannot list the Property for sale. Clause 13 does restrict [Individual 2] from selling his interest in the Property and it does purport to render any "attempt" to sell the Property of no effect; however, it does not explicitly preclude [Individual 2] from seeking buyers for the Property or marketing it for sale. Had [Individual 2] found a buyer and signed a contract of purchase and sale which was not subject to him obtaining 664 BC Ltd's and [Company 1]'s consent to the sale, that would clearly have fallen afoul of clause 13 of the JVA but the clause does not say [Individual 2] cannot try, only that his attempt will be of no effect absent [Company 1]'s consent.
42. Further, clause 18 of the JVA makes [Individual 2] responsible to "assist the Joint Venture in selling the completely restored Property at a desirable return rate". In my view, clauses 13 and 18 could be interpreted to mean that [Individual 2] was not entitled to list and thereby attempt to sell the Property without 664 BC Ltd's and [Company 1]'s prior consent, but it could also be read to mean that [Individual 2] could list the Property for sale but could not attempt to proceed with an actual sale without 664 BC Ltd's and [Company 1]'s prior consent. The former represents a restrictive

reading of the provisions of the JVA based on a broad reading of the word “attempt” and the rendering of such attempt “of no effect” to prohibit any action that might lead to a sale, which aligns with [Company 1]’s perspective in [Individual 1]’s complaint and the NOCC. The latter represents a permissive reading of the JVA which gives broad authority to [Individual 2] to manage the Property and the project, which aligns with Mr. Serov’s reading, [Individual 2]’s reading, and the general practice of the parties that [Individual 2] was responsible for carrying on the work of the joint venture, including obtaining construction loans. The issue of construction loans is germane because the NOCC does not allege [Individual 2] was improperly seeking construction loans over the Property without [Company 1]’s consent, which would be an attempt to encumber it and similarly contrary to clause 13 on the former reading. The text of the contract itself is not sufficient to establish which of these readings should be preferred.

43. I note further that the permissive reading appears to better align with both [Individual 1]’s apparent hands-off approach to the project, his alleged lack of communication with [Individual 2], and the principles of business efficacy which might inform the finding of an implied term permitting or restricting [Individual 2]’s ability to market the Property leading up to a sale: see *MJB Enterprises Ltd v Defence Construction (1951) Ltd*, 1999 CanLII 677 (SCC). In my view, it makes more sense that the person responsible for the management of the project would have the ability to at least market the project for sale without needing the prior approval of all investors in the project.
44. In the usual course, an issue of contractual interpretation like this one would be resolved by consideration of the text of the contract and the intention of the parties as informed by circumstances surrounding it known to them at the time: *Sattva Capital Corp v Creston Moly Corp*, 2014 SCC 53, at para 47. The record before me is not sufficient to select a reading between the two options set out above. For me to properly interpret the contract, and to find that BCFSa has proven its allegations, the evidence before me would have to include evidence of all the parties’ understandings of the JVA when they signed it, the whole of the circumstances surrounding the execution, and their conduct in dealing with the Property after they signed it. I note that I have a few statements from [Individual 1] in his complaint and his follow-up correspondence and no evidence from [Individual 2]. I have no evidence regarding the circumstances surrounding the signing of the JVA or the preceding agreement between [Individual 1] or [Company 1] and [Individual 2], which is mentioned in the JVA. Given the evidentiary background and BCFSa’s onus, I simply cannot conclude that the JVA restricted [Individual 2]’s authority to market the Property as the owner of the Property.
45. Second, the evidence is insufficient to establish, on a balance of probabilities, that [Individual 1] or [Company 1] had a proprietary interest in the Property that might have required Mr. Serov to seek their consent prior to listing the Property for sale. The JVA does not explicitly grant [Company 1] a proprietary interest in the Property and instead seems to confirm that [Individual 2] is both the registered and beneficial owner of the Property.
46. Although the JVA provides for a restriction on [Individual 2]’s ability to dispose of the Property without [Company 1]’s approval, the JVA does not establish that this amounts to a legal or beneficial interest in the Property as opposed to a personal right held by [Company 1].
47. It is possible that [Individual 1]’s or [Company 1]’s contribution of \$200,000 to the joint venture could have created a proprietary interest, such as a resulting trust, or that [Individual 2]’s use of those funds gave rise to a proprietary interest in the Property, such as by way of a constructive trust; however, I have no evidence before me regarding when or how this \$200,000 was paid or under what circumstances. I have no evidence before me that Mr. Serov knew or ought to have known what those circumstances were such that he might have been put on notice that [Individual 1] or [Company 1] might have such an interest. In fact, Mr. Serov’s evidence in the investigation was that he did not even know [Individual 1] and dealt only with [Individual 2] on the matter. That suggests to me that Mr. Serov had little, if any, knowledge of [Individual 2]’s and [Individual 1]’s prior dealings.

48. Having stated the above, there is still the question of whether, in the face of the situation presented to Mr. Serov and regardless of the true interpretation of the JVA and [Individual 1]'s or [Company 1]'s actual interest in the Property, a reasonably prudent licensee would have done more to determine if they required [Individual 1]'s or [Company 1]'s consent. In my view and on a plain reading of the JVA, Mr. Serov could reasonably believe that [Individual 2] had the authority to list the Property without [Individual 1]'s or [Company 1]'s consent. Although it would have been reasonable for Mr. Serov to have sought legal advice on the subject or to have contacted [Individual 1] directly, that does not mean that it was unreasonable for him to have failed to do so in the circumstances.
49. I note that this is not a case like others where licensees have been found to have contravened the Rules by failing to obtain appropriate approval before listing a property. The cases where licensees have been found to have failed to meet their statutory obligations to obtain owners approval as required by section 42 of the Rules (or section 4-8 of the Rules as they read prior to August 1, 2021), all involve circumstances where the licensee failed to obtain consent of an actual owner or an individual with a clear interest in the property prior to listing it: see for example *Nicoll (Re)*, 2010 CanLII 77108 (BC REC); *Guo (Re)*, 2017 CanLII 56254 (BC REC); *Uy (Re)*, 2018 CanLII 64967 (BC REC); *Ireland (Re)*, 2020 CanLII 36930 (BC REC).
50. Finally, the fact that [Company 1] commenced a civil claim alleging that it has a proprietary interest in the Property and alleging that Mr. Serov, 664 BC Ltd, and [Individual 2] contravened the JVA by listing the Property and that it registered the CPL, is not proof that they in fact breached the JVA or that [Company 1] has such an interest. It might tend to demonstrate that [Individual 1] believes such an interest exists or such a breach occurred, but, on its own, it proves only that there is a dispute. It further does not demonstrate that it would have been reasonable for Mr. Serov to anticipate that his actions might lead to a dispute to the prejudice of his client, [Individual 2].
51. Further, I do not conclude from the fact that [Company 1] in fact filed a claim, that a reasonably prudent licensee considering the matter before December 2024 would conclude that [Company 1] was likely to file a claim in response to the listing of the Property. I acknowledge in this regard that Mr. Serov's stated purpose in listing the Property was to get [Individual 1]'s attention, but I do not believe that this amounts to unreasonably risking civil litigation, particularly in light of the above discussion regarding the content of the JVA. Again, it may have been reasonable for Mr. Serov to use other methods to get [Individual 1]'s attention, but that does not mean it was unreasonable for Mr. Serov to list the Property in the circumstances without [Individual 1]'s or [Company 1]'s approval. I note, in regard to the foregoing, that anyone can file a civil claim at any time for nearly any reason: the fact of the filing does not speak to the merits of the claim.
52. As a result of the above, I find that BCFSA has not established that Mr. Serov failed to act with reasonable care and skill contrary to section 34 of the Rules by listing the Property for sale without the consent of [Individual 1] or [Company 1].
53. I therefore cancel the administrative penalty issued in the NOAP.

Conclusion

54. I find that BCFSA has not established that Mr. Serov failed to act with reasonable care and skill contrary to section 34 of the Rules by listing the Property for sale without the consent of [Individual 1] or [Company 1].

55. I therefore cancel the administrative penalty issued in the NOAP.

DATED at North Vancouver, BRITISH COLUMBIA, this 22nd day of September, 2025.

“Original signed by Gareth Reeves”

Gareth Reeves
Hearing Officer