Citation: Blueprint Realty Inc. (RE/MAX Blueprint Realty) (RE), 2025 BCSRE 162
Date: 2025-10-09
File No. X031286

BC FINANCIAL SERVICES AUTHORITY

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

AND IN THE MATTER OF

BLUEPRINT REALTY INC. DBA RE/MAX BLUEPRINT REALTY

(X031286)

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:	Andrew Pendray

Introduction

1. On September 12, 2024 the BC Financial Services Authority ("BCFSA") issued a Notice of Administrative Penalty (the "NOAP") in the amount of $3,000 to Blueprint Realty Inc. ("Blueprint) pursuant to section 57(1) and 57(3) of the *Real Estate Services Act*, RSBC 2004, c 42 ("RESA").

2. In the NOAP, BCFSA assessed Blueprint with a $1,000 administrative penalty for a contravention of section 79 of the *Real Estate Services Rules*, BC Reg 209/2021 (the "Rules"), a $1,000 penalty for a contravention of section 80 of the Rules, and a $1,000 penalty for a contravention of section 81 of the Rules. Those contraventions were identified as a result of the findings of a June 6, 2024 audit report (the "Audit Report") which determined that Blueprint had failed to maintain proper books and records as required by the above noted sections of the Rules.

3. Blueprint 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 September 12, 2024 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 a memorandum from BCFSA, a June 6, 2024 audit report from BCFSA, with associated documents including bank account statements, deal files for various transactions, Blueprint's 2022 Accountant's Report, and responses from Blueprint to BCFSA's audit enquiries. Also before me are the submissions of Blueprint's managing broker, and an email response from Blueprint's accountant.

Regulatory Background

10. Blueprint has been licensed since August 29, 2014. [Managing Broker 1] has been licensed as the managing broker of Blueprint since that same date.

11. On June 29, 2022, BCFSA issued a notice of administrative penalty against Blueprint for failing to file its section 75 of the Rules filings for the fiscal year ending in August 2021. Blueprint applied for reconsideration of the $1,000 administrative penalty issued by BCFSA, and the penalty was confirmed on reconsideration.

The Audit

12. On March 5, 2024, BCFSA began an review of Blueprint's books and records. During the course of that review, BCFSA auditors concluded that Blueprint had not maintained appropriate financial records, had not ensured proper management and control of documents and trust account records, and did not ensure that the records of the brokerage were maintained in accordance with RESA and the Rules.

13. Specifically, the auditors indicated that:

    - Blueprint's 2022 Accountant's Report was not received by BCFSA until February 16, 2024, 408 days after Blueprint's deadline for providing that report;

    - A review of the Accountant's Report provided by Blueprint indicated that there were no monthly bank reconciliations recorded;

    - Only the fiscal year end bank reconciliation was prepared by Blueprint's reporting accountant for August 31, 2022 for the trading trust account; with that year end reconciliation noting that there were several outstanding deposits from trade files dating from April 11, 2016 to July 12, 2022; and

- Several miscellaneous transactions were not recorded in the trust ledger of the trading trust account.

14. As a result of those findings and upon review of Blueprint's 2022 Accountant's Report, BCFSA conducted an immediate audit of Blueprint, with BCFSA auditors attending for an in-person visit of Blueprint in March 2024, and concluding the audit on May 1, 2024. The audit resulted in the Audit Report.

15. In the Audit Report, BCFSA auditors observed that:

    - In the trading trust account, there were multiple outstanding and miscellaneous transactions in the August 2023 bank reconciliations, with similar findings observed in months previous to August 2023;

    - In the August 2023 Trust Liability and Asset Reconciliation there was a trade which comprised of unidentified transactions flowing through the trading trust account, the commission trust account, and the general account;

    - There were numerous transactions in the February 2024 bank statement that were not recorded in the general ledger;

    - In the commission trust account, there were multiple outstanding and miscellaneous transactions in the July 2023 bank reconciliations, with similar findings observed in previous months;

    - In the July 2023 Trust Liability and Asset Reconciliation there was a trade for adjusting entries made 10 years prior;

    - There were numerous transactions in Blueprint's February 2024 bank statements that were not recorded in the general ledger;

    - In the general account, there were multiple outstanding and miscellaneous transactions in the July 2023 bank reconciliations, with similar findings observed in previous months; and

    - Multiple errors were found in the transactions ledgers within the trade record sheets for multiple trades.

16. BCFSA concluded that the above observations constituted a contravention of section 79 of the Rules.

17. The Audit Report further noted that:

    - In the trading trust account, there were no monthly bank reconciliations prepared from September 2022 to February 2024, with the exception of August 2022 and August 2023, with those reconciliations not having been prepared within five weeks of month-end; and

    - No bank reconciliations were prepared for the commission trust account or the general account from August 2023 to February 2024, reconciliations had been prepared from September 2022 through July 2023, but all had been prepared more than five weeks from month-end.

18. BCFSA concluded that the above observations constituted a contravention of section 80 of the Rules.

19. Finally, the Audit Report observed that:

- In the trading trust account, no monthly Trust Liability and Asset Reconciliations were prepared from September 2022 to February 2024, except for August 2022 and 2023, both of which were prepared more than five weeks from month end; and

- No monthly Trust Liability and Asset Reconciliations were prepared for the commission trust account from August 2023 to February 2024, reconciliations had been prepared from September 2022 through July 2023, but all had been prepared more than five weeks from month-end.

20. BCFSA concluded that the above observations constituted a contravention of section 81 of the Rules.

21. BCFSA auditors wrote to Blueprint and requested responses to 10 contraventions identified by auditors. Those responses were received, including the provision of associated documents, from Blueprint on June 20, 2024, July 10, 2024, and July 18, 2024. BCFSA closed the audit of Blueprint on July 22, 2024.

22. Of note, in the July 10, 2024 response from Blueprint, [Managing Broker 1] noted that the brokerage had been experiencing difficulties finding staff familiar with the software required to document accounting entries, and that it now had a new accounting firm familiar with the system. [Managing Broker 1] further noted that the brokerage had returned to producing monthly bank reconciliations and that reconciliations were being prepared in a timely fashion to meet the requirements of the Rules.

Letter from Blueprint CPA

23. Blueprint's CPA, [Accountant 1], provided a letter in which he indicated that when his accounting firm began working on the file, it had noted some discrepancies in the bank reconciliations that had already been prepared. [Accountant 1] explained that for the sake of efficiency it had been determined to undo the reconciliations previously prepared and to process the reconciliations again. In doing so, the bookkeeper, although working on a month-to-month basis, finalized the reconciliations on an annual basis rather than monthly. [Accountant 1] noted that the finalized annual reconciliations could not have been completed without going through Blueprint's general ledger and bank statements for the previous months and then tallying the transactions.

24. [Accountant 1] noted that since September 2023, monthly reconciliations were being prepared in a timely manner, complying with regulatory requirements.

Submissions

25. In its Administrative Penalty Reconsideration Request Form, which was completed by [Managing Broker 1], Blueprint indicated that it had "taken all necessary steps to mitigate the previous matter and strengthen our current systems to ensure that this matter does not recur".

26. [Managing Broker 1] further submitted, in a letter attached to the reconsideration request form, that his view was that the severity of the penalties, along with the financial and reputational harm Blueprint had endured, had affected the brokerage's ability to operate, including challenges in recruiting agents. [Managing Broker 1] indicated that Blueprint had incurred significant costs in terms of time, legal fees, and accounting services, and had overhauled its systems and retained a new accounting and bookkeeping firm.

27. [Managing Broker 1] submitted that he had 15 years of experience as a managing broker with no prior incidents, and that the imposition of the administrative penalty had cast a long shadow over his career. [Managing Broker 1] noted that there were mitigating circumstances surrounding the

case, including that he had been hospitalized with COVID, that Blueprint had experienced key staff turnover including the retirement of their accountant, and that Blueprint had experienced staff distress and a “vehicular accident”.

28. [Managing Broker 1] acknowledged that there had been a delay in filing, but noted that the violation had been lateness, rather than any misappropriation of funds or fraudulent activity. [Managing Broker 1] indicated that Blueprint had acted in good faith throughout by making efforts to rectify the issues with its reporting.

29. [Managing Broker 1] requested that the full context of the situation, and the severe consequences that had resulted to Blueprint as a result of the initial delay in filing, be considered and that the administrative penalties issued be cancelled.

Reasons and Findings

Applicable Legislation

30. 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.

31. 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.

32. 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. Sections 79, 80 and 81 of the Rules are placed in Category D. Section 27(4) of the Rules sets out that a contravention of a section designated in Category D may attract a base monetary penalty of $1,000 for a first contravention or $2,000 for a subsequent contravention plus a daily monetary penalty of $250 per day, or part day, that the contravention continues.

33. 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.

34. Section 79 of the Rules provides as follows:

> **79** (1) A brokerage must prepare and retain financial records in connection with its business that are necessary to ensure the appropriate and timely

accounting of all transactions relating to real estate services provided by the brokerage and its related licensees.

(2) The records required under subsection (1) must show and readily distinguish the following:

(a)the amount of money held or received by the brokerage on its own behalf;

(b)the amount of money paid by the brokerage on its own behalf;

(c)the amount of money held or received on behalf of each other person including, if applicable, an indication of whether it was held or received on behalf of the person as a principal or as a licensee;

(d)the amount of money paid to or on behalf of each other person including, if applicable, an indication of whether it was paid to the person as a principal or as a licensee;

(e)the total amount of money held or received for or on behalf of other persons;

(f)the total amount of money paid to or on behalf of other persons.

35. Section 80 of the Rules provides that:

80 For each account maintained by a brokerage, the brokerage must

(a)retain all banking records relating to account transactions, including statements, cancelled cheques and other source documents making or confirming deposits or withdrawals,

(b)prepare and retain a record showing amounts received and disbursed, the reason for the receipt or disbursement, and any unexpended balance, and

(c)prepare and retain monthly reconciliations of banking statements with the record referred to in paragraph (b), prepared in a timely fashion but no later than 5 weeks after the end of the month being reconciled.

36. Section 81 of the Rules requires that:

81 In addition to the records referred to in section 80, for each pooled trust account maintained by a brokerage, the brokerage must prepare and retain the following records:

(a)separate trust ledgers as follows:

(i)in respect of money held or received on account of trades in real estate, a separate trust ledger for each trade in real estate that shows all amounts received and disbursed in relation to the trade and any unexpended balance in relation to the trade;

(ii)in respect of money held or received on account of rental property management services, a separate trust ledger for each principal that shows all amounts received and disbursed in relation to the principal and any unexpended balance in relation to the principal;

(iii)in respect of money held or received on account of strata management services, a separate trust ledger for each principal that shows all amounts received and disbursed in relation to the principal and any unexpended balance in relation to the principal;

(iv)in respect of money held or received on account of remuneration for real estate services, a separate trust ledger for each licensee or other intended recipient that shows all amounts received and disbursed in relation to the recipient and any unexpended balance in relation to the recipient;

(b)a monthly trust liability and asset reconciliation, prepared in a timely fashion but no later than 5 weeks after the end of the month being reconciled,

(i)that lists, for money held by the brokerage as a stakeholder under section 28 *[circumstances in which brokerage holds money as stakeholder]* of the Act, each trade in real estate in relation to which the brokerage holds the trust money and the amount being held in relation to each trade,

(ii)that lists, for money that is not held by the brokerage as a stakeholder, each person for whom the brokerage holds trust money and the amount being held for each person, and

(iii)that reconciles the money held in the trust account with the unexpended balances in the trust ledgers for the account.

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 requires a Hearing Officer to consider not only whether a contravention of RESA, the Regulations, or the Rules has occurred, but also whether a licensee exercised due diligence, that is: took reasonable steps or precautions, to prevent the contravention of the designated sections identified in the notice of administrative penalty. A Hearing Officer may also consider information on any extenuating circumstances that prevented compliance, or any other information the licensee believes a Hearing Officer should consider.

Contravention

38. Blueprint does not dispute that it failed to prepare and retain its financial records necessary to ensure appropriate and timely accounting as required by section 79 of the Rules, that it failed to prepare and retain monthly reconciliations of banking statements within five weeks of month end as required by section 80 of the Rules, or that it failed to prepare and retain monthly trust liability and asset reconciliations within 5 weeks as required by section 81 of the Rules.

39. The evidence set out in the Audit Report makes clear that there were multiple errors in Blueprint's transactions ledgers, there were transactions that were not recorded in Blueprint's general ledger, and that there were outstanding transactions in the bank reconciliations that were completed, as well as that in the trust liability and asset reconciliation completed for August 2023 there was a trade which comprised of unidentified transactions flowing through Blueprint's trust accounts and general account. All of those identified issues support the conclusion that Blueprint was not preparing and retaining financial records that would enable Blueprint to ensure appropriate and timely accounting of all of the transactions relating to real estate services provided by the brokerage, demonstrating a violation of section 79 of the Rules.

40. Similarly, the evidence set out in the Audit report demonstrates that Blueprint was not preparing and maintaining monthly reconciliations of banking statements as required by section 80(b) and 80(c) of the Rules. The fact that there were no monthly reconciliations for extended periods of time, other than in August 2022 and August 2023, and that even those were not prepared within five weeks of month end demonstrates Blueprint's violation of section 80 of the Rules.

41. Finally, and again similarly, the evidence in the Audit report demonstrates that Blueprint was not preparing and maintaining monthly Trust Liability and Asset Reconciliations as required by section 81(b), and that even the reconciliations that had been prepared were not prepared within five weeks of month end, demonstrating Blueprint's violation of section 81 of the Rules.

42. Given the above, the question to be considered is whether Blueprint exercised due diligence or was presented with extenuating circumstances that prevented its compliance with the Rules.

Due Diligence and Extenuating Circumstances

43. As set out above, [Managing Broker 1] described in his submissions that there had been mitigating circumstances relating to Blueprint's failure to meet the requirements of sections 79, 80, and 81 of the Rules. Specifically, [Managing Broker 1] referenced having been hospitalized for COVID, experiencing staff turnover, the retirement of their previous CPA, and a vehicular accident.

44. The difficulty with that submission is that [Managing Broker 1] has provided no detail as to how any of the above specifically affected Blueprint's ability to prepare and maintain its accounting records as required, nor does the submission provide details as to what specific steps [Managing Broker 1] or Blueprint was taking in order to ensure compliance with the Rules over the period the audit covered.

45. While it is apparent that Blueprint did eventually take steps to retain accounting services which would enable it to meet its accounting requirements, including the production of monthly reconciliations, there is no detail in the submission from Blueprint which would indicate those steps were being taken in a timely manner. I note, in reaching this conclusion, that the delay in Blueprint's 2022 Accountant's Report extended some 408 days, until that report was provided on February 16, 2024. On the evidence before me, I conclude that the steps that Blueprint did take to meet its accounting requirements were taken only after an extended period of time in which the brokerage did not take the necessary steps to meet those requirements.

46. I therefore find that Blueprint has not established that it exercised due diligence in attempting to comply with sections 79, 80, and 81 of the Rules.

47. Regarding extenuating circumstances, the nature of extenuating circumstances that might excuse compliance are described in guidance published on BCFSA's website entitled "The Administrative Penalty Process" (the "**AP Process**"), which provides, in part, as follows:

> Some examples of extenuating circumstances include, but are not limited to:

- Significant disruption to a brokerage's computer system due to a cyber attack, a fire, or a flood;
- Extraordinary work being undertaken by an external auditor;
- Business disruption caused by industrial action, natural disaster, or state of emergency;
- Significant illness, accident, or injury requiring hospitalization; and
- Absence caused by jury duty.

Examples of situations that are unlikely to be considered as extenuating circumstances include:
- Staff changes or absences;
- Minor computer problems, partial system disruptions, or lack of contingency plans;
- Office closures or statutory holidays;
- Personal or domestic events such as moving or attending a wedding;
- Holidays or travel arrangements;
- Postal delivery delays or strikes; and
- Minor illnesses.

48. To summarize, BCFSA generally considers circumstances that are unavoidable, unforeseeable, and beyond a licensee's control to be extenuating. This should be contrasted with events that a licensee could have reasonably avoided or planned for or that the licensee causes.

49. I am not bound by the AP Process and I must consider this matter in its entire context and in accordance with the relevant legislation; however, the AP Process provides some guidance in regard to the approach generally taken by BCFSA and the superintendent.

50. To establish that extenuating circumstances existed, Blueprint would need to provide sufficient information that demonstrated that the issues it faced were sufficiently unexpected, urgent, and acute that it could not have either planned for it or employed a contingency plan to address it after it arose: *Dhaliwal (Re)*, 2025 BCSRE 34 at paras 30 and 31.

51. There is no evidence before me to indicate the timeline of [Managing Broker 1]'s hospitalization, or the referenced vehicular accident; nor is there evidence before me to indicate that either of those occurrences was significant enough to qualify as an extenuating circumstance. The staffing issues [Managing Broker 1] has referenced, as well as the retirement of Blueprint's accountant, are not, in my view, extenuating, given that these are the types of issues that will likely occur in the operation of any business, and, again, Blueprint has not provided any detail of what steps it took to address those operational issues, nor when those steps occurred. The evidence before me does not indicate that those circumstances were such that Blueprint could not have planned for them or employed a contingency plan to address those circumstances after they arose.

52. Having considered the evidence and the submissions, I consider that Blueprint's failure to properly prepare and retain its accounting records as required by the Rules was not the result of extenuating circumstances.

Penalty Amount

53. The penalty imposed in the NOAP is the base amount for each contravention of sections 79, 80, and 81 the Rules, which are all designated in Category D. No daily penalty amounts were imposed.

54. I cannot change or revise the penalty imposed by the NOAP. Section 57(4) of RESA provides only that a penalty may be cancelled, confirmed, or that the penalty is cancelled and a notice of discipline hearing is issued if the issuing of the notice is considered to be more appropriate than imposing the administrative penalty. The assessment before me is not whether the penalty issued is correct, "but whether it falls within the scope of appropriate penalties to issue in response to the misconduct that occurred": *Meng (Re)*, 2025 BCSRE 40, at para 55.

55. While the penalties imposed here are not under the same Rules, or for the same filing as those imposed on Blueprint in 2022, they relate, as they did in the 2022 notice of administrative penalty, to Blueprint's accounting practices. The audit of Blueprint's financial practices which took place in 2024 identified numerous issues, which appear to have been longstanding in nature, dating from 2022 into 2024. I consider that in the circumstances, the penalties which have been applied, which are the minimum penalty amount for each contravention identified, are appropriate in the circumstances of this case. Given the technical nature of Blueprint's breach of the Rules, and that the breach did not result in harm to the public or to the general public confidence in the industry, this is not a case in which a notice of discipline hearing would be more appropriate than imposing a discipline penalty.

Conclusion

56. I find that Blueprint contravened sections 79, 80, and 81 of the Rules by failing to prepare and maintain its financial records to ensure the appropriate and timely accounting of all transactions, failing to prepare and retain monthly reconciliations of banking statements in a timely fashion, and failing to prepare and retain monthly trust and asset reconciliations in a timely fashion.

57. I find that Blueprint has not established that it exercised due diligence in attempting to comply with sections 79, 80, and 81 of the Rules, and that it has not established that extenuating circumstances prevented its compliance with that section.

58. I find that the $3,000 administrative penalty issued in the NOAP is appropriate.

59. I confirm the NOAP.

60. The $3,000 administrative penalty is now due and payable to BCFSA.

DATED at Kelowna, BRITISH COLUMBIA, this 9th day of October, 2025.

"Original signed by Andrew Pendray"

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Andrew Pendray
Senior Hearing Officer