Citation: Chandler (Re), 2025 BCSRE 202
Date: 2025-12-12
File No. INV17.214.67135

BC FINANCIAL SERVICES AUTHORITY

IN THE MATTER OF THE *REAL ESTATE DEVELOPMENT MARKETING ACT*
SBC 2004, c 41 as amended

AND IN THE MATTER OF

0981478 BC LTD

AND

MARK JOHN CHANDLER

DECISION ON SANCTION

[This Decision has been redacted before publication.]

DATE AND PLACE OF HEARING:	Via Written Submission
COUNSEL FOR BCFSA:	Jenna Graham
COUNSEL FOR RESPONDENT:	Not Appearing
HEARING OFFICER:	Gareth Reeves

Introduction

1. On November 3, 2025, I issued a liability decision indexed as *Chandler (Re)*, 2025 BCSRE 175 (the "**Liability Decision**") following a hearing held on September 15, 2025 (the "**Liability Hearing**").

2. In the Liability Decision, at paras 141-146, I determined that 0981478 BC Ltd ("**098**") had contravened the *Real Estate Development Marketing Act*, SBC 2004, c 41 ("**REDMA**") as follows:

    a. that the contracts for units 110, 114, 115, 203, 207, 208, 216, 305, 320, 410, 412, 418, and 419 in Schedule "A" to the Liability Decision were entered into prior to 098 filing its disclosure statement with the superintendent and that 098 contravened sections 3(1)(c) and 14(1)(b) of REDMA by marketing those units prior to filing its disclosure statement;

    b. that 098 did not provide the purchasers for units 110, 114, 115, 203, 207, 208, 216, 305, 320, 410, 412, 418, and 419 in Schedule "A" to the Liability Decision with a copy of the disclosure statement or a reasonable opportunity to review it and thereby contravened 3(1) and 15(1) of REDMA;

    c. that 098 contravened section 11(1) of REDMA by failing to make adequate arrangements to ensure that the purchasers listed in Schedule "B" to the Liability Decision, except the purchasers for units 119, 221, and 310, had assurance of title when 098 entered into multiple contracts to sell each of those units;

d. that 098 contravened sections 14(2), 16(1), and 16(4) by failing to include the mortgages, liens, certificates of pending litigation, judgments, and unregistered contingent interests set out in Schedule "C" to the Liability Decision, except for the interest set out in items I.b., II.a., and II.g., in its disclosure statement or the amendments to the disclosure statement;

e. that 098 contravened sections 3(2) and 18(1) of REDMA when it received deposit funds in relation to the contracts to purchase units by the purchasers identified in Schedule "D" to the Liability Decision except for the purchase contracts for the following units and purchasers: 115 for purchasers [Purchaser 11] and [Purchaser 12], 119 for purchaser [Purchaser 5], 121 for purchaser [Purchaser 79], and 310 for purchasers [Purchaser 9] and [Purchaser 10].

3. In the Liability Decision at para 147, I also found that Mark John Chandler was the sole director of 098 and authorized, permitted or acquiesced in the above noted contraventions by 098 and could be liable for sanction pursuant to section 30(2) of REDMA.

4. As I have found that 098 contravened REDMA as set out above, it was therefore non-compliant within the meaning of section 24 of REDMA. Section 30(1) of REDMA therefore authorizes me to make an order under that section. I have found that a sanction order can be made against Mr. Chandler pursuant to section 30(2) of REDMA. I must therefore determine the appropriate sanction to order against 098, Mr. Chandler, or both of them in this case, if any. Below is my decision regarding the appropriate sanction to order in this case.

5. BCFSA seeks the following orders:

   a. 098 pay an administrative penalty of $50,000, pursuant to sections 30(1)(d)(i) and 30(2) of REDMA;

   b. Mr. Chandler pay an administrative penalty of $25,000, pursuant to sections 30(1)(d)(ii) and 30(2) of REDMA; and

   c. 098 and Mr. Chandler be jointly and severally liable to pay BCFSA's expenses in this matter in the amount of $66,498.86 pursuant to sections 30(1)(c) and 31(1) of REDMA for the investigation and hearing of this matter.

6. This hearing has proceeded in the absence of Mr. Chandler and 098. There are therefore no response submissions.

Issues

7. The issue before me is what orders I should make under section 30 and 31 of REDMA including:

   a. the sanctions I should order under sections 30(1) and 30(2) of REDMA; and

   b. whether 098 and Mr. Chandler should be ordered to pay any expenses pursuant to sections 30(1)(c) and 31 of REDMA, and if so, in what amount.

Jurisdiction and Standard of Proof

8. Pursuant to section 44(1) of REDMA, the Superintendent of Real Estate (the "**superintendent**") may delegate any of its powers in writing. The Senior Hearing Officer and Hearing Officers of BCFSA's Hearings Division have been delegated the statutory powers and duties of the superintendent under sections 29(1), 30, and 31(1) of REDMA.

9. The superintendent must also afford procedural fairness to a respondent where a decision may affect his or her rights, privileges or interests. This includes a right to be heard. The superintendent affords every respondent an opportunity to respond to the case against him or her by providing advance notice of the issues and the evidence, and an opportunity to present evidence and

argument. The superintendent must determine facts and decide issues based on evidence. The superintendent may, however, apply its individual expertise and judgment to how it evaluates or assesses evidence.

Background and Facts

10. The evidence and information before me consists of the same materials that were before me when making the Liability Decision plus certain prior orders made against Mr. Chandler and others by the superintendent under REDMA.

11. The factual background is set out in the Liability Decision in significant detail. I will not recite all of that information here. The below includes a summary of the background but I rely on the whole of the record and my findings in the Liability Decision to determine the appropriate sanction in this case.

The Development

12. In short, Mr. Chandler was the sole and controlling director of 098 while it was in the process of developing a property located at [Property 1], Langley known as "**[Development 1]**".

13. Between May 2014 and Spring 2017, 098 entered into presale contracts to sell various lots in [Development 1]. Those contracts took various forms, but many of them provided for the payment of deposit money directly to 098 which were then secured by promissory notes or unregistered mortgages. Mr. Chandler was directly involved in all of these contracts and the accompanying forms of security as signatory to them on behalf of 098. The evidence also established that he was personally involved in convincing at least some of the presale purchasers to enter into the contracts. Many of these contracts were for units that 098 had already contracted to sell to other purchasers resulting in multiple presale contracts existing in relation to many of the units in [Development 1], which prevented 098 from providing assurance of title to the various purchasers for those units. The total sum of deposit money paid to 098 directly by presale purchasers, and which was not delivered into trust with a lawyer, notary, or other permitted person as required by REDMA, exceeded $10,000,000. Much of that money was used for purposes outside of the [Development 1] development project and some of it was used for Mr. Chandler's or his [family member]'s own purposes.

14. As noted in the Liability Decision, although the agreements secured by promissory notes or mortgages had some features that might indicate that the purchase agreements were only part of the security provided for loans to 098, the fundamental structure of the agreements was to provide for transfer of title to units in [Development 1] in a way that made it difficult to effectively determine the priority of claims to a right to transfer of title for the units. In addition, the structure of the transactions was "fundamentally untenable under REDMA" which exists, in part, to ensure funds paid to a developer are protected in the event title cannot be transferred to presale purchasers: Liability Decision, at paras 132-134.

15. The fundamentally unworkable nature of these transactions is highlighted by those cases where presale contracts existed purporting to promise the sale of the properties to three or more groups of purchasers. For example, there were three such contracts for units 201, 211, 213, 216, 218, 311, 319, 321, 412, and 418 and four such contracts for units 211, 315.[1] It would have been impossible for 098 to satisfy all of these extant contracts, even on the understanding that the contracts of purchase and sale were mere security for a loan and the closing purchase price would be paid to

[1] I have not included unit 220 and 310 in the list of units sold three times as listed in Schedule "B" to the Liability Decision, because I did not find in the Liability Decision that all of the contracts alleged in relation to those units had been proven before me.

the purported lender when the initial purchaser completed the transaction. There is no scope within such a scheme to ensure satisfaction of the third or fourth purchasers.

16. Between May 2014 and March 6, 2015, when 098 filed its first disclosure statement with the superintendent, 098 entered into presale contracts and thereby marketed [Development 1] before it had prepared or filed a disclosure statement as required under REDMA.

17. Once it had filed a disclosure statement as required under REDMA, it failed to amend that disclosure statement to disclose various encumbrances against [Development 1] and liabilities of the development, including mortgages, builder's liens, certificates of pending litigation, and the promissory notes and mortgages securing substantial deposits paid by presale purchasers directly to 098. Despite these failures, 098 continued to market units in [Development 1].

18. In May 2017 and following contact from the superintendent's staff, 098 gave an undertaking to cease marketing units in [Development 1].

19. On September 8, 2017, the superintendent issued a cease order (the "**Cease Order**") against 098 in relation to [Development 1]. That cease order required 098 to deliver any deposit funds into trust with a lawyer, notary, or other permitted person under REDMA. 098 did not make any such deposits.

20. On October 4, 2017, [Receiver 1] was appointed as the receiver for 098 in relation to [Development 1].

21. On August 21, 2018, 098 was ordered into bankruptcy and [Receiver 1] was appointed 098's trustee in bankruptcy.

Mr. Chandler's Regulatory History

22. BCFSA has provided copies of three previous orders issued by the superintendent involving Mr. Chandler, in addition to the Cease Order.

23. The first is *Chandler Katsura Developments Inc (Re)*, Order Under Sections 30(1)(a) and (b) and 32(1) of REDMA, Superintendent of Real Estate, June 30, 2006 ("***Chandler Cease Order 1***") in which the superintendent issued cease marketing orders and an order that deposit funds be placed in trust against Mr. Chandler, four developers of which Mr. Chandler was a director, and a marketing company associated with the developments. The evidence before the superintendent in making those orders satisfied the superintendent that the four developers had failed to disclose encumbrances against the development properties in their disclosure statements and that funds had been paid for units in the developments that had not been paid into trust. Notably, the evidence also included two contracts that indicated "that a deposit equal to the purchase price had been "paid in full" and received by the vendor": para 33. The evidence indicated that the lawyers indicated under the developer's disclosure statement as being responsible to hold the deposit funds, did not hold any funds in trust under those contracts: para 34. The superintendent also had serious concerns that units in the developments had been sold to more than one purchaser.

24. *Chandler Katsura Developments Inc (Re)* was followed by a consent order, *Chandler Katsura Developments Inc (Re)*, Consent Order, Superintendent of Real Estate, September 1, 2006 ("***Chandler Consent Order***"), in which the superintendent made orders revoking *Chandler Cease Order 1* and requiring the developers and Mr. Chandler to file amended disclosure statements, to provide amended disclosure statements to entitled purchasers, to cease marketing the developments until the amended disclosure statements had been filed, to pay an administrative penalty of $5,000, and to pay investigation expenses of $3,000. *Chandler Consent Order* does not include any admission that the developers or Mr. Chandler failed to pay funds into trust or that they had sold units to more than one purchaser.

25. The third previous order is *Chandler (Re)*, Orders Under Sections 30(1)(a), 30(1)(b), and 32(1) of REDMA, Superintendent of Real Estate, October 23, 2007 ("***Chandler Cease Order 2***"). In that order, the superintendent made cease marketing orders against Mr. Chandler and three corporate developers of which Mr. Chandler was a director, including two involved in *Chandler Cease Order 1* and *Chandler Consent Order*. The superintendent also ordered two of the developers to file new disclosure statements. The superintendent made those orders on being satisfied that Mr. Chandler and the subject developers had been marketing the subject developments without having made appropriate disclosures of encumbrances against the developments and outstanding litigation involving the developments. Notably, Mr. Chandler and the developers named in *Chandler Cease Order 1* and *Chandler Consent Order* had marketed the developments contrary to the requirements of those orders.

Submissions

26. BCFSA seeks a $50,000 administrative penalty against 098, a $25,000 administrative penalty against Mr. Chandler, and enforcement expenses of $66,498.86.

27. BCFSA submits that the conduct at issue here "was extremely serious and resulted in real and substantial harm to numerous purchasers". BCFSA submits that many purchasers lost their full deposit for their units. BCFSA submits that the misconduct was not merely technical or isolated but "were a part of a carefully crafted and financially lucrative scheme" which was "intentional and continuous" over a period of three years.

28. BCFSA submits that Mr. Chandler's regulatory history shows a pattern of misconduct and that the repeated contraventions of the same provisions is a seriously aggravating factor and shows that Mr. Chandler is unwilling to comply with REDMA. BCFSA also submits that Mr. Chandler's failure to attend the liability hearing "demonstrates both contempt and flagrant disregard for the regulatory regime", which is further aggravating.

29. BCFSA submits that 098's failure to deliver disclosure statements to presale purchasers harmed the purchasers by depriving them of information including the fact that the units had already been sold to other purchasers and allowed them to pay substantial deposits directly to 098. BCFSA further submits that the maximum penalty under REDMA is required to uphold public confidence in the real estate development industry and in the regulatory process. BCFSA submits that the maximum penalty against Mr. Chandler is necessary given his regulatory history and his involvement in 098.

30. BCFSA relies on the decision in *Halcyon (Re)*, 2024 BSRE 49. In that case, the developer and its director were jointly ordered to pay an administrative penalty of $20,000 and enforcement expenses of $79,192.47 for marketing a property before preparing a disclosure statement and failing to place $80,000 in trust. Chief Hearing Officer Pendray found that the purchasers suffered harm by not receiving disclosure statements and by not having the deposit funds paid into trust such that they were unavailable for refund when issues arose concerning the transaction. The Chief Hearing Officer determined that the developer and its director had no malicious intent. The Chief Hearing Officer determined that a separate administrative penalty against the developer's director was not warranted because the deposit funds were used for the development and not for the director's personal benefit, although the Chief Hearing Officer noted that the provisions of section 30(2) of REDMA likely existed to permit the superintendent to issue orders against both the developer and its directors.

31. BCFSA submits that the conduct in this case is "far more serious" than in *Halcyon (Re)*, which involved one incident. BCFSA therefore argues that the sanction in this case should be greater than in that case. BCFSA also argues that the fact that Mr. Chandler personally benefitted from the deposit funds paid to 098 indicates that he should receive an administrative penalty in addition to 098.

Reasons and Findings

Applicable Legislation and Principles

32. REDMA was amended after 098 and Mr. Chandler's conduct. BCFSA submits, and I agree, that the provisions of REDMA as they existed prior December 31, 2018 apply to this case. Prior to that amendment, REDMA contained the following relevant provisions:

Non-compliance

24 In this Division:

"**developer**" includes a former developer;

"**non-compliant**" means, in respect of a developer,

(a) contravening a provision of this Act or the regulations,

(b) failing to comply with the terms or conditions of

(i) an order of the superintendent,

(ii) a permission given by the superintendent under section 10 [*early marketing with permission*],

(iii) a policy statement issued under section 10 (4) (b) or 13 (2) (b) [*deemed adequate arrangements*], and

(iv) an undertaking given under section 36 [*undertakings*],

(c) failing to follow any direction of the superintendent in relation to an arrangement made under section 11 (2) (c) or (3) (b) [*assurance of title*] or 12 (2) (c) [*utilities and services*], and

(d) making, or allowing to be made,

(i) a misrepresentation in any record that is required to be produced or submitted under this Act, or

(ii) a false or misleading statement in a certification under section 18 [*handling deposits*], in information or a record filed under section 20.4 [*filing information respecting assignments*] or in an investigation under section 25 [*investigations*];

"**recipient of the notice**" means a person who receives a notice under section 27 (1) [notice of hearing] that a hearing will be held to determine whether a developer is, or has been, non-compliant.

Orders

30 (1) After a hearing, if the superintendent determines that a developer is, or has been, non-compliant, the superintendent may do one or more of the following:

(a) order the developer to cease or refrain from marketing one or more development units;

(b) order the developer to carry out a specified activity related to marketing;

(c) order the developer to pay amounts in accordance with section 31 [recovery of enforcement expenses];

(d) order the developer to pay an administrative penalty in an amount of

(i) not more than $50 000, in the case of a corporation, or

(ii) not more than $25 000, in the case of an individual.

(2) If the superintendent intends to make an order under subsection (1) (c) or (d), the superintendent may make the order against

(a) the developer,

(b) a person who was an officer, director, controlling shareholder or partner of the developer at the time of non-compliance, if that person authorized, permitted or acquiesced in the non-compliance, or

(c) both the developer and a person described in paragraph (b).

(3) The superintendent, by order made on the application of or with the consent of a person affected by the order, may

(a) vary or rescind an order made under subsection (1), and

(b) as a condition of varying or rescinding an order under paragraph (a), require an undertaking under section 36 (1) [undertakings].

Recovery of enforcement expenses

31 (1) The superintendent may, by an order under section 30 (1) (c) [orders], require a person described under section 30 (2) to pay the expenses, or part of the expenses, of either or both of the following:

(a) an investigation under section 25 [investigations];

(b) the hearing.

(2) Expenses assessed under subsection (1)

(a) must be for the matters, and must not exceed the amounts, set out in the regulations, and

(b) may include remuneration expenses for employees, officers or agents of the Authority engaged in the investigation or hearing.

33. The *Real Estate Development Marketing Regulation*, BC Reg 505/2004 (the "**Regulations**"), section 12, provides as follows with regard to the superintendent's power to order expenses:

Recovery of Enforcement Expenses

12 (1) The expenses that the superintendent may require a developer or former developer to pay under section 31 [recovery of enforcement expenses] or 36 [undertakings] of the Act are as follows:

(a) investigation expenses, to a maximum of $100 for each hour for each investigator;

(b) for each day or partial day of a hearing, administrative expenses of $2 000;

(c) for reasonably necessary legal services,

(i) $150 for each hour for a lawyer regularly employed by, or on behalf of, the government, and

(ii) in any other case, up to $400 for each hour;

(d) disbursements properly incurred in the provision of legal services to the superintendent;

(e) for each day or partial day that a witness, other than an expert witness, attends at a hearing at the request of the superintendent, $50;

(f) for an expert witness who attends at a hearing at the request of the superintendent, up to $400 for each hour;

(g) reasonable travel and living expenses for a witness or expert witness who attends at a hearing at the request of the superintendent;

(h) other disbursements, reasonably incurred, arising out of a hearing or an investigation leading up to a hearing.

(2) The superintendent must not make an order respecting expenses under subsection (1) for an amount greater than the expenses actually incurred by the superintendent.

34. The primary goals of regulatory sanctions are to protect the public and encourage compliance. REDMA is consumer protection legislation: *Pinto v Revelstoke Mountain Resort Limited Partnership*, 2011 BCCA 210. Sanctions under REDMA are therefore not meant to be only denunciatory or retributive; however they can, in appropriate cases, impose heavy burdens designed to achieve specific deterrence, general deterrence, and protection of the public: *Thow v BC (Securities Commission)*, 2009 BCCA 46, at para 38.

35. BCFSA has pointed to several cases regarding the general factors and principles that apply to regulatory enforcement proceedings including *Jaswal v Medical Board (Nfld)*, 1996 CanLII 11630 (NL SC) in the context of professional discipline of physicians, *Re Pegasus Pharmaceuticals*, 2022 BCSECCOM 145, and *Law Society of British Columbia v Ogilvie*, 1999 LSBC 17 and *Law Society of British Columbia v Dent*, 2016 LSBC 5 ("***Dent***") in the context of professional discipline of lawyers. These cases, among others were cited with approval in *Halcyon (Re)*, 2024 BCSRE 49 at paras 23-25.

36. The above cited cases indicate that regulatory sanctions serve the purposes of protection of the public and the maintenance of confidence in the real estate development industry in the following ways:

a. denouncing misconduct and its harms;

b. rehabilitating respondents through corrective measures;

c. specifically deterring respondents from committing future misconduct;

d. generally deterring others from committing future misconduct;

e. educating industry participants as well as the public about rules, standards, and their importance; and

f. helping to maintain public confidence in the industry by demonstrating that misconduct will be addressed and denouncing it.

37. The cases also generally stand for the proposition that determining the appropriate sanction requires a decision maker to consider the whole of the circumstances, including any mitigating or aggravating factors. In the context of the legal profession, hearing panels have provided useful summaries of the relevant factors. One such useful summary is found in *Dent,* at paras 20-23 where the panel provided the following non-exhaustive summary of relevant factors, divided into four categories:

Nature, gravity and consequences of conduct

[20] This would cover the nature of the professional misconduct. Was it severe? Here are some of the aspects of severity: For how long and how many times did the misconduct occur? How did the conduct affect the victim? Did the lawyer obtain any financial gain from the misconduct? What were the consequences for the lawyer? Were there civil or criminal proceedings resulting from the conduct?

Character and professional conduct record of the respondent

[21] What is the age and experience of the respondent? What is the reputation of the respondent in the community in general and among his fellow lawyers? What is contained in the professional conduct record?

Acknowledgement of the misconduct and remedial action

[22] Does the respondent admit his or her misconduct? What steps, if any, has the respondent taken to prevent a reoccurrence? Did the respondent take any remedial action to correct the specific misconduct? Generally, can the respondent be rehabilitated? Are there other mitigating circumstances, such as mental health or addiction, and are they being dealt with by the respondent?

Public confidence in the legal profession including public confidence in the disciplinary process

[23] Is there sufficient specific or general deterrent value in the proposed disciplinary action? Generally, will the public have confidence that the proposed disciplinary action is sufficient to maintain the integrity of the legal profession? Specifically, will the public have confidence in the proposed disciplinary action compared to similar cases?

38. *Dent* is not binding on me, given it was decided in relation to professional discipline of lawyers, but it does provide a useful framework to assess the appropriate sanction, *Halcyon (Re)* adopted that framework in the context of a REDMA sanction decision, and it is sufficiently flexible to guide an assessment of all of the circumstances noting that the factors are not exhaustive. I therefore will employ the *Dent* framework in this case.

Discussion: Sanction

Nature, Gravity, and Consequence of Conduct

39. The misconduct in this case was egregious. It involved Mr. Chandler and 098 arranging a series of transactions resulting in more than $10,000,000 flowing directly to 098, which should have been placed in trust. Those funds were then not placed into trust as required by REDMA but were used for other purposes by 098 and Mr. Chandler. Although the exact quantum of funds that Mr. Chandler misappropriated is not clearly quantified before me, it is clear from the materials that the sums were substantial given the funds were used in part to purchase a property for Mr. Chandler's [family member]. To help achieve these goals, 098 failed to disclose the many existing encumbrances against [Development 1] and the many contingent liabilities of 098 related to the development. Many of those transactions, particularly those involving three or more contracts to sell the same units in [Development 1], were impossible for 098 to complete and therefore Mr. Chandler and 098 were, at best, willfully blind to whether they would be able to comply with their obligations under those contracts. These facts, in addition to Mr. Chandler's history before the regulator, indicate that Mr. Chandler willfully disregarded the statutorily protected interests of the purchasers in the funds received by 098.

40. BCFSA submits that many of the purchasers lost all of their deposits. There is no clear evidence of this fact before me. There is evidence that many of the purchasers sued Mr. Chandler and 098. There is evidence that 098 was unable to meet its obligations and was forced into bankruptcy. The receiver's reports also indicate that [Receiver 1] sought to have some of the contracts of purchase and sale cancelled in the course of the receivership so that some of the contracts could complete, which is an obvious result of the duplicative contracts. The necessary result of these facts is that there were insufficient resources available for 098 to meet its obligations and that many of the purchasers of units in [Development 1] lost money, the quantum of that loss is not established before me, but I find it was likely substantial.

41. I also find that the purchasers suffered some harm from the fact that they were not provided disclosure statements that properly disclosed the encumbrances and liabilities associated with [Development 1]. That lack of disclosure necessarily resulted in the purchasers taking on a risk associated with a presale contract that was far greater than they likely understood to be the case. [Purchaser 1]'s and [Purchaser 11]'s interview testimony demonstrate that they did not get what they contracted for and that they were not advised of the risks associated with their agreements. In addition, I find that the failure to place deposit funds in trust put those funds at significant risk and, though the exact quantum is not clear, those risks were realized with regard to a significant proportion of those funds. I agree with the analysis in *Halcyon (Re)* that the failure to provide proper disclosure and the failure to place funds in trust are themselves harmful as a result of the risks they create, but the fact that the misconduct here, taken together, not only increased the risk but actually resulted in those risks materializing is substantially more aggravating as compared to the conduct in *Halcyon (Re)*.

42. The conduct is therefore at the far upper end of gravity in terms of intentionality and harm. It is also extremely serious in terms of its nature, given it involved apparently knowing failure to disclose material facts and, at least in some cases, entering into contracts that Mr. Chandler either knew were impossible to complete or did not care if they were possible to complete.

Respondent's Character and Conduct Record

43. Mr. Chandler has been the subject of previous enforcement proceedings under REDMA: *Chandler Cease Order 1*, *Chandler Consent Order*, and *Chandler Cease Order 2*. Those matters bear some similarity to this proceeding and demonstrate a consistent failure by Mr. Chandler and the developers he operates to disclose encumbrances and liabilities in disclosure statements. In addition, they also involved the receipt of funds that had not been paid into trust as required by REDMA.

44. Although there was some indication in the *Chandler Cease Order 1* that the developers involved may have sold units to more than one purchaser or failed to pay deposit funds into trust, that does not appear to have been borne out in further proceedings in regard to those developments.

45. That said, the repeated failures to properly prepare disclosure statements despite prior regulatory interventions is concerning and aggravating in this matter because it indicates that Mr. Chandler has disregarded statutory obligations that he knew existed between 2014 and 2017.

Acknowledgment and Remedial Action

46. Mr. Chandler has not acknowledged his misconduct in this proceeding or participated in it in any substantive way. BCFSA submits that this "demonstrates both contempt and flagrant disregard for the regulatory regime", I disagree. In my view, Mr. Chandler's failure or refusal to participate in this proceeding is somewhat aggravating but does not rise to the level of contempt or flagrant disregard. BCFSA is required to prove its case and a respondent can leave it to do so. That said, completely ignoring the process and requiring the regulator to spend the time and expense necessary to conduct a full hearing of the matter does demonstrate a lack of respect for the superintendent's jurisdiction and its statutory mandate to enforce REDMA. In my view, Mr. Chandler's and 098's failure to participate shows a lack of respect for the regulator in that sense when considered on its own, but Mr. Chandler's regulatory history and the exact conduct he engaged in demonstrates much more clearly a degree of intentional disregard for the superintendent and the obligations placed on developers under REDMA. BCFSA would have to show more than mere non-responsiveness in the proceeding to demonstrate that the failure to participate constitutes contempt or flagrant disregard, instead of disinterest and a lack of respect. In my view, Mr. Chandler's conduct record is more relevant in this regard than his failure to participate in this proceeding.

Public Confidence and Deterrence

47. I turn then to the question of public confidence, which in the *Dent* framework includes a consideration of the adequacy of the specific and general deterrent effect of the proposed orders, the rehabilitative effect of the orders, the impact of the proposed orders on public confidence in the integrity of the industry and licensees, and the relationship between the proposed orders and similar cases.

48. The only case that BCFSA has pointed to is *Halcyon (Re)*. That case is comparable to this case only by demonstrating how egregious this case is and perhaps also highlighting the insufficiency of the regulatory responses that were available to the superintendent to address non-compliance before December 31, 2018.

49. *Halcyon (Re)* also has some bearing on the question of whether Mr. Chandler should receive a separate administrative penalty from 098. In that case, the Chief Hearing Officer reasoned that section 30(2) of REDMA existed, in part, to permit administrative penalties to be ordered against both a developer and a director where separate penalties were warranted against both and declined to issue a separate order against the director where there was no evidence that the director had received a personal benefit from the misconduct: *Halcyon (Re)*, at paras 53-57. I am not bound by *Halcyon (Re)*, but I agree with this reasoning. In my view, section 30(2) of REDMA exists, in part, to ensure that appropriate penalties can be imposed to sanction those engaged in and responsible for wrongdoing and to ensure that those who benefit or stand to benefit from wrongdoing are deterred from that wrongdoing.

50. In this case, the evidence indicates that Mr. Chandler used funds received by 098 to pay for his personal expenses, to pay for other projects, and to purchase properties in his [family member]'s name. Although a formal tracing has not been done, it is likely that a substantial portion of the over $10,000,000 that 098 received and failed to pay into trust were put to those ends or that those funds permitted 098 to use other funds to those ends.

51. Further, the misconduct involved in this case did not merely involve Mr. Chandler's acquiescence but involved him in every step of the misconduct. Mr. Chandler signed the relevant agreements and, according to the evidence of [Purchaser 1] and [Purchaser 11], was directly involved in dealing with at least some of the purchasers. The admissions made by Mr. Chhina and Mr. Kambo in parallel proceedings under the *Real Estate Services Act*, SBC 2004, c 42 ("**RESA**") indicate that Mr. Chandler engaged others to bring in purchasers, but he still signed all the agreements. In my view, it is likely that Mr. Chandler was the operating mind behind the scheme employed in the development of [Development 1], which was likely "fundamentally untenable under REDMA": Liability Decision, at para 134.

52. In my view, this is a clear case where the director of a developer should be specifically deterred by way of a separate sanction issued against them.

53. In terms of the degree of specific deterrence required, I find that 098 and Mr. Chandler require substantial specific deterrence. They have egregiously misconducted themselves over a period of three years and caused substantial harm to the public. Mr. Chandler also has a history of failing to comply with REDMA and was not sufficiently encouraged to comply by the previous orders issued by the superintendent. In my view, these facts demonstrate a need for clear and forceful specific deterrence.

54. Regarding general deterrence, I find that this matter calls for an order that, to the best of the superintendent's ability, sends a clear message that this kind of repeated, continuous, and

egregious misconduct will not be tolerated and will result in a substantial response by the superintendent.

55. Regarding public confidence in the industry, I find that this case calls for a substantial order to ensure public confidence in the real estate development industry. The scope of the contraventions and the harm that likely flowed from them requires a clear message from the superintendent that it will act to address misconduct of this type, to the best of its ability.

Sanction Decision

56. I reiterate that public protection and encouraging compliance are the primary goals of regulatory sanctions. I also reiterate that such sanctions should not be purely retributive or denunciatory. Even if they impose a significant burden on an individual, that burden should be imposed to achieve specific deterrence and general deterrence, rehabilitate the respondent, protect the public, and enhance public confidence in the process, the industry, and the regulator: *Thow v BC (Securities Commission)*, at para 38.

57. The confluence of factors in this case makes the necessary result clear. Taken together, the egregious nature of the misconduct, the scope of it, the degree of likely harm that flowed from it, the duration that it continued, the repeated misconduct at issue here, and Mr. Chandler's prior disciplinary history indicate that nothing except the maximum administrative penalty available under REDMA at the time of the misconduct will suffice, which was $50,000 for a corporation and $25,000 for an individual. The maximum sanction in this case is the only sanction that can even approach achieving appropriate specific and general deterrence, protection of the public, and maintenance of public confidence in the real estate development industry.

58. I pause to note that if the misconduct had occurred under the current REDMA administrative penalty regime, the misconduct likely would have still attracted a penalty at the upper end of the available spectrum, which is now $500,000 for a corporation and $250,000 for an individual. In my view, this point is necessary to make to achieve specific and general deterrence and to maintain public confidence in the real estate industry. Mr. Chandler, 098, the industry, and the public should know that future misconduct of this type would attract a severe penalty and that the quantum of the penalties issued in this case are limited by the superintendent's limited authority at the time of Mr. Chandler's and 098's misconduct. The orders I make today are therefore not reflective, in dollar amounts, of an order that would be made under the current regime. I therefore consider it necessary to highlight in this decision that Mr. Chandler's and 098's conduct in this case is entirely unacceptable and as noted in the Liability Decision, at para 134, fundamentally untenable under REDMA. Mr. Chandler's and 098's conduct denied purchasers clearly required information about the status of [Development 1] and the risks associated with their purchases. Mr. Chandler and 098 used the peculiar structure of the purchases to both try to justify this failure to disclose [Development 1]'s liabilities and to give assurances to purchasers that their payments were secured when they were not. The superintendent must clearly and forcefully denounce this misconduct.

59. I therefore find that 098 should be ordered to pay an administrative penalty of $50,000 for its non-compliance in this case. I further find that Mr. Chandler should be ordered to pay an administrative penalty of $25,000 because he was personally and directly involved in the misconduct that occurred here in a way that indicates he knowingly put over $10,000,000 of deposit funds at risk contrary to REDMA and arranged for the misappropriation of a likely large proportion of those funds to his own or his spouse's benefit.

Discussion: Enforcement Expenses

60. Sections 30(2)(c) and 31 of REDMA permit the superintendent to require a person to pay the expenses, or part of the expenses, incurred by BCFSA in relation to either or both of the investigation or the hearing to which the order relates. Section 31(2)(a) of REDMA provides that the amounts ordered must not exceed the prescribed limits for the type of expenses claimed. Those limits are prescribed by section 12 of the Regulations. Section 31(2) of REDMA permits the superintendent to make the expenses order against the developer; an authorizing or acquiescing director, officer, partner, or controlling shareholder of the developer; or both the developer and the authorizing or acquiescing director, officer, partner, or controlling shareholder.

61. In *Siemens (Re)*, 2020 CanLII 63581 at paras 62-63, the panel stated as follows, regarding ordering enforcement expenses in the context of RESA:

> 62. Enforcement expenses are a matter of discretion. A discipline committee will ordinarily order expenses against a licensee who has engaged in professional misconduct or conduct unbecoming a licensee. Orders for enforcement expenses serve to shift the expense of disciplinary proceedings from all licensees to wrongdoing licensees. They also serve to encourage consent agreements, deter frivolous defenses, and discourage steps that prolong investigations or hearings.
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> 63. The practice of discipline committees has also been to assess reasonableness of enforcement expenses by examining the total amounts in the context of the duration, nature, and complexity of the hearing and its issues. While a discipline committee may reduce any award of enforcement expenses to account for special circumstances, such as where the Council fails to prove one or more allegations corresponding to a significant and distinct part of a liability hearing, no such special circumstances arise in this case.

62. I find that the guidance in *Siemens (Re)* applies in the REDMA context as well.

63. BCFSA has submitted a bill of costs seeking $66,498.86 in expenses. This includes $45,281 for investigator's time; $15,825 for legal counsel's time; $2,000 for administrative expenses for a single hearing day in this matter; $50 for the attendance of a single witness; and $3,342.86 for other expenses including transcription fees, fees for repeated attempts at service of Mr. Chandler and 098, and court reporting fees.

64. BCFSA has provided a summary of its legal counsel's time spent on various matters including the initial preparation of the file and issuance of the notice of hearing, the preparation for the liability hearing, attendance at the liability hearing, and preparation of written submissions. The hours claimed by BCFSA for its legal counsel time are all reasonable and, given the volume of material submitted to me, are likely lower than were actually spent on the matter.

65. BCFSA has not provided a summary of the hours spent by investigators on this matter, but given the very substantial volume of material presented to me, I find that the amount claimed is reasonable.

66. BCFSA has been substantially successful in this matter. Although I did not find that it proved the entirety of its case before me, the areas in which it failed to make out its case were marginal in light of the conduct established as a whole.

67. The expenses claimed in this matter are high for a matter that proceeded to a single day of hearing, but they are reasonable in light of the nature of the matter as a whole and in light of the fact that the single day of hearing was spent largely just on the entry of evidence, which was voluminous. Viewing the matter as a whole, the expenses claimed in this proceeding are reasonable.

68. I recognize that expenses awards are discretionary. I find that the expenses claimed are reasonable considering the matter viewed in its entirety, including its complexity and the volume of material submitted into evidence. I find that an expenses order under section 43(2)(h) in the amount of $66,498.86 is appropriate given the nature, duration, and complexity of the matter, including the investigation and the hearing process.

Orders

69. In the Liability Decision, I found that 098 had contravened the as follows:

    a. that the contracts for units 110, 114, 115, 203, 207, 208, 216, 305, 320, 410, 412, 418, and 419 in Schedule “A” to the Liability Decision were entered into prior to 098 filing its disclosure statement with the superintendent and that 098 contravened sections 3(1)(c) and 14(1)(b) of REDMA by marketing those units prior to filing its disclosure statement;

    b. that 098 did not provide the purchasers for units 110, 114, 115, 203, 207, 208, 216, 305, 320, 410, 412, 418, and 419 in Schedule “A” to the Liability Decision with a copy of the disclosure statement or a reasonable opportunity to review it and thereby contravened 3(1) and 15(1) of REDMA;

    c. that 098 contravened section 11(1) of REDMA by failing to make adequate arrangements to ensure that the purchasers listed in Schedule “B” to the Liability Decision, except the purchasers for units 119, 221, and 310, had assurance of title when 098 entered into multiple contracts to sell each of those units;

    d. that 098 contravened sections 14(2), 16(1), and 16(4) by failing to include the mortgages, liens, certificates of pending litigation, judgments, and unregistered contingent interests set out in Schedule “C” to the Liability Decision, except for the interest set out in items I.b., II.a., and II.g., in its disclosure statement or the amendments to the disclosure statement;

    e. that 098 contravened sections 3(2) and 18(1) of REDMA when it received deposit funds in relation to the contracts to purchase units by the purchasers identified in Schedule “D” to the Liability Decision except for the purchase contracts for the following units and purchasers: 115 to [Purchaser 11] and [Purchaser 12], 119 for purchaser [Purchaser 5], 121 for purchaser [Purchaser 79]; and 310 for purchasers [Purchaser 9] and [Purchaser 10].

70. I find that the above contraventions constituted non-compliance within the meaning of section 24 of REDMA.

71. In the Liability Decision at para 147, I also found that Mark John Chandler was the sole director of 098 and authorized, permitted or acquiesced in the above noted contraventions by 098 and could be liable for sanction pursuant to section 30(2) of REDMA.

72. Having made those findings and as a result of the above reasons, I make the following orders:

    a. Pursuant to section 30(1)(d)(i) and 30(2)(a) of REDMA, that 098 pay an administrative penalty to BCFSA in the amount of $50,000 within 60 days of the date of this order;

    b. Pursuant to sections 30(1)(d)(ii) and 30(2)(b) of REDMA, that Mr. Chandler pay an administrative penalty to BCFSA in the amount of $25,000 within 60 days of the date of this order; and

c. Pursuant to sections 30(1)(c), 30(2)(c), and 31(1) of REDMA, 098 and Mr. Chandler, jointly and severally pay enforcement expenses in the amount of $66,498.86 within 60 days of the date of this order.

73. Pursuant to section 37(1)(e) of REDMA, 098 and Mr. Chandler have the right to appeal the above orders to the Financial Services Tribunal. 098 and Mr. Chandler have 30 days from the date of this decision to file any such appeal: *Financial Institutions Act*, RSBC 1996, c 141, s 242.1(7)(d) and *Administrative Tribunals Act*, SBC 2004, s 24(1).

DATED at North Vancouver, BRITISH COLUMBIA, this 12th day of December, 2025.

"Original signed by Gareth Reeves"

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Gareth Reeves
Hearing Officer