

IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*  
S.B.C. 2004, c. 42 as amended (the “Act”)

AND

IN THE MATTER OF  
[BROKERAGE 1]  
([Licence Number Redacted])

AND

[LICENSEE 1]  
([Licence Number Redacted])

AND IN THE MATTER OF A CLAIM TO  
THE REAL ESTATE SPECIAL COMPENSATION FUND BY  
[APPLICANT 14]

[This Decision has been redacted before publication.]

1. [Applicant 14] (the “**Applicants**”) bring a claim against the Real Estate Special Compensation Fund (the “**Fund**”) with respect to losses they allege occurred in relation to funds allegedly held in trust by [Brokerage 1] (“**[Brokerage 1]**”) in relation to rental property management services provided by [Brokerage 1] regarding two properties in Kelowna. The Applicants claim that \$5,049.99, including a security deposit and rent payment, was not properly paid out or transferred to [Brokerage 2] (“**[Brokerage 2]**”) when the Applicants’ rental property manager, [Licensee 2], transferred from [Brokerage 1] to [Brokerage 2] on September 16, 2024. In regard to one of the properties (“**Property 1**”) the Applicants allege that [Brokerage 1] failed to transfer a security deposit of \$1,400 and a second security deposit of \$1,350. In regard to the other property (“**Property 2**”) the Applicants allege that [Brokerage 1] failed to transfer a security deposit totalling \$1,399.99 and a partial rent payment of \$900.
2. The following are my reasons regarding the Applicants’ claim.

## Proceedings

3. On September 4, 2025, a Hearing Officer<sup>1</sup> determined, pursuant to section 63(1) of the *Real Estate Services Act*, SBC 2004, c 42 (“**RESA**”), that a hearing into whether the Applicants had experienced a compensable loss would proceed by way of written submissions.
4. This hearing is held pursuant to section 63(1) of RESA, which sets out that if a claim against the Special Compensation Fund is made, the Superintendent of Real Estate the (“**superintendent**”) must consider the claim and may conduct a hearing to determine

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<sup>1</sup> The Superintendent of Real Estate has delegated the statutory powers and duties set out in sections 61 to 67 of RESA to Hearing Officers.

whether the person making the claim suffered a compensable loss and, if applicable, assess the amount of that loss.

5. This matter is one of more than 20 claims filed in respect of funds allegedly held by [Brokerage 1]. Because of the volume of claims and their similarities, BCFSA Hearings Division (“Hearings”) issued a series of orders to produce to [Brokerage 1], to [Brokerage 1]’s former managing broker, [Licensee 1], and to [Licensee 2] in relation to the claims. [Licensee 2] responded to those orders with various documents. [Licensee 1] and [Brokerage 1] did not respond to those orders. Once the response deadline had passed on those orders, Hearings then separated those materials into the relevant claims and disclosed all materials on each claim to the respective applicants and to [Brokerage 1] and [Licensee 1]. Along with those materials, Hearings provided a submission schedule for the applicants and [Licensee 1]. The Applicants provided additional materials. [Brokerage 1] and [Licensee 1], despite having the opportunity to make submissions, have not responded.

## Issues

6. The issues to be determined are:
  - a. Did the Applicants suffer a compensable loss as defined by section 60 of RESA?
  - b. If so, what is the amount of that loss?

## Applicable Law

7. Section 60 of RESA defines “compensable loss” as follows:

**"compensable loss"** means loss suffered by a person in relation to real estate services that is the amount of money that

(a) was held or received by

- (i) a licensee,
- (ii) an officer, director, controlling shareholder or partner of the responsible brokerage,
- (iii) an employee of the licensee, of the responsible brokerage or of another related licensee of that brokerage, or
- (iv) a person acting in an independent contractor relationship with the licensee, with the responsible brokerage or with a related licensee of that brokerage,

from, for or on behalf of a principal in relation to real estate services, including any amount that is or is intended to be remuneration to a licensee, and

(b) was, as applicable,

- (i) misappropriated or wrongfully converted by a person referred to in paragraph (a) (i) to (iv),
- (ii) intentionally not paid over or accounted for, by a person referred to in paragraph (a) (i) to (iv), to the person entitled to the money, or

- (iii) obtained by the fraud of a person referred to in paragraph (a) (i) to (iv),

but does not include loss that

- (c) is claimed by a licensee or former licensee as remuneration to the licensee or former licensee,
- (d) was caused by conduct that occurred before section 61 (1) [*claim for compensation*] came into force,
- (e) was caused by conduct of a licensee acting under an exemption provided by Part 9 of the rules, or
- (f) is prescribed;

8. Section 61 of RESA provides that, in order to make a claim for compensation from the special compensation fund, a person must apply in writing to the superintendent within the time limit established by section 61(2), which is set out as follows:

61(2) The time limit for making a claim is 2 years after the earliest of the following:

- (a) the date on which the person making the claim became aware that the compensable loss occurred;
- (b) if the licence of the responsible brokerage was cancelled or suspended by an order under section 45 (2) (a) [*orders in urgent circumstances relating to licensees*] at any time after the conduct that caused the compensable loss, the date of that cancellation or suspension;
- (c) the date the superintendent publishes a notice, in accordance with the regulations, that compensable loss may have occurred.

9. Section 61(1) requires that an application must include the particulars of the conduct on which the claim of compensable loss is based, if the person is relying on a court decision, a copy of the decision, and any other information required by the superintendent.

## Background

10. The information before me in this matter includes materials provided by the Applicants in their original claim and during this written hearing and materials provided by [Licensee 2], a licensee who was licensed with [Brokerage 1] from January 24, 2020 until September 16, 2024, when she transferred her license to [Brokerage 2], where she is currently licensed.

11. The following is not a recitation of all the evidence and information before me. I have reviewed all the evidence and provide the following as context for my reasons.

### *Regulatory Background*

12. [Brokerage 1] and [Licensee 1] have been the subject of several regulatory actions by the superintendent over the past few years. These include, but are not limited to, an order cancelling [Licensee 1]'s managing broker licence, but allowing him to continue to be licensed as a representative licensee, made September 7, 2023 and orders made April 24, 2025 to suspend [Brokerage 1]'s real estate license and freeze [Brokerage 1]'s accounts

under section 46 of RESA: [Citation 1]; [Citation 2]. Although those orders do not relate specifically to this claim, these orders provide some context for the present claim. As a result of the April 24, 2025 freeze order, [Brokerage 1]’s accounts remain frozen.

### **The Claimed Funds**

13. Documents provided by [Licensee 2] indicate that all email transfers sent to the email address she used while she was licensed at [Brokerage 1] were automatically deposited into [Brokerage 1]’s bank account at [Bank 1].
14. [Licensee 2], on behalf of the Applicants, and [Company 1] signed a residential tenancy agreement for Property 1 (the “**First Property 1 Lease**”). The First Property 1 Lease was a fixed term lease set to run from June 1, 2024 to August 30, 2024. The First Property 1 Lease required [Company 1] to pay a security deposit of \$1,400 by February 26, 2024. The copy of the First Property 1 Lease before me does not include the page with the parties’ signature blocks and I therefore do not know what date it was signed on.
15. On February 23, 2024, [Company 1] paid \$1,400, being the security deposit required under the First Property 1 Lease, to [Brokerage 1].
16. [Licensee 2], on behalf of the Applicants, and [Tenant 1], [Tenant 2], and [Tenant 3] entered into a residential tenancy agreement for Property 1 (the “**Second Property 1 Lease**”). The Second Property 1 Lease required [Tenant 1], [Tenant 2], and [Tenant 3] to pay a security deposit of \$1,350 by May 12, 2024.<sup>2</sup> The signature blocks and other associated signatures for the Second Property 1 Lease indicate it was signed on August 24, 25, and 27, 2024 by the various parties. Because this date postdates the due date of the security deposit by several months, it is not clear to me when this agreement was signed.
17. On May 9, 2024, [Tenant 1] and [Tenant 2] each paid \$675 to [Brokerage 1] as payment of the security deposit under the Second Property 1 Lease.
18. On October 23, 2024, [Licensee 2], on behalf of the Applicants, and [Tenant 4], [Tenant 5], and [Tenant 6], entered into a residential tenancy agreement for Property 2 (the “**Property 2 Lease**”). The Property 2 Lease required [Tenant 4], [Tenant 5], and [Tenant 6] to pay a security deposit of \$1,400 by January 3, 2024. The monthly rent under the Property 2 Lease was \$2,800. The signature blocks and other associated signatures for the Second Property 1 Lease indicate it was signed on October 18 and 23, 2024 by the various parties. Because this date postdates the due date of the security deposit by several months and the commencement of the Property 2 Lease was stated as October 16, 2024, it is not clear to me when this agreement was signed.
19. On January 2, 2024, [Tenant 5] and [Tenant 4] each paid [Brokerage 1] \$466.66 and [Tenant 6] paid [Brokerage 1] \$466.67, totaling \$1,399.99, being the security deposit under the Property 2 Lease.
20. On December 19, 2024, [Brokerage 2] sent a letter to various clients who had transferred from [Brokerage 1] along with [Licensee 2], including the Applicants, to advise that it had not received security deposit funds from [Brokerage 1].

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<sup>2</sup> The Second Property 1 Lease provides the May 12, 2024 date. I note this is likely a typographical error of some kind.

21. On March 12, 2025, the Applicants emailed [Licensee 1] to request that the payment of the security deposit funds paid under the First Property 1 Lease, the Second Property 1 Lease, and the Property 2 Lease. The email notes that the security deposit under the First Property 1 Lease was due to [Company 1] on September 15, 2024.

## **Reasons and Decision**

22. I am satisfied that the evidence supports a finding that that the Applicants suffered a compensable loss as defined by section 60 of RESA. I assess the amount of that loss to be equal to a total amount of \$4,149.99. My reasons for having reached these conclusions are set out below.

### ***Compensable Loss***

23. To establish a compensable loss has occurred, the Applicants must show that an amount of money was held or received by the persons contemplated in subparagraph (a) of the definition of “compensable loss” for or on behalf of a principal in relation to real estate services; they must show it was misappropriated, wrongly converted, intentionally not paid over to the person entitled to it, or obtained by the person by fraud as required by subparagraph (b) of the definition; and they must show that the loss does not fall within the scope of the exclusions in subparagraphs (c)-(f) of the definition.

### **Held or Received**

24. Although there are some issues with the dates of the documents before me that cause me concern, the evidence establishes that [Brokerage 1] received the security deposit under the First Property 1 Lease in the amount of \$1,400 on February 23, 2024, the security deposit under the Second Property 1 Lease in the amount of \$1,350 on May 9, 2024, and the security deposit under the Property 2 Lease in the amount of \$1,399.99 on January 2, 2024.
25. The only evidence before me that [Brokerage 1] received \$900 in payment of rent in relation to the Property 2 Lease is that the Applicants have demanded it and have claimed it in this proceeding. Although [Licensee 1] and [Brokerage 1] have been given the chance to respond and have not responded and I have concluded that is sufficient to find that [Brokerage 1] failed to transfer funds as requested, I do not find that is sufficient to establish that [Brokerage 1] received the claimed rent funds.

### **Misappropriated, Converted, Withheld, or Obtained by Fraud**

26. The Applicants requested transfer of the funds and have stated that they received no response to that request and that [Brokerage 1] did not transfer the funds. Given [Brokerage 1] and [Licensee 1] had the opportunity to respond to this claim and failed to do so, I find that evidence is sufficient to establish that [Brokerage 1] did not transfer the funds to the Applicants or [Brokerage 2] as requested. In my view, the lack of response combined with the demand are sufficient to establish that the failure to transfer the funds [Brokerage 1] held was intentional.

### **Exemptions**

27. None of the exclusions to compensable loss set out in sections 60(c) through 60(f) apply in this case.

28. I find that the Applicants suffered a compensable loss.

### ***Assessment of Amount of Claim***

29. Having concluded that the Applicants suffered a compensable loss, section 63(1)(a) requires that I assess the amount of that loss.

30. In my view, the role of the superintendent as set out in section 63(1) of RESA is clear. Where the superintendent determines that a compensable loss exists, the superintendent must assess the amount of that compensable loss. Although that assessment can be informed by the amount claimed, the decision as to the amount of the loss lies with the superintendent. The fact that a claimant may, in making a claim for compensation, be in error as to the actual amount of the loss they have experienced, does not affect the superintendent's role in assessing the amount of a compensable loss.

31. In my view, the assessable amount of the compensable loss before me is \$4,149.99, being the total sum of the security deposit funds paid to [Brokerage 1] pursuant to the First Property 1 Lease, the Second Property 1 Lease, and the Property 2 Lease.

32. I decline to find that the Applicants have established they are entitled to the claimed \$900 in rent allegedly paid to [Brokerage 1]. I also note that the Applicants have not established what, if any portion of those funds [Brokerage 1] would be entitled to as a management fee for collecting them. The Applicants may reapply for that amount by providing proof it was paid to [Brokerage 1].

### **Conclusion**

33. I find that the Applicants experienced a compensable loss as contemplated by section 60 of RESA.

34. I assess the amount of that loss as \$4,149.99. A certificate specifying the amount of the compensable loss will be issued.

35. The Applicants may reapply to claim for the \$900 in rent allegedly paid to [Brokerage 1] by providing proof it was paid to [Brokerage 1] and establishing what, if any, management fees [Brokerage 1] was entitled to from that amount.

Dated this 13<sup>th</sup> day of January, 2026, at North Vancouver, British Columbia

"Original signed by Gareth Reeves"

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Gareth Reeves  
Hearing Officer

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*  
S.B.C. 2004, c. 42 as amended (the “Act”)**

**AND**

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**[BROKERAGE 1]**

**[(Licence Number Redacted)]**

**AND**

**[LICENSEE 1]**

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**AND IN THE MATTER OF A CLAIM TO  
THE REAL ESTATE SPECIAL COMPENSATION FUND BY**

**[APPLICANT 14]**

**CERTIFICATE OF COMPENSABLE LOSS**

In the matter of a claim for compensation to the Real Estate Special Compensation Fund by [Applicant 14], pursuant to section 63(1)(a) of the *Real Estate Services Act*, the Superintendent:

- a. determined that [Applicant 14] suffered a compensable loss; and
- b. assessed the amount of the compensable loss in the amount of \$4,149.99.

This Certificate is issued by the Superintendent pursuant to section 64 of the *Real Estate Services Act*.

Dated this 13<sup>th</sup> day of January, 2026, at North Vancouver, British Columbia

“Original signed by Gareth Reeves”

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Gareth Reeves  
Hearing Officer