Citation: Applicant 13 (Re), 2026 BCSRE 16
Date: 2026-01-13
File No. 25-6011

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 13]

[This Decision has been redacted before publication.]

1. [Applicant 13] (the "**Applicant**") brings a claim against the Real Estate Special Compensation Fund (the "**Fund**") with respect to losses she alleges 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 property in Kelowna (the "**Property**"). The Applicant claims that a security deposit of $2,650 was not properly paid out or transferred to [Brokerage 2] ("**[Brokerage 2]**") when the Applicant's rental property manager, [Licensee 2], transferred from [Brokerage 1] to [Brokerage 2] on September 16, 2024.

2. The following are my reasons regarding the Applicant's claim.

Proceedings

3. On September 4, 2025, a Hearing Officer[1] determined, pursuant to section 63(1) of the *Real Estate Services Act*, SBC 2004, c 42 ("**RESA**"), that a hearing into whether the Applicant 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 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

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

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 Applicant 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 Applicant 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
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> (a) was held or received by
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> (i) a licensee,
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> (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
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> (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),
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> (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
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> (iii) obtained by the fraud of a person referred to in paragraph (a) (i) to (iv),
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> but does not include loss that
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> (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 Applicant 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. On April 25, 2024, the Applicant and [Brokerage 1] entered into a property management contract whereby [Brokerage 1] agreed to manage the Property with [Licensee 2] as the designated agent.

14. 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].

15. On May 3, 2024, two tenants (the "**Tenants**") and [Licensee 2], on behalf of the Applicant, signed a residential tenancy agreement for the Property (the "**Lease**"). The Lease required the Tenants to pay a security deposit of $2,650 by May 6, 2024.

16. On May 5, 2024, [Brokerage 1] received $2,650 from the Tenants as payment of the security deposit for the Property under the Lease.

17. On December 19, 2024, [Brokerage 2] sent a letter to various clients who had transferred from [Brokerage 1] along with [Licensee 2], including the Applicant, to advise that it had not received security deposit funds from [Brokerage 1].

18. On July 31, 2024, the Tenants and [Licensee 2], on behalf of the Applicant, signed a mutual agreement to end tenancy effective August 31, 2025.

19. The Applicant states that she made phone calls and sent emails requesting the transfer of the funds to herself or [Brokerage 2] and that [Brokerage 1] did not make the transfers. Given [Brokerage 1] and [Licensee 1] have had the opportunity to respond to this proceeding and have failed to do so, I conclude that the Applicant did in fact make demands for the transfer of the security deposit and that [Brokerage 1] failed to make that transfer.

Reasons and Decision

20. I am satisfied that the evidence supports a finding that that the Applicant 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 $2,650. My reasons for having reached these conclusions are set out below.

Compensable Loss

21. To establish a compensable loss has occurred, the Applicant 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; she 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 she must show that the loss does not fall within the scope of the exclusions in subparagraphs (c)-(f) of the definition.

Held or Received

22. The evidence establishes that [Brokerage 1] received the security deposit under the Lease on May 5, 2024 in the amount of $2,650.

Misappropriated, Converted, Withheld, or Obtained by Fraud

23. The evidence also establishes that the Applicant requested a transfer of the funds to [Brokerage 2] and that [Brokerage 1] did not effect that transfer. Given [Brokerage 1] and [Licensee 1] have not responded to this proceeding, despite being offered the opportunity to do so, I find that the failure to effect that transfer was intentional.

Exemptions

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

25. I find that the Applicant suffered a compensable loss.

Assessment of Amount of Claim

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

27. 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.

28. I assess the Applicant's compensable loss to be $2,650.

Conclusion

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

30. I assess the amount of that loss as $2,650. A certificate specifying the amount of the compensable loss will be issued.

Dated this 13th day of January, 2026, at North Vancouver, British Columbia

"Original signed by Gareth Reeves"

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Gareth Reeves
Hearing Officer

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CERTIFICATE OF COMPENSABLE LOSS

In the matter of a claim for compensation to the Real Estate Special Compensation Fund by [Applicant 13], pursuant to section 63(1)(a) of the *Real Estate Services Act*, the Superintendent:

a. determined that [Applicant 13] suffered a compensable loss; and
b. assessed the amount of the compensable loss in the amount of $2,650.

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

Dated this 13th day of January, 2026, at North Vancouver, British Columbia

"Original signed by Gareth Reeves"

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Gareth Reeves
Hearing Officer