Citation: Bhangu (Re), 2026 BCSRE 186
Date: 2026-07-08
File No. 25-6122

BC FINANCIAL SERVICES AUTHORITY

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

AND IN THE MATTER OF

PAWANPREET SINGH BHANGU
(RE605703)

REASONS FOR DECISION REGARDING
ADMINISTRATIVE PENALTY RECONSIDERATION REQUEST

[These Reasons have been redacted before publication.]

DATE AND PLACE OF HEARING:	Via Written Submissions
HEARING OFFICER:	Gareth Reeves

Introduction

1. On May 12, 2026, the BC Financial Services Authority ("**BCFSA**") issued a Notice of Administrative Penalty (the "**NOAP**") in the amount of $5,000 to Pawanpreet Singh Bhangu pursuant to section 57(1) and 57(3) of the *Real Estate Services Act*, SBC 2004, c 42 ("**RESA**").

2. In the NOAP, BCFSA determined that Mr. Bhangu had contravened section 34 of the *Real Estate Services Rules*, BC Reg 209/2021 (the "**Rules**") by submitting an incomplete general release form with respect to the release of a $25,000 deposit held by his brokerage in relation to a transaction regarding a property in Richmond, BC (the "**Property**"). The NOAP alleged that Mr. Bhangu's submission of the release led to the deposit being returned to his buyer client without it having been signed by the sellers and that Mr. Bhangu did this because he understood at the time that a lack of response from the sellers permitted release of the deposit back to the buyers.

3. Mr. Bhangu 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 NOAP should be cancelled or confirmed.

Jurisdiction and Standard of Proof

5. This application for reconsideration is brought pursuant to section 57(4) of RESA, which requires the Superintendent of Real Estate (the "**superintendent**") to provide a person who receives an administrative penalty with an opportunity to be heard upon request.

6. Section 57(4) of RESA permits the superintendent to cancel the administrative penalty, confirm the administrative penalty, or, if the superintendent is satisfied that a discipline hearing under section

40 of RESA would be more appropriate, cancel the administrative penalty and issue a notice of discipline hearing.

7. The superintendent has delegated the statutory powers and duties set out in section 57 to Hearing Officers.

8. The standard of proof is the balance of probabilities.

Background

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

10. Mr. Bhangu was first licensed as a representative in the trading services category on February 22, 2024 and has been licensed in that fashion since.

11. In June 2025, Mr. Bhangu acted as the buyer's agent in respect of a prospective purchase of a property in Richmond (the "**Property**"). The seller's agent was Winnie Yoon-Kyung Pak (the "**Seller's Agent**").

12. On June 10, 2025, a contract of purchase and sale (the "**CPS**") was formed between the owners of the Property (the "**Seller**") and Mr. Bhangu's client (the "**Buyer**") as purchaser. The CPS required the Buyer to pay a $25,000 deposit within 24 hours of acceptance (the "**Deposit**") and a further deposit of $175,000 within 24 hours of subject removal. Both deposits were to be paid to Mr. Bhangu's brokerage (the "**Brokerage**"). The CPS also contained several subjects and gave the Buyers until June 23, 2025 to remove subjects.

13. On June 11, 2025, the Buyer paid the Deposit to the Brokerage.

14. On June 23, 2025, the Buyer signed a general release and authorization to pay deposit funds directing the Brokerage to release the Deposit to the Buyer (the "**Release**"). The Release required the Seller's signature and initials.

15. On June 23, 2025, Mr. Bhangu sent a text message to the Seller's Agent advising that his client had decided not to purchase the Property and would not be removing subjects.

16. On June 23, 2025, Mr. Bhangu also emailed Ms. Pak to advise that his client had decided not to purchase the Property and would not be removing subjects and provided the Seller's Agent with the Release signed by the Buyer. The Seller's Agent stated she did not see this email, though it is not clear on the record exactly why she did not see it.

17. On either June 23 or 24, 2025, Mr. Bhangu provided the Release to the Brokerage's conveyancer. It is not clear to me how, or exactly when, Mr. Bhangu did this, but the statements provided by Mr. Bhangu and his managing broker indicate that it occurred shortly after Mr. Bhangu emailed the Release to the Seller's Agent.

18. On June 24, 2025, Mr. Bhangu messaged the Brokerage's conveyancer through the Brokerage's online management platform to state the following:

> "Unfortunately, this deal has collapsed as well. The listing agent has not yet returned the signed form, she seemed quite frustrated.

> Going forward, I plan to structure future deals with the deposit due after subject removal, rather than on acceptance, to avoid going through this process again."
>
> [*sic*]

19. On June 27, 2025, the Brokerage prepared a trust cheque payable to the Buyer releasing the Deposit.

20. On July 6, 2025, Mr. Bhangu texted the Buyer to advise that he had dropped the Deposit trust cheque off at "the office." I conclude from this that Mr. Bhangu delivered the trust cheque to the Buyer on that date.

21. On July 25, 2025, Ms. Pak texted Mr. Bhangu to inquire about the Release. Mr. Bhangu advised that he had sent it the day the deal collapsed. Later that day, Mr. Bhangu forwarded the Seller's Agent his June 23, 2025 email attaching the Release.

22. In a text message exchange on July 25, 2025, Mr. Bhangu stated to the Seller's Agent the following in response to her noting that a deposit release generally required both parties' signatures:

> "Yes, but in this case, since subjects weren't removed and the deal didn't go through. You have to notify the selling agent, if no response, brokerage can only hold funds for so long. Especially in a situation like this where it gets sour in the end."
>
> [*sic*]

23. On August 5, 2025, the Buyer deposited the trust cheque.

24. On August 14, 2025, the Seller's Agent's managing broker advised Mr. Bhangu's managing broker what had occurred. The two had a telephone call on that date and exchanged emails on the issue. In those emails, Mr. Bhangu's managing broker confirmed to the Seller's Agent's managing broker that the $25,000 deposit had been paid out to the Buyer after Mr. Bhangu submitted the Release.

25. During the investigation, Mr. Bhangu stated the following regarding his understanding of the collapse of the CPS:

> "At the time, my understanding was that the transaction had clearly collapsed and that the buyer was no longer proceeding, so the deposit would be paid back to the Buyer in a matter of "no response"."
>
> [*sic*]

26. The Brokerage policy documents include the following statements in the section of the document concerning deposits:

> "6. In the event of a collapsed transaction, a deposit may only be released with the full written consent of all parties to the contract."

27. The record before me indicates that the Buyer made a subsequent offer on the Property and paid a subsequent deposit. That transaction also did not proceed and the Buyer and Seller agreed to have the deposit funds returned to the Buyer.

Submissions

28. Mr. Bhangu submits that he disclosed to the Brokerage on June 24, 2025 that the Seller had not signed the Release. He further submits that he did not "control, administer, or release trust funds" and the Brokerage processed the cheque after having been notified that the fully signed Release was not returned to him.

29. Mr. Bhangu submits that he sought guidance on the issue of the deposit and had approximately 15 months' experience as a licensee at the time. He submits that he relied on the Brokerage's review and supervision of the trust funds.

30. Mr. Bhangu submits that his understanding that the Deposit could be released to the Buyer if there was no response from the Seller was not his understanding at the time he submitted the Release, but was his understanding after the Brokerage had issued its trust cheque and after he had "approached brokerage management for direction."

Reasons and Findings

Applicable Legislation

31. Section 56 of RESA provides that BCFSA may designate specific provisions of RESA, the *Real Estate Regulation*, BC Reg 506/2004 (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.

32. 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.

33. Section 26(2) of the Rules identifies six categories, Category A, B, C, D, E, and F, for designated contraventions for the purpose of determining the amount of an administrative penalty. Section 34 of the Rules is placed in Category C. Section 27(3) of the Rules provides that a contravention of a section designated in Category C may attract a monetary administrative penalty of $5,000 for a first contravention or $10,000 for a subsequent contravention.

34. 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.

35. Section 34 of the Rules provides as follows:

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

Analysis

Contravention

36. The decision to impose an administrative penalty under section 57 of RESA is discretionary. A request to reconsider the imposition of an administrative penalty often 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 or extenuating circumstances prevented compliance with the indicated section; however, where BCFSA alleges that a licensee failed to act with reasonable care and skill contrary to section 34 of the Rules, BCFSA has the onus of proving that the licensee failed to act with reasonable care and skill and the concept of due diligence is therefore subsumed within the determination of whether a contravention occurred: *Zeng (Re)*, 2026 BCSRE 116, at para 42.

37. The standard applied when considering if a licensee exercised reasonable care and skill is whether a reasonably prudent licensee in the applicant's position would have acted differently. The standard is not perfection. BCFSA must therefore demonstrate that a licensee did not act in the way that a reasonably prudent licensee would in the circumstances.

38. The circumstances facing Mr. Bhangu were that the CPS had collapsed as a result of the Buyer, who was his client, failing or refusing to remove subjects, that he had prepared and had the Buyer sign the Release, and had sent the Release to the Seller's agent but had not received it back.

39. In those circumstances, Mr. Bhangu submitted the Release to the Brokerage, advised the Brokerage's conveyancer that the Release was not signed by the Seller, and left the matter up to the Brokerage. Mr. Bhangu submits that he did not, at that time, have the understanding that the funds could be paid out by the Brokerage as a result of the failure of the Seller to respond, but that he developed this belief after the Brokerage processed the Release.

40. Mr. Bhangu also says that he sought guidance and that he "approached brokerage management for direction". There is no evidence that Mr. Bhangu sought guidance on this issue from the Brokerage's management. There is evidence that he advised the Brokerage's conveyancer, but that message does not request a response or ask what should be done in the circumstances. In my view, it is unlikely that Mr. Bhangu sought direct advice from his managing broker on the issue. Given how quickly his managing broker responded to the Seller's Agent's managing broker to identify that the Deposit had been released and should not have been, it is likely his managing broker would have addressed the issue promptly and given the correct advice to not release the Deposit. In my view, Mr. Bhangu's reference to seeking direction was simply his message to the conveyancer on June 24, 2025. If Mr. Bhangu had positively sought guidance on the issue of the Deposit and received explicit guidance that a non-response was sufficient to permit release of the funds, he would have provided some evidence of that fact.

41. Mr. Bhangu does not state what his exact understanding was regarding what was required to have the Deposit released before he came to the view that the funds could be released if there was no response from the Seller regarding the Release. Given his submissions that his understanding developed after the Brokerage processed the payment, he either understood that release of the Deposit required the Release to be signed by both parties or he had no clear idea of what was required. In either case, a reasonably prudent licensee in Mr. Bhangu's circumstances would have sought explicit clarification regarding what should occur and would not have just relied on the Brokerage's issuance of a trust cheque.

42. If a reasonably prudent licensee was in Mr. Bhangu's situation and believed that the Seller's signature on the Release was required, the reasonably prudent licensee would have either not submitted the partially executed Release or explicitly advised the Brokerage's staff that the form they were submitting was not sufficient to authorize the release. If the Brokerage then issued a trust cheque, a reasonably prudent licensee would have inquired with the Brokerage as to why the trust cheque had been issued without the Seller's signature, contrary to their understanding.

43. It is important to note in this regard that Mr. Bhangu was, contrary to his submission that he was not in control of the trust funds, the person who delivered the trust cheque to the Buyer. He therefore knew that the Brokerage had processed the payment and, if he believed the Seller's signature was necessary up to that point, ought to have inquired with the Brokerage. A reasonably prudent licensee would have made that inquiry in that circumstance.

44. If a reasonably prudent licensee was in Mr. Bhangu's situation and had no clear idea what should occur, they would have sought explicit guidance from their managing broker before submitting the Release and then again if the trust cheque was issued, particularly because the content of the Release explicitly called for the Seller's signature and was clearly sufficiently important that it should be sent to the Seller.

45. In either scenario, a reasonably prudent licensee might have also reviewed the requirements of RESA directly or consulted their Brokerage's policies, instead of or in addition to consulting their managing broker. Had Mr. Bhangu done either he would have seen that the Brokerage's policy explicitly required all parties to a contract to consent to the release of funds and found that section 30(2) of RESA permits the release of deposit funds only in specific circumstances, none of which applied in this case.

46. The fact that Mr. Bhangu was a relatively junior licensee is not a defence here. Licensees are expected to conduct themselves with reasonable care and skill regardless of their level of experience. Where they are unsure, they are expected to actively and directly seek guidance, particularly as it concerns trust funds.

47. I find that Mr. Bhangu failed to act with reasonable care and skill when he submitted the Release to his Brokerage without it being signed by the Seller and subsequently permitted the release of the Deposit to the Buyer without having the Seller's written consent to do so.

Penalty Amount

48. The $5,000 administrative penalty imposed by the NOAP is the prescribed monetary penalty amount for a first contravention of a section designated in Category C, which includes section 34 of the Rules.

49. Once I have determined that a contravention occurred, the question before me becomes whether the penalty BCFSA sought to impose was appropriate. I do not have the authority to vary or reduce the penalty, section 57(4) of RESA only authorizes me to cancel or confirm the penalty. If I find that the matter is better dealt with by discipline hearing, I can cancel the penalty and issue a notice of discipline hearing. My review is therefore confined to determining whether the penalty was within the range of appropriate regulatory responses in all the circumstances, not whether it was correct: *Meng (Re)*, 2025 BCSRE 40, at para 55. As I stated in *Vallee (Re)*, 2025 BCSRE 98, at para 100:

> In assessing that question, I must consider all the circumstances including the licensing and enforcement history of the licensee, the seriousness of the misconduct, the licensee's culpability, the consequences of the conduct, and any mitigating or aggravating factors. I must also consider the goals of regulatory enforcement which are primarily aimed at protecting the public by achieving compliance and, in that context, I must consider the principles of specific deterrence, rehabilitation of respondent licensees, general deterrence, and public confidence in the industry.

50. I find the conduct was more than minor, but not serious. I say that because the misconduct involved trust funds over which licensees have a fiduciary duty and funds that were held as a stakeholder and not merely as an agent for a party; such funds are to be handled properly. That said, the assessment of the seriousness of the misconduct includes an assessment of the consequences of the misconduct and the subject licensee's culpability. In that regard, I accept that Mr. Bhangu did not seek to personally benefit from his misconduct and that his misconduct was negligent, as opposed to intentional. I also accept that no harm flowed from Mr. Bhangu's conduct, in part because I find it likely that the Seller would have consented to the release of the Deposit as they did with the second offer the Buyer made after the CPS collapsed.

51. I accept that Mr. Bhangu was junior, but I do not consider this mitigating. The contravention at issue here concerns a basic obligation related to handling deposit funds and Mr. Bhangu ought to have either understood the obligation or sought explicit confirmation.

52. Regarding specific deterrence, I find that some specific deterrence is required to ensure that Mr. Bhangu makes appropriate inquiries in the future where he requires guidance on his obligations

and in particular where they concern funds held in trust. In my view, a $5,000 administrative penalty will ensure Mr. Bhangu remembers this lesson.

53. Regarding general deterrence and the maintenance of public confidence in the industry, I find that a monetary penalty will demonstrate to the industry and the public that the Superintendent does not tolerate the mishandling of trust funds, will encourage prudence on the part of licensees generally when dealing with deposit funds, and will help to ensure that the public has confidence that funds placed with real estate brokerages are properly handled.

54. Considering the circumstances of this case, I find that the $5,000 administrative penalty is appropriate.

Conclusion

55. I find that Mr. Bhangu failed to act with reasonable care and skill when he submitted the Release to his Brokerage without it being signed by the Seller and subsequently permitted the release of the Deposit to the Buyer without having the Seller's written consent to do so.

56. I find that the $5,000 administrative penalty imposed by the NOAP is appropriate.

57. I confirm the NOAP.

58. The $5,000 administrative penalty is now due and payable to BCFSA.

DATED at Oliver, BRITISH COLUMBIA, this 8th day of July, 2026.

"Original signed by Gareth Reeves"

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Gareth Reeves
Hearing Officer