

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]
([License Number Redacted])

AND IN THE MATTER OF A CLAIM TO
THE REAL ESTATE SPECIAL COMPENSATION FUND BY
[APPLICANT 126]

[This Decision has been redacted before publication]

1. [Applicant 126] (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 regard to rental property management services provided by [Brokerage 1] in relation to a property in Langley (the “**Property**”). The Applicant claims that certain funds were not properly paid out to her after [Brokerage 1]’s accounts were frozen on November 5, 2025 and its licence was suspended on November 20, 2025.
2. The following are my reasons regarding the Applicant’s claim.

Proceedings

3. On July 17, 2026, a Hearing Officer¹ 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 follows orders made pursuant to decisions in [Citation 1] and [Citation 2]. Redacted copies of some of the supporting affidavit materials filed by BCFSa seeking the orders made in those decisions were provided to the Applicant during the course of this written hearing and the Applicant was provided the opportunity to provide written evidence and submissions.

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.

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

(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 Applicant in their original claim and during this written hearing and redacted copies of affidavits provided by BCFSa in seeking the orders made in *[Citation 1]* and *[Citation 2]*.
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. As noted above, previous superintendent's orders have frozen [Brokerage 1]'s accounts and suspended its licence. I note that the evidence filed in support of those orders, redacted versions of which are part of the record in this proceeding, indicated a *prima facie* case that the funds in [Brokerage 1]'s accounts had been mismanaged by [Licensee 1], that substantial funds had been removed from [Brokerage 1]'s trust accounts, that substantial funds had been transferred back into [Brokerage 1]'s trust accounts from a company apparently controlled by [Licensee 1], [Brokerage 2], formerly known as [Brokerage 3], and that [Licensee 1] had been involved in the preparation of false bank statements and reconciliations to conceal the withdrawals: *[Citation 2]*.

The Claimed Funds

13. On September 16, 2025, the Applicant and [Brokerage 1] entered into a property management agreement with respect to the Property. The agreement provided that [Brokerage 1] would provide rental property management services to the Applicant in exchange for, among other fees, a finder's fee of 50% of the first month's rent plus GST and a monthly management fee of 6% of the gross collected rent for the Property plus GST starting on the first month of the tenancy.

14. On October 7, 2025, the Applicant and two tenants entered into a residential tenancy agreement for the Property (the “**Lease**”). The Lease was a fixed term lease set to run from November 1, 2025 to October 31, 2026. The Lease required the tenants to pay \$2,200 in rent on the first of each month and a \$1,100 deposit by October 7, 2025.
15. The Applicant has provided a printout from [Brokerage 1]’s property management system for the period from December 1, 2025 to December 31, 2025. That printout shows a beginning cash balance of \$2,000.81, a deposit held of \$1,100, property management fees of \$138.60, and an ending cash balance of \$1,862.21.
16. I note that the bank records before me purport to be all of [Brokerage 1]’s bank account records from August 1, 2025 to November 5, 2025 and those statements show a deposit of \$1,100 on October 8, 2025 into [Brokerage 1]’s deposit trust account and a deposit of \$2,200 on October 30, 2025, which might be associated with the Lease. There are also various large lump sum payments going in and out of [Brokerage 1]’s accounts, including its rental trust account. Those lump sum payments could account for rental funds which were collected and moved through a different source; however, it is unclear from the accounting whether those payments are associated with rent receipts or if they are intended to cover shortfalls in the rental trust account. I also note that the opening balances in [Brokerage 1]’s rental trust account and security deposit accounts were \$11,363.75 and \$617.25, respectively, on November 1, 2025.

Reasons and Decision

17. I am satisfied that the evidence supports a finding 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 \$2,006.40. My reasons for having reached these conclusions are set out below.

Compensable Loss

18. To establish a compensable loss has occurred, an 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; 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

19. I am satisfied, based on the evidence before me, that [Brokerage 1] held or received the claimed rental and deposit funds.
20. Given the evidence before me and as noted above, it is possible that the funds were not held by [Brokerage 1], but by some third party who collected or held rent and deposit funds on [Brokerage 1]’s behalf and then remitted them to [Brokerage 1] to disburse to its clients such an arrangement would explain some of the large deposits and withdrawals made from [Brokerage 1]’s accounts. If I am wrong that [Brokerage 1] held or received the funds and they were in fact paid to a third party under such an arrangement, I am of the view that such

a person would likely be an independent contractor within the meaning of subparagraph (a)(iv) of the definition of “compensable loss” in section 60 of RESA.

21. I find that [Brokerage 1], or another person identified in subparagraph (a) of the definition of “compensable loss” in section 60 of RESA, held or received the claimed rent and deposit funds.

Misappropriated, Converted, Withheld, or Obtained by Fraud

22. If the claimed funds were, at some time, deposited into [Brokerage 1]’s trust account, the evidence in this proceeding establishes that the funds at issue here were entangled with the funds improperly diverted by [Licensee 1] and concealed by his preparation of false bank statements. I therefore find that the claimed funds were misappropriated and that [Brokerage 1] failed to properly account for them.

Exemptions

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

Assessment of Amount of Claim

24. Having concluded that the Applicant suffered a compensable loss, section 63(1)(a) requires that I assess the amount of that loss.
25. 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 the amount claimed can inform that assessment, the superintendent must determine the amount of the loss. 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 roles in assessing the amount of a compensable loss.
26. I assess the amount of the loss to include the \$1,100 deposit. I also assess the loss to include \$906.40 of the November rent, which is equal to the \$2,200 collected minus [Brokerage 1]’s 50% finder’s fee, plus GST, and minus [Brokerage 1]’s monthly management fee, plus GST. [Brokerage 1] purported to hold less than that as of December 1, 2025, but it is not clear to me why it would be entitled to withhold more than its finder’s and management fees.
27. I assess the total compensable loss to be \$2,006.40.

Conclusion

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

29. I assess the amount of that loss as \$2,006.40. A certificate specifying the amount of the compensable loss will be issued.

Dated this 28th day of September, 2026, at North Vancouver, British Columbia

“Original signed by Gareth Reeves”

Gareth Reeves
Hearing Officer

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*
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AND

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([License Number Redacted])**

**AND IN THE MATTER OF A CLAIM TO
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[APPLICANT 126]**

CERTIFICATE OF COMPENSABLE LOSS

In the matter of a claim for compensation to the Real Estate Special Compensation Fund by [Applicant 126], pursuant to section 63(1)(a) of the *Real Estate Services Act*, the Superintendent:

- a. determined that [Applicant 126] suffered a compensable loss in relation to a property located at [Property 1]; and
- b. assessed the amount of the compensable loss in the amount of \$2,006.40.

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

Dated this 28th day of September, 2026, at North Vancouver, British Columbia

“Original signed by Gareth Reeves”

Gareth Reeves
Hearing Officer