

**THE REAL ESTATE COUNCIL OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*  
S.B.C. 2004, c. 42 as amended**

**AND**

**IN THE MATTER OF**

**KAI NING (KAREN) ZHAO  
(164568)**

**AND**

**KAREN ZHAO PERSONAL REAL ESTATE CORPORATION  
(164568PC)**

**CONSENT ORDER**

RESPONDENT:	Kai Ning (Karen) Zhao, Representative, Pan Pacific Platinum Real Estate Services Inc. dba New Coast Realty  Karen Zhao Personal Real Estate Corporation
DATE OF REVIEW MEETING:	May 24, 2018
DATE OF CONSENT ORDER:	July 26, 2018
CONSENT ORDER REVIEW COMMITTEE:	R. Holmes, Q.C. S. Heath L. Hrycan E. Mignosa S. Sidhu
ALSO PRESENT:	E. Seeley, Executive Officer G. Thiele, Director, Legal Services Jennifer Clee, Legal Counsel for the Real Estate Council

**PROCEEDINGS:**

On May 24, 2018, a Consent Order Proposal ("COP") submitted by Kai Ning (Karen) Zhao, on her own behalf and on behalf of Karen Zhao Personal Real Estate Corporation was considered by the

Consent Order Review Committee (the “Committee”) but not accepted. On July 25, 2018, a revised COP acceptable to the Committee was submitted by Kai Ning (Karen) Zhao, on her own behalf and on behalf of Karen Zhao Personal Real Estate Corporation.

**WHEREAS** the COP, a copy of which is attached hereto, has been executed by Kai Ning (Karen) Zhao.

**NOW THEREFORE**, the Committee having made the findings proposed in the attached COP, and in particular having found that Kai Ning (Karen) Zhao and Karen Zhao Personal Real Estate Corporation committed professional misconduct within the meaning of section 35(1)(a) of the *Real Estate Services Act* (RESA), orders that:

1. Kai Ning (Karen) Zhao and Karen Zhao Personal Real Estate Corporation each be reprimanded;
2. Kai Ning (Karen) Zhao and Karen Zhao Personal Real Estate Corporation be jointly and severally liable to pay a discipline penalty to the Council in the amount of \$2,500 within ninety (90) days from the date of this Order;
3. Kai Ning (Karen) Zhao, at her own expense, register for and successfully complete the Real Estate Trading Services Remedial Education Course, as provided by Sauder School of Business at the University of British Columbia within the time period directed by the Council;
4. Kai Ning (Karen) Zhao and Karen Zhao Personal Real Estate Corporation be jointly and severally liable to pay enforcement expenses to the Council in the amount of \$3,000 within sixty (60) days from the date of this Order;
5. Kai Ning (Karen) Zhao, at her own expense, register for and successfully complete the Rule Changes: Agency and Disclosure Course, as provided by Sauder School of Business at the University of British Columbia on or before September 30, 2018;
6. Kai Ning (Karen) Zhao either:
  - a. At her own expense, register for and successfully complete the *Homeowner Protection Act: Protect Your Sellers and Yourself* course offered by the Real Estate Board of Greater Vancouver by September 30, 2018; or
  - b. Review with her Managing Broker the applicable provisions of the *Homeowner Protection Act and Regulation* (the “*Act and Regulation*”) pertaining to the sale of new homes by licensed residential builders or by owner builders as defined under the *Act and Regulation* and submit to the Council a certification signed by her Managing Broker confirming that she has completed the review.

7. Kai Ning (Karen) Zhao prepare and submit to the Chair of the Council a statement which demonstrates, to the satisfaction of the Chair, what she learned from this incident and the review and how it will guide her practice in the future; and
8. If Kai Ning (Karen) Zhao or Karen Zhao Personal Real Estate Corporation fail to comply with any term of this Order, the Council may suspend or cancel Kai Ning (Karen) Zhao's and Karen Zhao Personal Real Estate Corporation's licences without further notice to Kai Ning (Karen) Zhao and Karen Zhao Personal Real Estate Corporation, pursuant to sections 43(3) and 43(4) of the *Real Estate Services Act*.

Dated this 26 day of July, 2018, at the City of Vancouver, British Columbia.

ON BEHALF OF THE CONSENT ORDER REVIEW COMMITTEE

"R. Holmes, Q.C."

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R. Holmes, Q.C., Chair  
Consent Order Review Committee

Attch.

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**IN THE MATTER OF**

**KAI NING (KAREN) ZHAO  
(164568)**

**AND**

**KAREN ZHAO PERSONAL REAL ESTATE CORPORATION  
(164568PC)**

**CONSENT ORDER PROPOSAL BY KAI NING (KAREN) ZHAO AND KAREN ZHAO PERSONAL REAL  
ESTATE CORPORATION**

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**BACKGROUND AND FACTS**

This Consent Order Proposal (the “Proposal”) is made by Kai Ning (Karen) Zhao (Ms. Zhao) and Karen Zhao Personal Real Estate Corporation to the Consent Order Review Committee (“CORC”) of the Real Estate Council of British Columbia (the “Council”) pursuant to section 41 of the *Real Estate Service Act* (“RESA”).

For the purposes of the Proposal, Ms. Zhao and Karen Zhao Personal Real Estate Corporation and the Council have agreed upon the following facts:

**File: 15-731**

1. Ms. Zhao (164568), has been licensed as a representative since June 18, 2012.
2. Karen Zhao Personal Real Estate Corporation (164568PC) was licensed on January 20, 2015.
3. Ms. Zhao and Karen Zhao Personal Real Estate Corporation were at all relevant times licensed as a representative with Pan Pacific Platinum Real Estate Services Inc. dba New Coast Realty (the “Brokerage”).
4. Ms. Zhao and Karen Zhao Real Estate Corporation do not have a prior discipline history with the Council.

5. On November 28, 2015, Z.W., the owner and a director of the Brokerage, signed a Working With a Realtor® Brochure, acknowledging that Ms. Zhao was representing him in a client relationship.
6. Also, on November 28, 2015, Ms. Zhao prepared an offer for property located at XX79 Dunsmuir Crescent, Richmond, B.C. (the "Property") on Z.W.'s behalf. Ms. Zhao did not provide the seller or the seller's agent with a Disclosure of Interest in Trade form disclosing that she was providing trading services on behalf of Z.W., an associate of the Brokerage with whom she was licensed.
7. The Council discovered that Ms. Zhao had not delivered the Notice of Disclosure of Trade form to the seller or the seller's agent during a scheduled audit at the Brokerage.
8. In her response to the Council delivered August 4, 2016, Ms. Zhao advised that she was not aware at the time she wrote the offer that she was required to disclose to the seller in writing that her client, Z.W., was a shareholder of the Brokerage with whom she was licensed. Ms. Zhao stated that she is now aware of her disclosure obligations and that she would ensure proper disclosure in any future transaction.
9. The seller has made no complaint to the Council regarding Ms. Zhao's failure to deliver the Disclosure of Interest in Trade form to him or his agent.

**File: 15-170**

10. On July 20, 2015, Ms. Zhao and S.L., another licensee with the Brokerage and the leader of the S.L. Team, listed for sale residential property located at 41XX Coldfall Road, Richmond, BC. (the "Coldfall Property").
11. At the time of the listing, Ms. Zhao was a member of the S.L. Team.
12. The home on the Property was a new home built by an owner builder under the provisions of the *Homeowner Protection Act* (the "HPA").
13. On August 7, 2015, Ms. Zhao asked T.S., another member of the S.L. team, to prepare a contract of purchase of Sale in regard to the Coldfall Property.
14. T.S. had become a member of the S.L. team on June 17, 2015.
15. On August 7, 2015, S.G., another member of the S.L. Team, emailed clauses to T.S. to include in the contract.
16. On August 8, 2015, the buyer and the seller entered into a contract of purchase and sale (the "Contract").
17. The Contract contained the following terms:

Price:	\$2,300,000
Deposit:	\$110,000 to be held in trust with New Coast Realty within 24 hours of acceptance

Conditions:	Subject free offer
Completion:	August 27, 2015
Agency: D.A.Seller	S.L. and Karen Zhao licensed with New Coast Realty
D.A.Buyer	T.S. licensed with New Coast Realty

18. The Contract included the clause "It is a fundamental term of this contract that the mandatory warranty insurance coverage required pursuant to the Homeowner Protection Act be provided."
19. There was no home warranty insurance coverage for the Coldfall Property as the home was an owner built home.
20. Prior to the Contract, the seller did not provide the buyer with a B.C. Housing Owner Builder Disclosure Notice as he was required to do under Section 21(2) of the HPA, that stated whether the Coldfall Property was built under an Owner Builder Authorization and whether the Coldfall Property was covered by a policy of home warranty insurance.
21. Prior to the Contract, Ms. Zhao did not disclose to the seller that T.S., S.G. or other members of her team were acting as agents for the buyer, and did not obtain the seller's prior written consent to the S.L. team acting as agents for both the buyer and the seller by having the seller enter into a limited dual agency agreement.
22. The Contract did not include all members of the S.L. team as agents for the seller and the buyer.
23. On July 17, 2015, it was brought to the attention of the Council that Ms. Zhao and S.L. had listed the Coldfall Property without ensuring the owner-builder was in compliance with the HPA. According to the New Home Registry of the Homeowner's Protection Office, the Coldfall Property could not be offered for sale until the B.C. Housing Owner Builder Disclosure Notice was issued by the Homeowner Protection Office.
24. Both Ms. Zhao and S.L. advised the Council in their joint statement dated October 15, 2015 that they had asked the seller at the time they listed the Property whether he was an owner builder and that he advised them that he was not, and that further, the seller completed a Property Disclosure Statement dated July 20, 2015, indicating he was not an owner builder.
25. Ms. Zhao and S.L. also advised the Council that they had no reason to doubt the seller as the Coldwell Property had been previously listed with another brokerage since May 21, 2014.
26. The Owner Builder Disclosure Notice was issued by the HPA on August 18, 2015 and provided to the buyer before the sale of the Coldfall Property completed on August 27, 2015.
27. No complaint was received from the buyer or the seller regarding this matter and no harm was cause to the buyer, seller or any member of the public as a result of Ms. Zhao's conduct.
28. A Notice of Disciplinary Hearing was issued on January 19, 2018 and served on Ms. Zhao and Karen Zhao Personal Real Estate Corporation

## **PROPOSED FINDINGS OF MISCONDUCT**

For the sole purposes of the Proposal and based on the Facts outlined herein, Ms. Zhao and Karen Zhao Personal Real Estate Corporation propose the following findings of misconduct be made by the CORC:

### **File 15-731**

1. Ms. Zhao committed professional misconduct within the meaning of section 35(1)(a) of RESA and acted contrary to sections 3-4, 5-9(1)(b), 5-9(4) and 5-9(5) of the Rules when, in her capacity as the buyer's agent for Z.W. in the purchase of residential property located at XX79 Dunsmuir Crescent, Richmond, BC, she failed to provide a Disclosure of Interest in Trade form to the seller or the seller's agent that disclosed that Z.W. was an associate of New Coast Realty, the brokerage with which she was licensed.

### **File 15-170**

2. Ms. Zhao committed professional misconduct within the meaning of section 35(1)(a) of the RESA, in relation to the sale of a residential property located at 41XX Coldfall Road, Richmond BC (the "Property") when, in her capacity as the seller's agent she acted contrary to section 3-4 of the Rules, she failed to ensure that prior to any offer being made for the Property, which was a new home built by an owner builder under the provisions of the Homeowner Protection Act (the "HPA"), the seller had provided the buyer with a B.C. Housing Owner Builder Disclosure Notice as he was required to do under section 21(2) of the HPA, that stated whether the Property was built under an Owner Builder Authorization and whether the Property was covered by a policy of home warranty insurance.

## **PROPOSED ORDERS**

Based on the Facts herein and the Proposed Findings of Misconduct, Ms. Zhao and Karen Zhao Personal Real Estate Corporation propose that the Notice of Discipline Hearing in these matters be resolved through the following Orders being made by the CORC, pursuant to section 43 of the RESA:

1. Ms. Zhao and Karen Zhao Personal Real Estate Corporation each be reprimanded.
2. Ms. Zhao and Karen Zhao Personal Real Estate Corporation pay a discipline penalty to the Council in the amount of \$2,500 within ninety (90) days of the date of this Order.
3. Ms. Zhao, at her own expense, register for and successfully complete the Real Estate Trading Services Remedial Education Course as provided by the Real Estate Division, Sauder School of Business at the University of British Columbia within the time period directed by the Council.
4. Ms. Zhao and Karen Zhao Personal Real Estate Corporation pay enforcement expenses in the amount of \$3,000 within sixty (60) days from the date of this Consent Order.

5. Ms. Zhao, at her own expense, register for and successfully complete the Rule Changes: Agency and Disclosure Course, as provided by Sauder School of Business at the University of British Columbia on or before September 30, 2018.
6. Ms. Zhao either:
  - c. At her own expense, register for and successfully complete the *Homeowner Protection Act: Protect Your Sellers and Yourself* course offered by the Real Estate Board of Greater Vancouver by September 30, 2018; or
  - d. Review with her Managing Broker the applicable provisions of the *Homeowner Protection Act and Regulation (the "Act and Regulation")* pertaining to the sale of new homes by licensed residential builders or by owner builders as defined under the *Act and Regulation* and submit to the Council a certification signed by her managing broker confirming that she has completed the review.
7. Ms. Zhao prepare and submit to the Chair of the Council a statement which demonstrates, to the satisfaction of the Chair, what she learned from this incident and the review and how it will guide her practice in the future.
8. If Ms. Zhao and Karen Zhao Personal Real Estate Corporation fail to comply with any of the terms of this Order, a Discipline Committee may suspend or cancel Ms. Zhao's and Karen Zhao Personal Real Estate Corporation's licences without further notice to Ms. Zhao's and Karen Zhao Personal Real Estate Corporation.

#### **ACKNOWLEDGEMENTS AND WAIVER OF APPEAL RIGHT**

1. Ms. Zhao and Karen Zhao Personal Real Estate Corporation acknowledge and understand that the Council may refer or decline to refer the Proposal to the CORC. If the Proposal is referred to the CORC, it may be accepted or rejected by the CORC. If the Proposal is rejected by the CORC, the matter may be referred to a disciplinary hearing.
2. Ms. Zhao and Karen Zhao Personal Real Estate Corporation acknowledge that they have been urged and given the opportunity to seek and obtain independent legal advice with respect to the disciplinary process, the allegations contained in the Notice of Discipline Hearing, and the execution and submission of the Proposal to the CORC; and, that they have obtained independent legal advice or has chosen not to do so, and that they are making the Proposal with full knowledge of the contents and the consequences if the Proposal is accepted.
3. Ms. Zhao and Karen Zhao Personal Real Estate Corporation acknowledge and are aware that the Council will publish the Proposal and the Consent Order or summaries thereof in its Report from Council newsletter, on the Council's website, on CanLII, a website for legal research and in such other places and by such other means as the Council in its sole discretion deems appropriate.



4. Ms. Zhao and Karen Zhao Personal Real Estate Corporation acknowledge and are aware that the Superintendent of Real Estate has the right, pursuant to section 54 of the RESA, to appeal any decision of the Council, including any Consent Order made by the Council in relation to this matter.
5. Ms. Zhao and Karen Zhao Personal Real Estate Corporation hereby waive their right to appeal pursuant to section 54 of the RESA.
6. The Proposal and its contents are made by Ms. Zhao and Karen Zhao Personal Real Estate Corporation for the sole purpose of resolving the Notice of Discipline Hearing in this matter and do not constitute an admission of civil liability. Pursuant to section 41(5) of the RESA, the Proposal and its contents may not be used without the consent of Ms. Zhao and Karen Zhao Personal Real Estate Corporation in any civil proceeding with respect to the matter.

"K. Zhao"

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**KAI NING (KAREN) ZHAO on her own behalf and  
on behalf of Karen Zhao Personal Real Estate  
Corporation**

**Dated \_25<sup>th</sup>\_, day of \_\_July \_\_, 2018**

Signature of Ms. Zhao and Karen Zhao Personal  
Real Estate Corporation witnessed on the above  
date by

"R. Setticasi"

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Witness Name *(Please Print)*

"R. Setticasi"

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Witness Signature