

IN THE MATTER OF the Real Estate Act, R.S.A. 2000 c. R-5

**AND IN THE MATTER OF Waleed Karout, real estate associate, registered to
Royal LePage Arteam at all material times**

INTRODUCTION

1. The Executive Director of the Real Estate Council of Alberta conducted an investigation into whether the conduct of Waleed Karout (hereinafter "Mr. Karout"), real estate associate registered at all material times to Royal LePage Arteam Realty, is deserving of sanction and/or whether he breached the requirements of the *Real Estate Act* (hereinafter the "*Act*") or the *Real Estate Act Rules* prescribed pursuant thereto (hereinafter the "*Rules*") or the *Code of Conduct* prescribed pursuant thereto.
2. The Executive Director and Waleed Karout agree to resolve all matters against Waleed Karout on the terms and conditions set out herein.

AGREED STATEMENT OF FACTS

3. Mr. Karout has been licenced as a real estate associate with the Real Estate Council of Alberta since May 12, 2003 and has been at all material times registered to Royal LePage Arteam Realty
4. Mr. Karout has no previous disciplinary history with RECA.
5. N.N. was the owner of a condominium property located at #101, 9525 - 162 Avenue (hereinafter the "condominium property") in Edmonton. N.N. resided in this property as well.
6. In or around April to May 2006, N.N. decided that he wanted to sell the condominium property and then rent it back from the subsequent owner for a period of a year. He entered into an Exclusive Listing for the sale of this property with B.W., real estate associate, registered at all material times to Royal LePage Arteam Realty.
7. In or around January to April 2006, N.K., Mr. Karout's brother, was searching for an investment property to purchase. Mr. Karout was representing his brother N.K. in this search.

8. Waleed Karout, on behalf of N.K., submitted an Offer to Purchase for the condominium property on or about May 8, 2006.
9. Final acceptance was reached between N.K. and N.N. on or about this same date of May 8, 2006. The terms and conditions entered into between the parties were as follows:
 - Initial Deposit \$3000
 - Additional Deposit \$2000
 - New Financing \$123 000
 - Balance Owing \$2000
 - Purchase Price \$130 000
 - Buyer's Financing Condition which was to be removed by no later than May 12, 2006
10. Written disclosure was made by Waleed Karout to N.N. of N.K. and Waleed Karout's familial relationship.
11. Mr. Karout failed to obtain N.K.'s written informed consent to represent him as a dual agent in this transaction.
12. In the course of negotiations between Mr. Karout and B.W. on behalf of their clients N.K. and N.N., there was numerous back and forth between the parties and as such there was repeated crossing out of figures and dates on the Offer to Purchase document. As a result a new Offer to Purchase was written up. The original Offer to Purchase document was not retained by Mr. Karout and was not submitted to his broker or his brokerage.
13. In the course of N.K. applying for mortgage financing for the purchase of this property, he was unable to qualify for financing on his own and was advised that in order for financing to be approved he would require another applicant to apply for the mortgage financing along with himself.
14. Mr. Karout became a co-applicant for the mortgage financing for N.K.'s purchase of the property. On or about June 9, 2006, their joint application for mortgage financing for the purchase of this property was approved.
15. As part of the joint application for financing, Mr. Karout was required to go on title for the property along with N.K. N.N. was never advised that Mr. Karout was a co-applicant for the mortgage financing and that title to the condominium property would be going into Mr. Karout's name as well.

16. In or around September 2006, Mr. Karout and N.K. listed the condominium property for sale through the Royal LePage Arteam Realty brokerage. Mr. Karout represented himself and N.K. in the listing for sale of this property.
17. In or around September 12, 2006, the Karouts accepted an Offer to Purchase that was submitted for the property by T.T. The terms and conditions with respect to this accepted Offer to Purchase were:
- Sellers: Waleed Karout and N.K.
 - Initial Deposit: \$5000
 - New Financing: \$178 200
 - Balance Owing: \$14 800
 - Purchase Price: \$198 000
 - Closing Date: October 11, 2006
18. When the property sold from the Karouts to T.T., the Karouts were required to complete a Goods and Services Tax Certificate document. In this Certificate, Mr. Karout along with N.K. represented and warranted the following:
- THE TRANSFEROR-VENDORS HEREBY EXPRESSLY REPRESENT AND WARRANT TO THE TRANSFEREE-PURCHASERS THAT THE WITHIN LANDS AND ALL IMPROVEMENTS THEREIN ARE:
- ...
- b) Entirely an owner-occupied residence of the transferor-vendors;
19. This property was not entirely owner occupied by the Karouts. The property was vacant when the property was listed for sale and sold to T.T.

CONCLUSION

20. By reason of the matters described herein, Waleed Karout's conduct is deserving of sanction, in that he:
- a) Entered into a dual agency representation without obtaining informed and written consent from his client, N.K., contrary to section 3(b) of the *Code of Conduct* (as it then was, in force from October 1, 1999 to September 30, 2006);

- b) Failed to provide all documentation or trade records required under the *Real Estate Act Rules* to the broker, contrary to section 23(e) of the *Real Estate Act Rules* (as they then were, in force from October 1, 1999 to September 30, 2006);
- c) Traded in real estate on behalf of himself without first disclosing to the seller any interest that he may have in the transaction, either directly or indirectly, contrary to section 28(a)(i) of the *Real Estate Act Rules* (as they then were);
and
- d) Participated in the creation of a document that he knew or ought to have known was false or misleading, contrary to section 4(d) of the *Code of Conduct* (as it then was).

SETTLEMENT TERMS

- 21. It is agreed that the following mitigating factors are relevant to the assessment of fines in this case:
 - a) Waleed Karout admits the conduct alleged and acknowledges the seriousness of the contraventions and the harm caused to the integrity of the industry;
 - b) Waleed Karout has agreed to forego the time and expense of a hearing saving witnesses the inconvenience and stress of attending at a hearing of the matter by entering into the within Consent Agreement;
 - c) Waleed Karout was very cooperative with Legal Services and immediately expressed a willingness to resolve matters in a timely fashion;
 - d) There was no evidence that Waleed Karout derived any personal benefit as a result of his conduct;
 - e) There was no evidence that the initial seller or subsequent purchaser of the property suffered in any way as a result of Mr. Karout's conduct.
- 22. It is further agreed that the following aggravating factors are relevant to the assessment of fines in this case:

- a) Real estate associates must always act in strict compliance with the *Real Estate Act* and *Real Estate Act Rules* in order to maintain the integrity of the industry.

23. In settlement of these issued, Waleed Karout agrees that the fines for each breach and contravention are assessed as follows:

a) section 3(b) <i>Code of Conduct</i>	\$1500
b) section 23(e) <i>Real Estate Act Rules</i>	\$1000
c) section 28(a) <i>Real Estate Act Rules</i>	\$1500
d) Section 4(d) <i>Code of Conduct</i>	\$4000
Total	\$8000

24. It is agreed that costs of the investigation will be paid by Mr. Karout in the amount of **\$1250.00**.

25. Mr. Karout agrees that as a condition of his authorization to trade in real estate, he will, within 6 months of the ratification of this Consent Agreement by the Hearing Panel, successfully complete the Contract Law portion of Section 3 of Phase 2 course of the Real Estate Associate Program offered by the Alberta Real Estate Association or a similar course or courses as the sole discretion of the Executive Director.

26. Mr. Karout acknowledges that he has been given an opportunity to seek the advice of legal counsel and acknowledges that he is agreeing to the terms of settlement of his own free will.

27. Mr. Karout is aware that a copy of this Consent Agreement will be placed on his file and may be reviewed and considered in any future disciplinary proceedings.

28. Mr. Karout is aware the Real Estate Council of Alberta may publish the contents of this Consent Agreement.

29. Mr. Karout hereby waives any rights he may have under the Act or otherwise to a review, hearing, appeal or other judicial proceeding involving the matter referred to herein.

30. These settlement terms are intended to resolve all matters described herein and, subject to the approval of the hearing Panel, the Executive Director will take no further action under the Act or before the courts in this regard

IN WITNESS WHEREOF the undersigned agrees and accepts the terms and conditions of this settlement this 14 day of April, 2011.

Signed in the presence of)

)

L.R.)

Waleed Karout

Witness)

The Executive Director recommends to the Hearing Panel the proposed terms of settlement based on the Agreed Statement of Facts.

REAL ESTATE COUNCIL OF ALBERTA

V.H.

Per:

Witness to the signature
of Bob Myroniuk

Bob Myroniuk
Executive Director

Recommendation Approved X

Recommendation Denied _____

DATED at the City of Calgary, in the Province of Alberta this 6 day of

May, 2011.

REAL ESTATE COUNCIL OF ALBERTA

Per: *Robert Telford*
Hearing Panel Chairperson

