

THE REAL ESTATE COUNCIL OF ALBERTA

Case Number: 011183
Name on Licence: George Fahmy
Licence Type & Class: Real Estate Broker
Brokerage Name on Licence: Mozaic Realty Group Inc. o/a Mozaic Realty Group
Process: Section 39 & 83 of the *Real Estate Act*
Document: ADMINISTRATIVE PENALTY
Penalty: \$1,000.00

Payment

This Penalty must be paid **within 30 days** of the date this Notice was issued.

If you fail to pay the Penalty the Registrar may commence collection under Part 6 of the *Real Estate Act* and may suspend your licence under section 38.1 of the Rules.

If you pay the Penalty

- You will have satisfied the Administrative Penalty and no further proceedings under Part 6 will be taken against you.
- You cannot be charged under the *Real Estate Act* with an offence for the contravention(s) in this Administrative Penalty.

TO: George Fahmy

The Registrar of the Real Estate Council of Alberta (RECA) has determined there is sufficient evidence you have contravened **section 86(1) of the *Real Estate Act* Rules** and this is conduct deserving of sanction.

Rule 86(1)– *A brokerage shall prepare a bank reconciliation monthly, within 30 days of the date of the prior month's bank statement, for all accounts in which money is held in trust*

Additional relevant legislation:

Real Estate Act Rules Interpretation:

1(e) ***"bank reconciliation"*** means a schedule drawn as of a specific date to identify the differences, if any, between a brokerage's records and the bank, trust corporation, loan corporation, credit union or treasury branch statements

Real Estate Act Rules s. 86:

86(2) As part of a bank reconciliation a brokerage shall:

*(a) identify the balances owing to each client or customer held in trust; and
(b) reconcile monthly the trust liability to the reconciled bank balance as of the date of the bank reconciliation.*

86(3) The broker must review the monthly reconciliation under (1) above within 30 days of the date of the prior month's bank statement, and acknowledge the review by signing and dating the monthly reconciliation.

Particulars of the contravention(s):

1. January, 2021, you communicated with RECA via telephone and email, regarding findings from the fiscal year end audit done on your brokerage on February 28, 2020. It was noted there were no trust ledgers available for two property management accounts. Bank reconciliation and trust liability reconciliations were not done for the two property management trust accounts. You failed to prepare monthly trust account reconciliations for all properties managed under your brokerage. Since these reconciliations were not prepared, you were also unable to fulfill your responsibility to review and sign them.
2. January 5, 2021, you communicated with RECA regarding the financial information you provided. There was a question regarding one of the financial columns which required an explanation.
3. January 5, 2021, you sent an email to RECA explaining which amounts go with each property.
4. January 5, 2021, RECA advised you did not meet the requirements of section 86(2) of the Rules.
5. January 6, 2021, on a telephone call, RECA asked why there are only four properties in the rental trust account, and far more being managed. You indicated your associates had opened up their own account and had been depositing the rents and security deposits into that/those account(s).
6. There were no reconciliations prepared for the property management trust accounts that were holding the trust funds for a few properties. If these had been prepared, you would have been able to identify that the majority of the funds being received in trust, were not being deposited into the brokerage trust accounts.

Brokerages must complete bank reconciliations on a monthly basis which includes reconciling the trust liability for pooled trust accounts. Brokers must use this critical tool to effectively manage the brokerage trust accounts. It ensures the brokerage is meeting its trust obligations and helps identify potential trust shortages or other irregularities that require further investigation.

RECA's Trust Assurance and Practice Review Unit use an educational approach for most issues they encounter in a Practice Review. A Practice Review Officer will help the broker understand the brokerage's legislative obligations. When a Practice Review Officer brings issues to a broker's attention, the broker must take sufficient steps to address the issue. Repeated failure to meet a legislative responsibility will result in a Professional Conduct Review to determine whether there has been conduct deserving of sanction.

The Registrar considered the following aggravating and mitigating factors:

Aggravating Factors

- There is need for general deterrence of this conduct. Completing bank reconciliations is a critical tool the broker must use to manage the brokerage trust accounts. It ensures the brokerage is meeting its trust obligations and helps identify potential trust shortages or other irregularities that require further investigation

Appeal

You have the right to appeal this Administrative Penalty to a Hearing Panel. See **section 83.1 of the *Real Estate Act*** for what you must do to appeal.

In an appeal you will be given a full opportunity consistent with procedural fairness and natural justice to present evidence before the Hearing Panel in relation to the contraventions alleged.

Your written notice of appeal must comply with section 83.1 and must be received by the Registrar **within 30 days** of you receiving this Administrative Penalty.

If you appeal, payment of the Penalty will not be required until an order to pay a penalty is issued by the Hearing Panel. If you have any questions regarding particulars or the appeal process, please contact:

Name: [C.S], Professional Conduct Review Officer
Email: [EMAIL]
Phone: 403.228.2954; Toll Free: 1.888.425.2754
Fax: 403.228.3065
Address: Real Estate Council of Alberta
Suite 202, 1506 11 Avenue SW
Calgary, Alberta, T3C 0M9

Issued at Calgary, Alberta, on July 8, 2021.

"Signature"

Charles Stevenson, Registrar
Real Estate Council of Alberta