

Case Summaries

July 19 - August 15, 2022

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Case Summaries

Welcome to the Case Summaries monthly magazine.

Inside you will find the summaries for all disciplinary decisions occurring at the Real Estate Council of Alberta (RECA) since the previous newsletter, including any suspensions and approved lifetime withdrawals from the industry.

The Case Summaries are drafted with a focus on learning opportunities, including issues that may be relevant but not directly related to the case at hand.

RECA is authorized to carry out conduct proceedings under [Part 3](#) of the *Real Estate Act*.

Learning opportunities reflect advice for licensees under the *Real Estate Act*, including the amendments that came into force on December 1, 2020.

Questions about disciplinary information RECA publishes and why? Review [RECA's Publication Guidelines](#) online.

A close-up photograph of a person's hand typing on a laptop keyboard. The image is partially obscured by a semi-transparent blue rectangular overlay. The word "Suspension" is written in white, bold, sans-serif font across the middle of the blue overlay. The background shows the laptop keyboard and a portion of the person's arm wearing a dark blue shirt with a light-colored cuff.

Suspension

Largo Capital Limited - Brokerage Licence Suspended

On July 19, 2022, RECA's registrar suspended the licence of Largo Capital Limited.

Under Section 35(2)(b) of the *Real Estate Act* Rules, the registrar may suspend the licence of a brokerage if the registrar receives information that indicates the individual who is registered as the broker has resigned or ceased to be the broker.

All active mortgage deals involving this brokerage are affected.

A close-up photograph of a person's hand typing on a silver laptop keyboard. The hand is wearing a blue sleeve and a watch. The laptop is on a wooden desk. In the foreground, a pair of black-rimmed glasses and a smartphone are visible. The background is blurred, showing a green plant and a yellow cup. A semi-transparent blue rectangle is overlaid on the image, containing the text.

Administrative Penalties

Real Estate Act Rules s.91(4)

A brokerages accounting shall be filed with the Council not later than three months after the end of the brokerage's fiscal year.

Marc Andre McMahon,

Real estate broker registered with The Foundry Real Estate Company Ltd.

- McMahon's brokerage fiscal year end was February 28, 2022
- RECA sent numerous reminder emails to McMahon's brokerage email address and personal email address reminding them that the required accounting forms must be filed by May 31, 2022
- each email reminder gave clear instructions on what forms were required, a link to RECA's website that explained how to access the forms, and a warning that failure to complete the required forms by May 31, 2022, could result in an administrative penalty
- McMahon's financial year end reports have not been received to date
- \$1,500

Parminder Kaur Sidhu,

Real estate broker registered with EXP Realty of Canada Inc. o/a EXP Realty

- Sidhu's brokerage fiscal year end was December 31, 2021
- RECA sent numerous reminder emails to Sidhu's brokerage email address and personal email address reminding them that the required accounting forms must be filed by March 31, 2022
- each email reminder gave clear instructions on what forms were required, a link to RECA's website that explained how to access the forms, and a warning that failure to complete the required forms by March 31, 2022, could result in an administrative penalty
- Sidhu's financial year end reports were filed June 2, 2022
- \$1,500

Learning Opportunity

Brokerages provide accounting reports to RECA to ensure trust funds are being properly administered to protect the public and the integrity of the industry. A brokerage must file its accounting with RECA no later than three months after the end of the brokerage's fiscal year. In these cases, the brokers failed to file the forms by their fiscal year end deadlines despite RECA sending them numerous reminders.

Real Estate Fiscal Year End

Real Estate Act Rules s.41(b)

A licensee must provide competent service.

Darshan Singh Sidhu,

Real estate associate registered with 4 Million.ca Inc. o/a Estateview

- in April of 2021 Sidhu represented the sellers of a property
- when measuring the property for the listing Sidhu failed to measure the second level of the property, and only relied on measurements taken of the main level
- Sidhu advertised the property as 1,244 sq. ft.
- the above grade size of the property was approximately 1,168 sq. ft.
- this led to an error of overstating the above grade size by 76 sq. ft.
- \$1,500

Learning Opportunity

The Residential Measurement Standard (RMS) guidelines were created to offer a consistent means of representing the above grade size of a property, thereby allowing interested parties to accurately compare properties. Licensees must measure any residential property using RMS or engage a third party to measure the property using RMS. In this case, the licensee failed to accurately measure the property and listed it at a larger above grade size.

[Residential Measurement Standard Guidelines](#)

A person is writing in a blue notebook on a wooden desk. The background is blurred, showing a person's hand and a computer monitor. A blue semi-transparent box is overlaid on the image, containing the text "Letters of Reprimand".

Letters of Reprimand

Real Estate Act Rules s.42(a)

A licensee must not make representations or carry on conduct that is reckless or intentional to mislead or deceive a person.

Real Estate Associate

- the associate was the listing agent for a property
- the associate was in negotiation with another licensee representing a buyer
- on December 13, 2021, the associate advised the licensee representing the buyer that there was a competing offer received from another buyer
- while there had been some interest in the property, the other buyer had not submitted an official written offer
- later that day and after the associate's representation, the other buyer did submit a competing offer
- the seller did not accept offers from either of the buyers

Learning Opportunity

A licensee must not make representations or carry-on conduct that is reckless or intentional to mislead or deceive a person. In this case, the licensee made representations to potential buyer clients that there were multiple offers in place when in fact there was no written competing offer.

Multiple Offers

Real Estate Act Rules s.41(b)

A real estate licensee must provide competent service.

Real Estate Associate

- the associate represented the buyers for the sale of a property
- the property was vacant at the time
- on January 21, 2022, the associate accessed the property with the buyers without the seller's permission
- the seller's associate found out when the associate called them from the property
- the seller was upset they accessed the property without permission
- the associate believed they had discussed accessing the property with the seller's associate

Real Estate Associate

- on February 5, 2022, the associate brought their buyer clients to view a property
- the associate accessed the property during a period where showings were prohibited
- the associate did not have permission to access the property
- the tenants were in the property at the time and were taken by surprise by people entering the property

Learning Opportunity

Licensees must ensure they exercise reasonable care and skill at all times when showing properties. Consumers must trust that licensees have taken the proper steps to gain access and permission to view properties. In these cases, the licensees failed to gain permission from the sellers before entering the properties.

Access to Property

Real Estate Act s.25(1)(d)

A licensee who is required to operate a trust fund shall disburse money received or held in trust only in accordance with the rules and terms governing that trust.

Real Estate Broker

- on March 11, 2020, the broker entered into a Management Agreement with the owner of a property
- the Management Agreement contained a term that rental income was to be deposited into the owner's account
- the owner gave the broker permission to communicate with their brother when dealing with the property
- the owner's brother gave the broker their account details to deposit the rental income
- the broker did not confirm changing the account where rental income was sent with the owner
- the broker deposited the monthly rental income into the brother's account
- there was no written amendment or instruction that authorized the broker to deposit rental income into the account of the owner's brother

Learning Opportunity

A real estate broker's role in handling trust funds is that of a trustee. As a trustee, the broker must hold the trust monies for the parties in the transaction and disburse money only in accordance with the terms of trust. In this case, the broker failed to distribute the funds in line with the terms of the trust.

Trust Money Disputes and Disbursements



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