

BROKERS - ACCOUNTABILITY

Purpose: This bulletin explains when a broker is accountable for the conduct of an industry professional or an employee of the brokerage.

This bulletin applies to real estate brokerages, brokers and mortgage brokerages and brokers.

The broker is responsible for the operations of the brokerage. The broker is accountable for their own conduct and the conduct of the associate brokers, associates and employees of the brokerage.

The broker will be held accountable if they:

- are not actively involved in brokerage management
- fail to make sure there is an adequate level of supervision
- are “intentionally blind” to the misconduct
- are involved in the misconduct
- have knowledge of the misconduct but fail to take reasonable steps to stop it
- know about the misconduct but fail to take reasonable steps to improve it or reduce harm
- know about an associate, associate broker or employee’s fraud, deception, theft, or unlawful activities but fail to notify the executive director.

The broker must take reasonable steps to stop or correct the misconduct and reduce any harm

When a broker is aware of misconduct, the broker must:

- gather and document the facts from all sources
- check to see the documents in the brokerage file is complete, authentic and accurate
- discuss your findings with the associate broker, associate or employee
- talk to a lawyer if you are unsure what to do
- if the conduct is continuing, stop the misconduct
- if the conduct has already occurred, fix the problem
- write down the steps you took
- talk to your client
- consider the RECA’s *Voluntary Broker Resolution Process*
- notify the executive director when fraud, deception, theft or unlawful activities occur including a breach of fiduciary duties
- if there is misconduct by an industry professional from another brokerage, report it to their broker.

If necessary, change your policies, procedures or supervisory practices to reflect best practices for the brokerage. Clearly communicate changes to everyone at the brokerage.

[Related information](#)

Legislation

- *Real Estate Act* Rules - section 51(3)

Guides

- Voluntary Broker Resolution Process

Information bulletins

- Brokers – Active in Brokerage Management
- Brokers – Delegation
- Conduct Deserving of Sanction