

PROHIBITION – FRAUDULENT OR UNLAWFUL ACTIVITY

Purpose: This bulletin assists industry professionals to identify illegal and fraudulent activities and bring awareness to protect their integrity.

This bulletin applies to all industry professionals.

Industry professionals should safeguard their integrity at all times. This is part of being a professional.

Participating in fraudulent, deceptive or unlawful activities, including criminal activities will bring consequences to the individual who commits the conduct and it will lower the integrity of the entire profession.

You must be careful you do not facilitate fraudulent or illegal activities. This happens when an industry professional ignores clear warning signs of illegal activity and does not make any inquiry about these signs.

Professionals have a duty to be aware of the signs of fraud and other illegal activity and to guard themselves, the public and the profession from being part of these activities.

Fraud itself is not always a complex scheme. Fraud is a scheme where someone uses dishonesty to deprive someone else of their rights or interests.

Examples of illegal or fraudulent activity

- fail to account for or distribute a client's money in accordance with the terms of a trust
- use a client's confidential information or personal property without their consent
- forge a signature as part of a real estate or mortgage transaction
- use information known to be false to get a mortgage
- manipulate appraised values, create false rental revenues or false purchase contracts
- cause physical harm, attempt to cause physical harm or utter threats to clients or other industry professionals
- participate in money laundering schemes or turning a blind eye to the scheme
- permit the use of property in the industry professional's charge for unlawful purposes or participate in such activity for example marijuana grow-ops

- provide property management services to a landlord with respect to an illegal suite
- unauthorized or illegal entry upon property (trespass) or causing willful damage to property
- failure to comply with interest rate disclosures required by the *Consumer Protection Act*
- broker a mortgage transaction involving criminal rates of interest
- encourage someone to use false financial information or a false appraisal to obtain a mortgage loan from a lender
- withhold relevant information from someone so that they will act as if the information wasn't known
- submit false "gift" letters to a lender on behalf of clients
- obtain a non-refundable application fee from a client who lacks credit worthiness with the broker's assurance that the mortgage approval will be a "sure thing"
- omit relevant property information to manipulate an appraisal report
- fail to comply with landlord notice procedures, or to account for a tenant's security deposit, as required by the *Residential Tenancies Act*
- drive a vehicle under the influence of alcohol or without valid insurance with clients present

Related information

Legislation

- *Real Estate Act* Rules - section 42(b)

Information bulletins

- Mortgage Fraud Red Flags
- Mortgage Fraud Red Flags – Mortgage Brokerage Professionals
- Mortgage Fraud Red Flags – Real Estate Professionals