



Real Estate Council of Ontario

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## **DISCIPLINE DECISION**

**IN THE MATTER OF A DISCIPLINE HEARING HELD PURSUANT TO THE  
*REAL ESTATE AND BUSINESS BROKERS ACT, 2002, S.O. 2002, c. 30, Sch. C***

**BETWEEN:**

**REGISTRAR UNDER THE *REAL ESTATE AND BUSINESS BROKERS ACT, 2002***

**- AND -**

**ZORAN KARANOVIC**

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Subject to Rule 4.02 of the Discipline and Appeals Committee Rules of Practice (*REBBA 2002*), I, the Chair of the Discipline Committee (*REBBA 2002*) have reviewed and considered the Agreed Statement of Facts and Recommended Penalty together with the Waiver of Hearing submitted by the Parties to this proceeding and provide the following Order:

**DATE OF DECISION:** July 12, 2010

**FINDINGS:** In violation of Sections 3, 38 and 39 of the *REBBA 2002* Code of Ethics

**ORDER:** Fine of \$13,000.00 payable to RECO within 180 days of sending this decision.

Successful completion of the Ontario Real Estate College's "Real Property Law" classroom course and provide RECO with confirmation of successful completion within 180 days of sending this decision.

**WRITTEN REASONS:**

### **REASONS FOR DECISION**

#### **INTRODUCTION**

This matter proceeded on the basis of an Agreed Statement of Facts and Penalty and Waiver of Hearing, pursuant to Rule 4.02 of the Rules of Practice (*REBBA 2002*).

The Agreed Statement of Facts and Penalty read:

#### **AGREED STATEMENT OF FACTS AND PENALTY**

1. Mr. Karanovic is a member of the Real Estate Council of Ontario (hereinafter "RECO"), and a salesperson registered under the Act. At all material times Mr. Karanovic was an employee of Brokerage A, a brokerage also registered under the Act.
2. On or about April 30, 2008 Individual A (hereinafter "Individual A"), director of Company A (hereinafter "Company A"), is indicated to have signed an employment letter outlining how Consumer A (hereinafter "Consumer A") had been an employee of Company A for more than four years, that she was working in the position of secretary, and that she was earning an annual salary of \$52,000.00 (hereinafter "Employment Letter").
3. On or about May 9, 2008 Consumer A made an offer, using an OREA standard form, to lease the residential property located at the municipal address of 1-B Street, City B (hereinafter the "Property") for \$1,350.00 per month (hereinafter the "Offer") from Consumer B (hereinafter the "Complainant"). The Offer, which Mr. Karanovic witnessed Consumer A sign, listed Brokerage A as having been the co-operating brokerage.
4. On or about May 9, 2008 Consumer A completed a 'Rental Application' (hereinafter "Application") in which she outlined how as an employee of Company A, she was earning a monthly salary of \$4,500.00. Consumer A further identified Individual A as being her supervisor.
5. On or about May 10, 2008 Mr. Karanovic faxed Consumer A's Application, Offer and Employment Letter to the Complainant.
6. On or about May 11, 2008 the Offer was accepted by the Complainant, making it a firm and binding agreement.
7. However after Consumer A took possession of the Property, the Complainant became suspicious when the calls he made to her at her place of work, which were fundamentally to Company A's secretary, were being re-directed to Individual A's cell phone. The Complainant also began to notice Consumer A's increasing presence at home during regular business hours. Upon further investigation, the Complainant discovered that Mr. Karanovic was in fact a co-owner of Company A.
8. On or about August 29, 2008 the Office of the Registrar received a complaint from the Complainant regarding the events surrounding the lease of the Property to Consumer A (hereinafter "Complaint Letter"). The Complainant stated in the Complaint Letter that after having had the opportunity to speak with Consumer A he was able to confirm "*that the employment letter was fraudulent and [that] she does not work at Company A*". The Complainant also goes on to say that as a result of having to "*terminat[e] the tenancy just after 4 months into the agreement, [that he has been left] trying to find new tenants, incurring loss of income*".

9. On or about September 25, 2008 the Office of the Registrar sent Mr. Karanovic a 'Notification of Complaint', asking him to submit a response.
10. On or about October 27, 2008 the Office of the Registrar received a response letter from Mr. Karanovic to the complaint. In that letter Mr. Karanovic "*acknowledged the truth and validity of the allegations made against him*", and admitted that he provided "*Consumer A with a letter of reference from [his] company specifying that she would be working as a secretary with [his] office*" when he knew that "*this information was not valid*".

**Mr. Karanovic acted unprofessionally including as follows:**

11. By providing Consumer A with an Employment Letter he knew to be false.
12. By assisting Consumer A in the preparation of documents he knew contained false information, ones he very well knew others would come to rely on and could result in one acting to their detriment.
13. By submitting documents he knew contained false information to the Complainant, consequently resulting in the Complainant acting to his detriment and incurring, among other things, financial loss.

**Mr. Karanovic thereby breached the following sections of the Code of Ethics:**

**Fairness and honesty**

3. A registrant shall treat every person the registrant deals with in the course of a trade in real estate fairly, honestly and with integrity.

**Error, misrepresentation, fraud**

38. A registrant shall use the registrant's best efforts to prevent error, misrepresentation, fraud or any unethical practice in respect of a trade in real estate.

**Unprofessional conduct, etc.**

39. A registrant shall not, in the course of trading in real estate, engage in any act or omission that, having regard to all the circumstances, would reasonably be regarded as disgraceful, dishonourable, unprofessional or unbecoming a registrant.

**AGREED PENALTY:**

1. Mr. Karanovic be ordered to pay a penalty of \$13,000.00 within 180 days of the date of the decision of the Discipline Committee being sent to him;
2. Mr. Karanovic be ordered to register for and successfully complete the Ontario Real Estate College's "Real Property Law" course by attending the classroom seminars. Mr. Karanovic must also provide RECO with proof of his successful completion of the Real Property Law course within 180 days of the decision of the Discipline Committee in this matter being sent to him.

By initials below, I Zoran Karanovic, acknowledge that I have read and understand the penalty outlined herein and agree to the said terms and/or conditions.

[Respondent's Initials]

By signature below the parties agree, acknowledge, understand and consent to the settlement of this matter by way of this Agreed Statement of Facts and Penalty.

[Respondent's Initials]

By initials below, I Zoran Karanovic, agree, acknowledge, understand and consent to the submission of this Agreed Statement of Facts and Joint Submission as to Penalty, before the RECO Chambers on a date to be chosen by the Discipline Committee.

By initials below, I Zoran Karanovic, acknowledge that, should I wish to attend on the date this Agreed Statement of Facts and Penalty is heard by the Discipline Committee, I will advise the Hearings Coordinator forthwith in order that I may be informed of the date.

[Respondent's Initials]

By initials below, I Zoran Karanovic, acknowledge that I was aware of my right to be represented by Counsel or agent in this matter.

[Respondent's Initials]

[The Agreed Statement was duly signed by the Parties.]

### **DECISION OF THE CHAIR**

Having reviewed and considered the Agreed Statement of Facts, the Chair of the Discipline Committee (*REBBA 2002*) concluded that the Respondent breached Sections 3, 38 and 39 of the *REBBA 2002* Code of Ethics. The Chair of the Discipline Committee (*REBBA 2002*) is also in agreement with the joint submission of the Parties as to penalty and accordingly makes the following order:

1. Mr. Karanovic is ordered a Fine of \$13,000.00 payable to RECO within 180 days of sending this decision; and
2. Mr. Karanovic is ordered to successfully complete the Ontario Real Estate College's "Real Property Law" classroom course and provide RECO with confirmation of successful completion within 180 days of sending this decision.