

**RECO** is committed to fostering confidence and upholding integrity in real estate transactions by regulating the activity of trading in real estate in the public interest.



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# CORPORATE PROFILE

The Real Estate Council of Ontario (RECO) was established in 1997 and is responsible for regulating Ontario's real estate brokerages, brokers and salespersons in the public interest.

## CORE PURPOSE

To foster confidence and uphold integrity in real estate transactions

## MISSION

To regulate the activity of trading in real estate in the public interest

## RESPONSIBILITY

Interpret, enforce and suggest modifications to regulations

## RELATIONSHIP

RECO has an exclusive contract with the government to administer the *Real Estate and Business Brokers Act, 2002* and must perform in a manner consistent with the government's expectations and the terms of the Administrative Agreement

## CORE VALUES

RECO is dedicated to organizational behaviour characterized by:

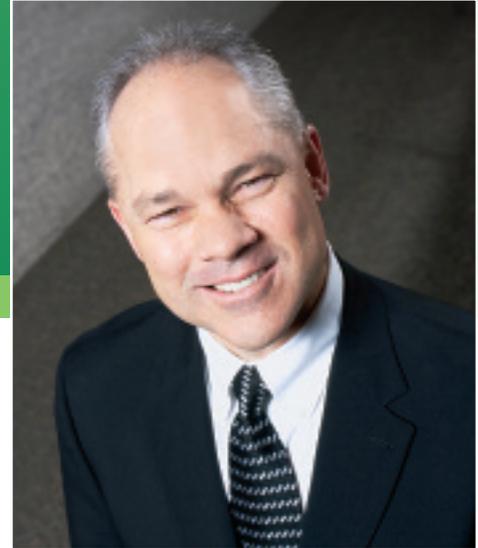
**Integrity:** Be truthful and trustworthy

**Accountability:** Administer the Act competently in accordance with law

**Fairness:** Act impartially and equitably

**Respect:** Treat all with courtesy

# MESSAGE FROM THE CHAIR



## **BRIAN SUKKAU**

*Chair*

Brian Sukkau, was first elected to RECO's Board of Directors in 2004, serving as Vice-Chair in 2006-2007 and two terms as Chair from 2007-2009. During his time as a member of the Board of Directors, Mr. Sukkau has served on several committees including; RECO's Audit, By-laws, Finance, Governance, and Insurance Committees, as well as the Discipline Committee under By-law 10.

Mr. Sukkau began his career in real estate in 1979. He graduated from the University of Western Ontario in 1985 and was broker/owner of Peter Sukkau Realty Inc. from 1987 to 2000. In 1999, Mr. Sukkau was presented with the President's Award from the St. Catharines District Real Estate Board for recognition of outstanding performance and contribution to the local real estate board.

He joined Royal LePage in 2000 and since then has received the President's Gold Award and the Royal LePage Award of Excellence. Mr. Sukkau is a past president of both the St. Catharines District Real Estate Board and the Ontario Real Estate Association.

**O**n behalf of the Board of Directors, I am pleased to present the Annual Report for the Real Estate Council of Ontario (RECO) for the fiscal year ending March 31, 2009.

This year marks the end of my second term as Chair of the Board. I would like to thank my fellow Directors for the opportunity to once again serve as Chair for 2008-2009. I am proud to say that serving as a Director has given me a greater appreciation of the value of being a part of a regulated profession.

We as registrants know, the real estate industry is truly dynamic, is continually changing and facing new challenges, whether they are in the form of industry issues or economic forces. As the regulator, RECO is also continually adapting and adjusting to ensure it can continue to meet the needs of Ontario's public – both consumers and real estate professionals.

Being Chair for the past two years has presented me with many opportunities including the good fortune to participate in RECO's outreach efforts. RECO staff and Directors travel throughout the province every year, attending a number of tradeshow, annual meetings, and speaking engagements hosted by the Ontario Real Estate Association (OREA), local real estate boards and associations, government agencies, law enforcement agencies, financial institutions and other industry stakeholders. In the 2008-2009 year, RECO attended more than 30 of these types of events - providing RECO with valuable time talking to the attendees about what is happening at RECO and listening to their feedback and thoughts about what the current industry issues are.

This type of feedback is extremely important to RECO. So much so, that the Board instituted a formal question and answer session at the 2008 Annual General Meeting. The session gave stakeholders and members a chance to ask questions of RECO's management and Directors. The feedback from those in attendance as well as those who submitted questions in advance was extremely positive. Given its success, the 2009 Annual General Meeting will feature a similar question and answer session.

Throughout my term as Chair, I have seen firsthand how valuable it is for RECO to have strong working relationships with its stakeholders, particularly OREA and its member boards and associations. I am proud of the close working relationships RECO and OREA have maintained and am particularly grateful for OREA's continued support in promoting awareness of current issues in Ontario's real estate industry to its membership as well as sharing and circulating information on regulatory requirements to reinforce RECO's efforts.

RECO has also continued to work closely with staff at the Ministry of Small Business and Consumer Services on a number of initiatives in addition to its regular reporting activities. We strongly value the working relationship RECO has developed and appreciate the support and assistance the Ministry staff provide RECO throughout the course of each year. During the 2001-2002 fiscal year, the Ministry conducted a review of the Delegated Administrative Authority Model and at that time the results were

quite positive. A similar review is currently underway.

In closing, I would like to thank my fellow Directors for dedicating their time, energy, enthusiasm and expertise to help guide and set goals and objectives for RECO. I would also like to thank RECO's management, guided by Mr. Tom Wright, President/CEO, who on a day-to-day basis focus their efforts on ensuring RECO reaches those goals and objectives.

I look forward to the coming year; to serving the rest of my term on RECO's Board of Directors and working with RECO staff, the Ministry and stakeholders as RECO fulfills its core purpose of fostering confidence and upholding integrity in real estate transactions.



Brian Sukkau  
Chair, Board of Directors

# MESSAGE FROM THE PRESIDENT/CEO



**TOM WRIGHT**  
*President/CEO*

Tom Wright joined RECO as Registrar in 1997 and became President/CEO in January 2002. Prior to joining RECO, Tom was Information and Privacy Commissioner for the province of Ontario from 1991 to 1997, heading the office responsible for ensuring that ministries and government agencies of the provincial government comply with Ontario's freedom of information and privacy laws. A graduate of Queen's Law School, Tom was called to the Ontario Bar in 1975 and practiced law for 10 years prior to joining the Ontario Public Service in 1985 where he held various legal positions.

**D**uring the 2008-2009 fiscal year, RECO continued to assess and improve the way it does business – focusing on how to provide the best service possible – while maintaining the day-to-day business of regulating Ontario's real estate industry.

## PREPAREDNESS AND RESPONSIVENESS

In the last Annual Report, I made a commitment to monitor the economy and conditions that could lead to a decline in the total number of registrants. As you will see in more detail in the performance review, RECO's total registration numbers continued to grow in 2008-2009. In fact, we have not seen a dramatic shift in any of the statistics that we collect.

RECO is well positioned to withstand the current economic downturn. In the 12 years since its inception, RECO has worked to ensure that the rate of organizational growth is responsive to the needs of registrants and stakeholders and to its responsibilities for the administration of REBBA 2002.

Preparedness and responsiveness are driving factors in how RECO does business. During the 2008-2009 fiscal year, RECO worked on developing a business continuity plan designed to minimize service delivery interruptions for registrants and consumers during emergency situations, for example,

a situation where RECO staff would be unable to access the office premises. Work on business continuity planning is expected to be finalized in the next fiscal year.

## IMPROVING INFORMATION SYSTEMS AND SERVICE DELIVERY

RECO's registration numbers continued to grow, which resulted in increased demands for service. RECO has undertaken a large scale information systems review to assess internal and external systems and explore technology that could offer enhanced services.

Internal and external reporting on performance, notably complaints, was a key consideration during the review. We have been working on system changes that will allow us to directly connect outcomes such as Registrar's proposals to revoke registration or charges under REBBA 2002 to the original complaint submitted. Currently, our reporting reflects the potential outcomes related to breaches of the Code of Ethics, up to and including discipline and appeals hearings, but not the full range of actions taken. In addition, we are reviewing options that will allow us to capture more information about the subject matter of complaints and inquiries. This was a high priority project in fiscal 2008-2009 and will continue in the coming year.

Some of the other recommendations that came from the review included implementing upgrades to MyWeb and introducing online registration renewals. Work on these projects is also underway and I expect that both the upgrades to MyWeb and the introduction of online renewals will be implemented before the end of the 2009-2010 fiscal year.

### UPHOLDING REGISTRATION STANDARDS

While we continue to enhance services, RECO has also focused on maintaining registration standards to ensure protection of the public interest.

In the summer of 2008, Canada's premiers met to discuss establishing full labour mobility for Canadian workers. The meeting resulted in changes to the Agreement on Internal Trade (AIT) which require regulatory bodies to automatically recognize the credentials of registrants from other Canadian jurisdictions who wish to practice in their province or territory.

Under the new requirements, RECO would have to automatically register a real estate registrant from another province or territory who meets the eligibility requirements for registration in Ontario. Currently, a real estate registrant in another province who applies to be registered in Ontario is required to successfully complete the Interprovincial Challenge Exam, which focuses on knowledge specific to real estate transactions in Ontario. Following the provisions of the AIT, RECO asked for confirmation that the current Interprovincial Challenge Exam can be maintained. We feel strongly that the exam is an important tool in protecting the public interest – which includes the interests of both consumers and registrants. I expect that we should have a response early in the 2009-2010 fiscal year.

### CONSULTATION CRITERIA

REBBA 2002 gives RECO greater responsibilities in the form of delegation of regulation making powers. The Administrative Agreement with the Ministry, under which RECO operates, requires RECO to follow certain standards when consulting with stakeholders. Specifically, RECO is required to ensure that stakeholders are provided with advance notice of the consultation and sufficient information regarding the consultation, as well as effective methods of providing feedback to RECO. Over the course of the past year, RECO

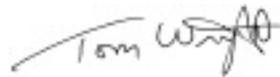
continued to work closely with the Ministry during the drafting of consultation criteria.

### COMMITMENT TO EXCELLENCE

I would like to thank the Board of Directors for the oversight and strategic leadership they provide. RECO's progress and ability to implement new programs and service enhancements is based on the solid working relationship between the Board of Directors and RECO management.

I would also like to thank all RECO staff for their many contributions throughout the 2008-2009 year. I am particularly fortunate to work with a management team of exceptional professionals who day-to-day are responsible for achieving the reality of regulating the activity of trading in real estate in the public interest.

As we enter the new fiscal year, we are committed to finalizing many of the projects that we initiated in 2008-2009; focusing on service related enhancements. We will also continue to monitor trends and issues in the industry and any impact they may have on RECO and our stakeholders.



Tom Wright  
President/CEO

# REPORT ON OBJECTIVES

## ACHIEVE PUBLIC AWARENESS AND UNDERSTANDING OF RECO, ITS ROLE AND ITS RESPONSIBILITIES

### Increase accessibility to useful and relevant regulatory information

To achieve increased accessibility, RECO relies on its website as an information source that is accessible to registrants and the public at any time of day throughout the year.

In ensuring the information provided is relevant, RECO monitors industry trends and issues, as well as the consumer and registrant inquiries it responds to, in order to provide the information that meets the needs of the stakeholders it serves. To ensure the information provided is useful, RECO has committed to regularly reviewing publications and online material to identify and remove confusing or complex language wherever possible. Existing publications are reviewed and revised when reprints or changes are required.

In a business environment that does not mirror office hours, making information available online is particularly important. Investments in information system infrastructure during the 2008-2009 fiscal year will allow RECO to advance its electronic communication efforts. Online registration renewals, currently in the testing phase, will be launched no later than March 2010. Linked to this initiative are changes to the registrant extranet, MyWeb, to enhance the features and services available.

RECO is also preparing to translate basic information about RECO, its role and how to submit a complaint into several languages to better serve the culturally diverse communities in Ontario. The translation work, originally scheduled for completion near the end of the 2008-2009 fiscal year, will be completed during the 2009-2010 fiscal year.

RECO continues to share current industry information with registrants and consumers by requesting permission from other organizations to reproduce relevant content. This past year, FINTRAC's consumer publication regarding the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* was available on RECO's website along with information about the new client identification requirements.

Ensuring that registrants are informed is one of the most effective ways to protect consumers. RECO continues to focus on its registrant newsletter, *For the RECOrd*. RECO provides information about its own programs and services and current industry news.

RECO remains committed to its current policy of responding in French to all inquiries received in French. RECO has trained staff available to respond to inquiries received in French from consumers and registrants.

**Increase registrants' knowledge and understanding of RECO and its role in protecting the public interest**

In May 2008, the Board of Directors reviewed the results of the 2007 bi-annual registrant survey report. The primary goal of the survey was to monitor registrants' perception of RECO's role, programs and service delivery.

Based on the results of the 2007 registrant survey, some confusion among registrants about the nature and scope of RECO's role in the industry and the roles of other real estate organizations continues to exist. Required pre-registration courses now include enhanced components related to RECO and the regulation of trade in real estate in Ontario. RECO representatives attended or spoke at more than 30 industry events in the 2008-2009 fiscal year, sharing information about the scope of RECO's role, its relationship with government and the limits of its authority.

**Continue to participate in the Canadian Regulators Group and the Association of Real Estate License Law Officials**

The Canadian Real Estate Regulators Group (CRG) consists of senior staff representatives from the real estate regulatory bodies in many Canadian jurisdictions. The CRG is a valuable vehicle for the exchange of information between jurisdictions, regulatory harmonization and cooperation on common issues. CRG members, including RECO representatives, participate in the annual CRG Conference, meetings and other initiatives.

In June 2008, RECO had the opportunity to host the annual conference in Toronto. Representatives from real estate regulatory organizations attended the 3-day conference. In May 2009, representatives from RECO will attend the CRG conference in British Columbia.

The Association of Real Estate License Law Officials (ARELLO) was founded in 1930 to facilitate the exchange of information and cooperation among regulators and policy makers in the area of real property. ARELLO's mission is to support jurisdictions in the administration and enforcement of real estate license laws to promote and protect the public interest. RECO representatives attend ARELLO conferences and meetings on a regular basis.

**Continue to work with other administrative authorities, regulators and real estate sector organizations**

RECO has continued to attend Delegated Administrative Authority meetings, which provide an opportunity to share best practices and identify new initiatives related to enhancing services and programs.

RECO has also continued to work with law enforcement agencies, government agencies and financial institutions to share information about industry issues such as mortgage fraud.

**Continue to work with the Ontario Real Estate Association and its member boards/associations**

RECO continued to participate in RECO/OREA liaison meetings. These meetings provide an opportunity for both organizations to discuss industry issues and share information on current initiatives. RECO also participated in more than 30 real estate board/association events and trade shows throughout the year. These events provide an opportunity to meet with registrants throughout Ontario, share information about RECO's accomplishments and future plans as well as respond to current issues of interest. These events continue to be a key component of RECO's outreach activities.

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## PUBLIC CONFIDENCE IN THE KNOWLEDGE, COMPETENCE AND PROFESSIONALISM OF REGISTRANTS

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### **Fulfill responsibilities related to oversight of the Pre-Registration, Articling and Broker Educational Program, as well as the Designate(s) authorized to provide the program, and the Continuing Education Program**

The Registrar continues to review materials related to the new Education Program including the delivery of the Program by the Designate(s). Some items currently under consideration by the Registrar include an enhanced education component related to the insurance program, incorporating claims data to enhance loss prevention initiatives.

The Education Advisory Committee continues to provide the Registrar with recommendations to support RECO's Continuing Education program.

RECO continues to monitor and review registration-related education on an ongoing basis; identify emerging industry trends and consumer protection issues; implement improvements as needed.

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### **Increase public awareness of the value of dealing with a registered broker or salesperson**

RECO continues to develop online/print publications focusing on the respective rights and responsibilities of consumers and registrants, working to expand consumer information and knowledge regarding the value of registration. RECO has set the development of a new publication highlighting key protections available to consumers when working with a registered broker or salesperson as a priority for 2009-2010. Topics covered in consumer publications include; competing offers, deposit protection, commissions and representation agreements.

RECO attended the Government and Community Services Fair in Toronto in February 2009. This consumer-focused event is attended by a variety of organizations that protect or assist consumers.

RECO participated in the Ministry of Small Business and Consumer Protection's 2009 Smart Consumer Calendar by sponsoring a month in the calendar.

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### **Increase the knowledge, competence and professionalism of registrants**

RECO is committed to providing registrants with relevant education programs to strengthen competence and professionalism when working with the public. RECO conducted a comprehensive review of all course materials during the 2008-2009 fiscal year as part of the work leading up to the implementation of the enhanced pre-registration, articling and broker educational program. RECO also reviewed information regarding criminal record checks to determine if all applicants should be subject to a criminal record check in the future.

RECO conducted an assessment to explore alternatives to the current articling phase of the Educational Program to ensure Ontario's registrants are equipped to provide knowledgeable and competent service to consumers upon becoming registered. With regards to specialist certification, RECO prepared a backgrounder which the Legislation & Regulations Committee discussed in November 2008.

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## UTILIZE REAL ESTATE SECTOR KNOWLEDGE AND REGULATORY EXPERTISE TO FULFILL RESPONSIBILITIES RELATED TO LEGISLATIVE POWERS AND CONTINUE TO SUPPORT THE ROLE OF GOVERNMENT

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### Establish a process for identifying and prioritizing changes or additions to legislation and regulations

The Legislation and Regulations Committee continues to review, research, analyze and report on potential changes to legislation and regulations and maintains a consolidated list of potential desired changes.

Work related to processes for determining policy priorities based on factors such as ability to advance consumer protection, stakeholder impact and urgency and related consultation requirements is ongoing. In addition, non-regulatory approaches to addressing issues are considered whenever appropriate.

### Maintain a partnership with government to achieve mutually desired goals and ensure that priorities are shared

RECO continues to meet regularly with Ministry staff to ensure that policy priorities are shared and supported. RECO is committed to fostering a positive and productive working relationship with government by attending regular liaison meetings and providing feedback related to the Act and/or regulations on an ongoing basis.

### Ensure that all processes, procedures and policies are consistent with current legislation and regulations

To ensure that public communications and required registrant educational programs are updated as required and consistent with current legislation and regulations, RECO has developed a table of Amendments which are posted to the website in the Legislations & Regulations section. RECO reviews its publications, forms and other material as required.

RECO has identified the need to develop an accessibility strategy to ensure compliance with the *Accessibility for Ontarians with Disabilities Act, 2005* in advance of the January 2012 implementation deadline. RECO has received and reviewed the proposed standards. Work will continue over the course of the next two fiscal years.

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## FULFILL REGULATORY OBLIGATIONS RELATED TO THE ADMINISTRATION AND ENFORCEMENT OF THE ACT AND ASSOCIATED REGULATIONS

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### Provide a stable and affordable insurance program that meets the requirements of the Act

Negotiations for the September 2008-2009 insurance coverage period were completed. Negotiations related to the September 2009 to September 2010 coverage period began in early 2009.

RECO expects that the poor performance of the financial markets will have an impact on insurance renewal premiums. The insurance marketplace is global and there are only a small number of errors and omissions insurers within that marketplace. As a result of the challenges being faced in the financial markets, the supply of capital for errors and omissions insurance products is expected to shrink over the next year.

### Maintain brokerage inspection program

RECO continues its risk-based, random and courtesy brokerage inspections programs. At the end of the 2008-2009 fiscal year, the Registrar introduced a new reconciliation inspection program to complement onsite inspections. Brokerages are required to perform trust account reconciliations at the end of each month. This new program does not impose new burdens, but does allow RECO to enhance its industry presence and oversight role without devoting significant additional resources.

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## FULFILL REGULATORY OBLIGATIONS RELATED TO THE ADMINISTRATION AND ENFORCEMENT OF THE ACT AND ASSOCIATED REGULATIONS (CONTINUED)

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### Monitor effectiveness of complaints handling process

The complaints process is monitored and ageing reports are prepared for management on a regular basis. The complaints process can be complex and cases that are, for example, referred to a discipline hearing take considerably longer to process and close. The evidence and information available, the number of people who must submit information or be interviewed and the time required to conduct an investigation are all factors that affect the time it takes to close a complaint file.

Registrant advertising continues to be of particular concern to the industry. Consumer complaints related to advertising are infrequent. When they arise they are often related to claims/promises made in advertisements.

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## CONTINUED ATTENTION TO ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

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### Enhance electronic service delivery

RECO continues to focus on electronic service delivery. Online voting for the election of directors was implemented in 2008 and will be available for the 2009 election.

During the 2008-2009 fiscal year, RECO invested in its information technology infrastructure to ensure that it will meet future demands and support the introduction of enhanced services. The first phase of testing for the online registration renewal process was completed. Online renewals will be fully launched by March 2010.

In addition, the registrant extranet service (MyWeb) is being redesigned and new features have been identified to serve registrants better. Still in the planning phase, there will be more news about this initiative in the coming fiscal year.

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## GOOD GOVERNANCE

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### Provide Strategic Leadership

The Board of Directors provides progressive and collective leadership to RECO. All Directors, both elected and appointed, are entrusted to direct the activities of the organization as a whole rather than in their own interest or the interest of any specific group. They are entrusted to protect consumers and registrants.

There are five ways in which the Board continues to meet its leadership responsibilities: defining the strategic direction of the organization; setting the macro policies of the organization; providing financial and legal stewardship; monitoring and evaluating organizational effectiveness; and providing regular reports from its committees, task forces, independent third parties and RECO management.

During the past fiscal year, the Board reviewed and updated its strategic plan to ensure RECO's goals were clear and consistent with the desired future direction of the organization. The Board also engaged in an exercise in September 2008 that identified several strategic issues it felt merited further discussion at future meetings.

To enhance its oversight of progress toward established goals, a report on strategic objectives was introduced in November 2008. This new report will be prepared by staff and provided to Directors on a quarterly basis.

As part of its ongoing strategic planning, RECO monitors industry trends and issues and identifies any consumer protection gaps that may exist within the scope of its mandate. RECO also made significant progress on the development of its business continuity plan over the past year.

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### **Meet the obligations of the governance model**

The Board of Directors operates under a governance model, which distinguishes between strategic leadership and operations/management. The Board and the President/CEO have distinct and complementary responsibilities in advancing the mission of RECO. During the past year, the Board reviewed its committee and task force structure.

As part of this process, Director membership on committees and task forces is reviewed annually to ensure that new Directors are provided with opportunities to participate. Directors already serving on the Board may be rotated to other committees and task forces to broaden their knowledge and expertise.

The Board conducts regular evaluations after each meeting of Directors and reviews the compiled feedback annually to evaluate the effectiveness of the Board as a whole and identify areas for improvement. This process also identifies training and information needs. During fiscal 2008-2009, a special presentation on global economic changes and trends in the real estate sector was provided during a Board meeting.

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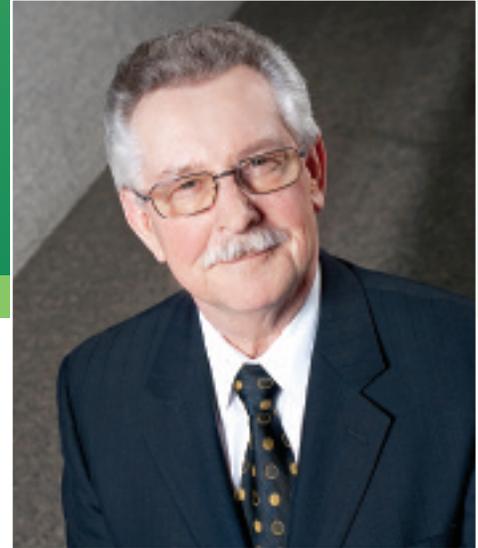
### **Continue to strengthen relationship with the Ministry of Small Business and Consumer Services**

RECO operates under an Administrative Agreement with the Ontario government. The Administrative Agreement sets out the contractual requirements related to RECO's role as the delegated administrative authority responsible for administering and enforcing the *Real Estate and Business Brokers Act, 2002*. The authority for maintaining the legislation and regulations remains with the Ministry of Small Business and Consumer Services.

RECO continues to attend regular meetings with Ministry staff on key corporate initiatives, including ongoing issues related to REBBA 2002 and associated regulations, ensuring that reporting reflects the full scope of activities delegated to RECO while providing additional issue updates as required.

In accordance with the Administrative Agreement, RECO is preparing to conduct its third client satisfaction survey in Fall 2009.

# MESSAGE FROM THE REGISTRAR



**ALLAN JOHNSTON**  
*Registrar*

Allan Johnston has been involved in the real estate industry for the past twenty five years. Allan has been a REALTOR, the Executive Officer of the Halifax/Dartmouth Real Estate Board and General Manager, Policy and Procedures Group with the Toronto Real Estate Board. Prior to his involvement in real estate, he held a number of management and executive positions in other industries in Canada after serving for fifteen years in the Royal Air Force. He served on two of RECO's task forces during 1997 and 1998, assisting in the development of the RECO Code of Ethics and the CCD process. Allan joined RECO in August of 1998 and became Registrar in 2002.

I am pleased to present my report on regulatory activities for the fiscal year ended March 31, 2009. Details related to regulatory activities are provided in the Performance Review section of this annual report.

## **PRE-REGISTRATION, ARTICLING AND BROKER EDUCATIONAL PROGRAM**

Education is a critical component of consumer protection. At the end of July 2008, RECO signed an Educational Services Agreement with the Ontario Real Estate Association (OREA), as the designate authorized to deliver the pre-registration, articling and broker educational program on behalf of the Registrar. This concluded an open and competitive Request for Proposal Process for the provision of the program that began in fiscal 2006-2007.

The enhanced educational program will allow students to acquire the knowledge and competencies necessary to succeed in the real estate marketplace and supports RECO's mandate to protect the interest of consumers through the development of skilled, educated registrants.

Key changes to the program, effective April 1, 2009, affect the pre-registration segment. Course 1 will address basic real estate concepts and professional regulation. Course 2 will address land, structures and trade in real estate. Course 3 will address the residential or commercial real estate transaction

and consists of both a basic and advanced segment, which must be completed prior to applying for registration as a salesperson. There are no significant changes to the articling or broker educational segments of the program.

Over the course of the fiscal year we reviewed course material for the Program. Revised course materials for all segments now incorporate reference material within the texts for each of the courses, making it easier for students to locate the information they need. An Education Specialist was hired in Fall 2008 to support and coordinate the duties of the Registrar as they relate to oversight of the delivery of the educational program and continuing education.

Changes in examination format, switching the format to multiple choice questions for all courses created some challenges for students. Multiple choice examinations are sometimes perceived to be simpler and that is not the case. Unfortunately, we did see pass rates for some courses – notably the Course 3 Advanced Commercial – decline after the introduction of the new exams. This particular course has always been one of the most challenging in the Program. Clearly, the goal of the exam is to ensure that students who achieve a passing grade fully understand the course content and have met the learning objectives.

RECO has worked closely with OREA to address any issues as they arose and ensure that students are receiving an

appropriate level of support and guidance. To further assist students, OREA prepared a publication entitled “Multiple Choice Exams – What you can expect”, which outlines the varying levels of difficulty, the number of questions from each level of difficulty that will be contained in an exam and sample questions for each level of difficulty. Each student is provided with a copy of this publication. Over the course of the first few months after the introduction of the new exam format, we saw significant improvements in pass rates. RECO and OREA will continue to monitor the situation in early fiscal 2009-2010 and make adjustments as required.

### CONTINUING EDUCATION

In fiscal 2008-2009, RECO issued a Request for Proposals for the provision of the RECO Real Estate Update Course, the mandatory course that all salespersons and brokers must take every two years to meet the continuing education requirements.

The goal of the course is to provide registrants with standardized and consistent information on current topics, issues and trends that relate to real estate transactions and business practices. The course is being redesigned and updated to deliver a high-quality, interactive, engaging learning experience, using integrated case studies/simulations. The new course will be introduced in August 2009.

### REGISTRATION

The Office of the Registrar determines eligibility to obtain and maintain registration to trade in real estate in Ontario. There are currently more than 56,000 registered real estate brokerages, brokers and salespersons in Ontario. In an average month, RECO will process more than 3,400 transactions. Volumes can vary and we adjust processes to ensure that we meet the needs of those we serve.

During the fiscal year, we saw turnaround times to process a transfer reduced to an average of two business days. Average turnaround times to process registration renewals are three to five days. As registrants are able to continue to conduct business until their registration expires, we are able to adjust workflow in order to process transfers and new applications more quickly.

A registrant who terminates employment with a brokerage is not entitled to trade in real estate until the transfer application

to a new brokerage is processed and approved. We appreciate how important it is for our registrants to get back to business as quickly as possible and do our best to expedite the processing.

### INSPECTIONS & INVESTIGATIONS

We continued to conduct routine and risk-based inspections of brokerages. In addition, for the past several years we have offered courtesy inspections. New brokerages often ask to have an inspector visit when they are setting up the business in order to ensure that they maintain proper books and records from the outset.

Inspections are meant to achieve two goals: ensure compliance with REBBA 2002 in order to protect the public, as well as educate and assist brokers of record. Brokers of record have often expressed their thanks for the insight and advice the inspector provided during an onsite inspection.

In fiscal 2008-2009 we established a reconciliation inspection program to complement our onsite inspection program. These inspections will begin in fiscal 2009-2010. Brokers of record are already required to prepare real estate trust account reconciliations for each month. Therefore, receiving a request to provide copies of the trust account reconciliation should not cause a significant inconvenience. The reconciliation inspection process allows RECO to enhance its presence without investing a significant amount of resources or increase the burden on registrants.

### EFFECTIVE REGULATION

I look forward to another eventful year as the Office of the Registrar continues to regulate the activity of trading in real estate in the public interest. Through a combination of registration standards, education requirements, brokerage inspections and enforcement activities, the public is protected.



Allan T. Johnston

Registrar

*Real Estate and Business Brokers Act, 2002*

# PERFORMANCE REVIEW

## PERFORMANCE REVIEW

RECO protects the public interest by regulating the activities of more than 56,000 real estate brokerages, brokers and salespersons trading in real estate in Ontario.

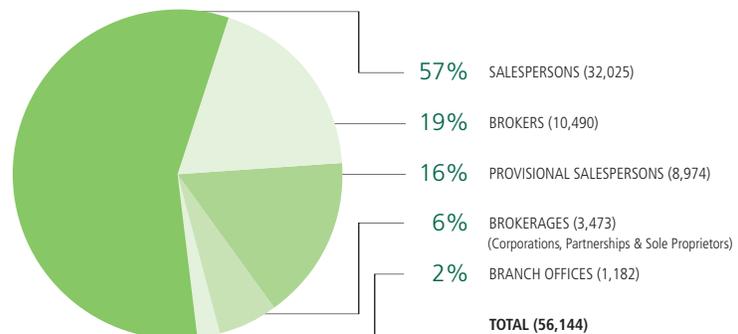
This is achieved through:

- Enforcing the standards required to obtain and maintain registration as a brokerage, broker or salesperson and delivering the duties of the Registrar
- Establishing minimum requirements for pre-registration and continuing education
- Conducting routine inspections of brokerage offices to ensure compliance with the *Real Estate and Business Brokers Act, 2002* and to educate brokers
- Addressing inquiries, concerns and complaints about the conduct of registrants received from all sources and taking appropriate action to protect the public interest
- Establishing and administering insurance requirements, which include consumer deposit protection
- Promoting ongoing education and competent, knowledgeable and professional service.

## REGISTRATION

RECO's registration services include processing new business and new broker/salesperson registrations, renewals, reinstatements, maintaining the registrant database, and delivering the duties of the Registrar.

### BREAKDOWN OF TOTAL REGISTRANTS

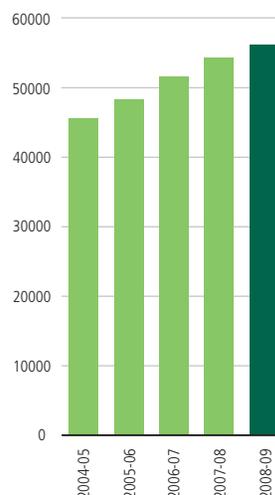


The Registrar determines eligibility to trade in real estate in Ontario based on the requirements of REBBA 2002 and associated regulations. REBBA 2002 and its regulations outline the minimum standards and requirements needed for real estate professionals to obtain and maintain their registration.

The total number of registrants has grown steadily. As of March 31, 2009, 56,144 individuals and businesses were registered with RECO – a 30% increase in total registrants over the past 5 years.

In 2008-2009, there were 4,909 new registrations. Registration staff processed a total of 41,602 transactions in 2008-2009, a 6% increase from the previous year.

TOTAL REGISTRANTS BY YEAR



## EDUCATION

Prior to applying for registration in Ontario, applicants are required to successfully complete three pre-registration courses. The three courses, administered by OREA on behalf of the Registrar, must be completed within 18 months of starting the first course.

RECO's Continuing Education program equips real estate brokers and salespersons in Ontario with the up-to-date skills and knowledge they require in their daily business, which in turn helps to ensure excellence in their service to clients and customers.

In order to renew their registration, all registrants must have fulfilled the requirements of RECO's Continuing Education program. The Continuing Education requirements apply to all registered real estate brokers and salespersons regardless of the length of time they have been trading in real estate.

Registrants are required to complete a minimum of 24 Continuing Education credits, which includes a mandatory six-credit RECO Real Estate Update Course in each two-year cycle that they are registered. The courses may be selected from a wide range of areas allowing registrants to tailor their education to areas of special interest.

In 2008-2009, RECO's Education Committee approved 13 new providers and 42 new courses.

## BROKERAGE INSPECTIONS

The primary role of the inspections process is to administer the regulatory requirements of the real estate profession, which in turn increases the level of protection RECO is able to provide to consumers and registrants.

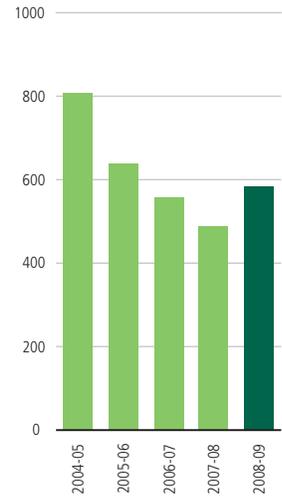
RECO's inspections program enables one-on-one contact between RECO inspectors and brokers and provides opportunities to educate brokers about maintaining current and

appropriate records. RECO inspectors routinely visit established brokerages to ensure compliance with REBBA 2002 and associated regulations or schedule courtesy inspections with new brokerages to help them start out their businesses in compliance with regulatory requirements. While most inspections are random, they may also be generated by a complaint.

Inspectors are trained to provide accurate information and field registrant questions. During brokerage inspection visits, inspectors examine records such as trust account records, trade contracts and trade record sheets.

RECO conducted 583 inspections in 2008-2009. Of these, 429 were routine or risk-based inspections, 134 were courtesy inspections and 20 were complaint based inspections.

INSPECTIONS BY YEAR



## COMPLAINTS

Registrants are required to conduct themselves and their businesses according to the requirements of REBBA 2002 and its regulations. These requirements protect the public interest in real estate transactions and help ensure public confidence in registrants.

Most complaints received by RECO do not involve serious misconduct. The majority of complaints received involve allegations of ethical misconduct. The Registrar, depending on the nature of the allegations, determines what disciplinary measures, if any, are appropriate.

### POTENTIAL DISCIPLINARY MEASURES

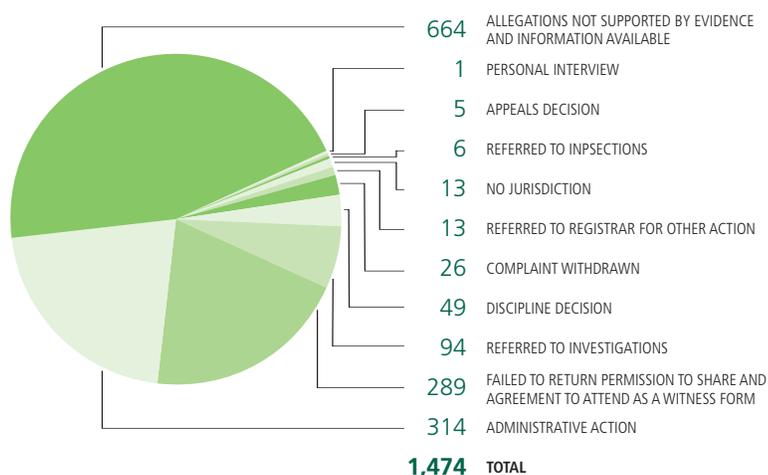
- The Registrar may invite the registrant to attend a meeting with representatives from the Office of the Registrar to discuss the complaint. At the meeting the registrant may receive an informal reminder, advice, or caution.
- The Registrar may attempt to mediate or resolve the complaint.
- The Registrar may issue a written warning indicating that if the conduct that led to the complaint continues, further action may be taken.
- The Registrar may require a registrant to take further educational courses.
- The Registrar, with the registrant's consent, may apply voluntary conditions to a registration.
- Matters involving alleged breaches of the Code of Ethics may be referred to a Discipline Committee.
- The Registrar has the power to order an immediate temporary suspension of a registration where he or she believes it is in the public interest.
- The Registrar may issue a Notice of Proposal to revoke, suspend, refuse to renew, or apply conditions to a registration if a registrant is in contravention of REBBA 2002 and its regulations (other than the Code of Ethics).

- The Director under REBBA 2002 may appoint investigators to conduct investigations under the Act and can freeze the trust accounts of registrants where he or she believes that it is advisable for the protection of clients and customers.
- Offences related to REBBA 2002 and its regulations (other than the Code of Ethics) are prosecuted in the Ontario Court of Justice in accordance with the *Provincial Offences Act*.

In some cases the allegations are not supported by the evidence and available information. In such cases, the Registrar may determine that no action is required or that there is insufficient information to take action.

During the fiscal year, 1,158 complaint files were opened and 1,474 complaint files were closed. These figures are not necessarily related to one another. Some of the files closed during the fiscal year may have been opened during the fiscal year or in a previous year.

### BREAKDOWN OF CLOSED COMPLAINTS



\*A file is closed when a discipline or appeal decision has been complied with; for example when an educational requirement has been met.

During fiscal 2008-2009, 289 complaint files were closed because the complainant did not respond to RECO's request to share the allegations with the respondent or did not agree to attend as a witness. In most cases the allegations are not serious and no further action is taken. If the alleged misconduct is serious in nature, the Registrar may decide to appoint an investigator and/or pursue the complaint even if the complainant is not willing to provide information or appear as a witness. Matters referred to investigations, inspections or the Registrar may lead to other action such as charges under REBBA 2002 or a proposal to revoke registration.

### COMPLAINT TRENDS

The five most common breaches of the Code of Ethics in 2008-2009 were:

1. unprofessional conduct
2. advertising
3. best interests
4. fairness and honesty
5. conscientious and competent service

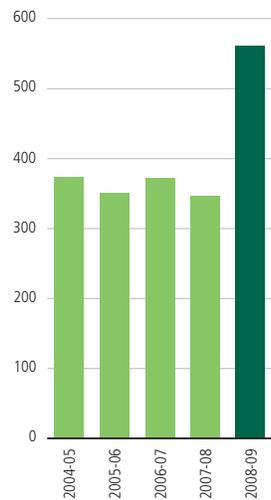
In 2007-2008, we reported that RECO experienced an increase in Code of Ethics breaches that were related to brokerage or broker of record responsibilities. Based on the nature of inquiries and complaints RECO received in 2008-2009, it appears some brokers of record are still failing to understand their responsibilities under REBBA 2002; that they are responsible for the activities of their brokerage and their brokerage's employees.

As a result, RECO enhanced its communication to brokers of record about their obligations under the Act and the implications of failing to fulfill these duties. Both the spring and fall 2008 editions of RECO's newsletter, *For the RECOrd*, contained articles about broker of record responsibilities.

## ADMINISTRATIVE REGULATORY ACTIONS

In 2008-2009, the Registrar took administrative regulatory action, such as imposing conditions on registration or issuing a reprimand in 560 cases, as compared to 344 administrative regulatory actions in 2007-2008. An increase in the number of individuals who have filed for bankruptcy has resulted in an increase in conditions placed on registrations.

ADMINISTRATIVE REGULATORY ACTIONS



## REGISTRAR'S PROPOSALS

The Registrar's authority to issue a Proposal to refuse, revoke or refuse to renew registration is a critical component of our enforcement activities. It is the most severe action RECO takes and is reserved for the most serious circumstances.

The Registrar has the authority to issue a Proposal where the applicant cannot reasonably be expected to conduct business in a financially responsible way, or where past conduct gives reasonable grounds for the Registrar to believe that the applicant will not conduct business with integrity, honesty, and in accordance with law.

A registrant who has received a Proposal has 15 days, from the date the proposal is served, to file a notice of appeal to the Licence Appeal Tribunal (LAT).

In 2008-2009, the Registrar issued Proposals to refuse or revoke 31 registrations compared with 52 the year before. Additionally, 22 proposals to revoke registration were issued due to non-payment of insurance.

Of the total 53 proposals issued, 22 proposals were appealed to LAT, resulting in 17 refusals or revocations of registration.

## INVESTIGATIONS

RECO investigates alleged violations of REBBA 2002 and associated regulations.

One hundred and eighteen investigations were initiated in 2008-2009. RECO's investigative work led to 118 individual charges and 20 prosecutions in the Ontario Court of Justice. These prosecutions resulted in 18 convictions and fines imposed totaled \$63,500. Fines imposed vary from year to year depending on the number and severity of offences.

The *Provincial Offences Act* (POA) governs how charges are processed and prosecuted in the Ontario courts. The POA is a procedural law for administering and prosecuting provincial offences, including violations of REBBA 2002. Individuals found guilty of offences are subject to fines up to \$50,000 and a potential prison term of two years. Corporations found guilty of offences are subject to fines up to \$250,000. Courts also have the power to order convicted persons to pay compensation and make restitution.

### INVESTIGATIONS RELATED TO MORTGAGE FRAUD

Mortgage fraud is an issue that continues to receive considerable attention and is a reason for proposing to revoke or refuse registration.

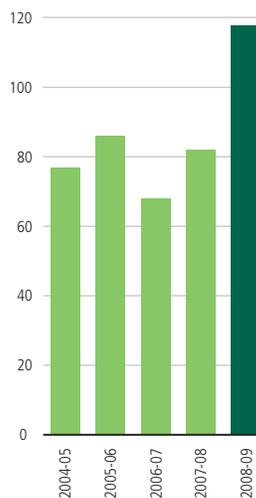
RECO addresses mortgage fraud through:

- Education,
- Collaboration with organizations concerned about mortgage fraud,
- Investigative activities to ensure compliance, and
- Legal/statutory activities to impose disciplinary action on registrants proven to have participated in mortgage fraud.

As of March 31, 2009, there were a total of 30 active investigations related to allegations of facilitating mortgage fraud.

RECO's position is that any registrant or applicant proven to have knowingly participated in mortgage fraud faces losing their registration or having registration refused. It should be noted that some registrants alleged to have participated in mortgage fraud voluntarily terminate their registration.

### INVESTIGATIONS



# SUMMARY OF ENFORCEMENT ACTIVITIES

## REGULATORY ACTIVITY

APRIL 1, 2008 TO MARCH 31, 2009

Under the *Real Estate and Business Brokers Act, 2002*, the Registrar is required to make certain information available to the public. The information required to be made publicly available includes proposals, convictions, charges and discipline decisions.

## DISCIPLINE AND APPEALS HEARINGS

RECO's Discipline and Appeals Committees are statutory tribunals subject to the *Statutory Powers Procedures Act*. Complaints involving alleged breaches of the Code of Ethics may be referred to the Discipline Committee for a hearing. Some matters referred to the Discipline Committee are resolved in a pre-hearing through an Agreed Statement of Facts and Penalty. The pre-hearing serves as a form of alternative dispute resolution where RECO and the respondent agree on the details of the allegations as well as the appropriate penalty, before presenting the Agreed Statement to the Discipline Committee.

If a matter has not, or cannot, be resolved in a pre-hearing, it will proceed to a hearing. The Chair of the Discipline Committee generally assigns a panel consisting of three members of the Committee to hold the hearing. Following the hearing, the discipline panel prepares a final decision including reasons. If the panel makes a determination that a registrant has failed to comply with the Code of Ethics, it may order the registrant to take educational courses, pay a fine of up to \$25,000, and/or impose costs.

In 2008-2009, RECO held:

- 14 pre-hearings
- 14 Discipline Committee hearings
- 1 appeal hearing.

Discipline and Appeals panel decisions are posted in the Complaints & Enforcement section of RECO's website for a period of 60 months, as required by RECO's Public Notice Policy.

## REGISTRAR'S PROPOSALS

The Registrar has the authority to refuse, refuse to renew, revoke, suspend or apply conditions to registration. In such situations, the Registrar prepares a Proposal and notifies the applicant or registrant of that proposal together with reasons for the Registrar taking such action. A registrant who has received a Proposal has 15 days from the date the Proposal is served to file a notice of appeal to the Licence Appeal Tribunal (LAT). If no appeal is received by LAT, the Registrar may carry out the Proposal.

### SUMMARY OF REVOCATIONS AND REFUSALS IN 2008-2009:

#### Gerald Christopher Cupolo

(Niagara Falls, Ontario)

The Registrar issued a Notice of Proposal to refuse the registration of Gerald Christopher Cupolo on December 27, 2007. The Proposal was appealed to the Licence Appeal Tribunal (LAT) on January 07, 2008. By Order released on May 5, 2008, pursuant to section 14(5) of the *Real Estate and Business Brokers Act, 2002*, LAT directed the Registrar to register Gerald Christopher Cupolo as a salesperson and to attach Conditions to Mr. Cupolo's registration. The Conditions stipulate, among others, that:

- for the initial five years of his registration, Gerald Christopher Cupolo will not be a director, officer, shareholder, or associated or interested persons (within the meaning of the *Real Estate and Business Brokers Act, 2002*) of a brokerage;
- he will not hold the position or exercise the functions of manager or branch manager of a brokerage;
- and he will not be a signatory to the real estate trust account of a brokerage.

#### Michael Norman Elmenhoff

(Port Hope, Ontario)

The Registrar issued a Notice of Proposal to refuse to renew the registration of Michael Norman Elmenhoff on February 21, 2007. The Proposal was appealed to LAT on March 9, 2007. A supplementary proposal was issued by the Registrar on September 25, 2007. The appeal was withdrawn by Mr. Elmenhoff on February 14, 2008. By amended Order released on April 1, 2008, pursuant to section 14(5) of the *Real Estate and Business Brokers Act, 2002*, LAT directed the Registrar to attach Conditions to the registration of Michael Norman Elmenhoff. The Conditions stipulate, among others, that within 60 days of LAT ordering the Conditions, Michael Norman Elmenhoff will cease to be the broker of record for Northumberland Realty Ltd.

## SUMMARY OF REVOCATIONS AND REFUSALS IN 2008-2009 (CONTINUED):

**Gregory Crisp***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to refuse the registration of Gregory Crisp on July 6, 2007. Gregory Crisp appealed to the LAT on July 20, 2007 and he later withdrew his appeal on April 30, 2008. Therefore in accordance with section 14(4) of the *Real Estate and Business Brokers Act, 2002*, the Registrar refused the registration of Gregory Crisp on May 02, 2008.

**Dugal-Dan McDonald***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Dugal-Dan McDonald on March 23, 2007. The proposal was appealed to LAT on July 20, 2007. LAT hearings were held in December 2007, April and May 2008. By Order released on June 19, 2008, pursuant to section 14(5) of the *Real Estate and Business Brokers Act, 2002*, the Registrar was directed by LAT to attach Conditions to the registration of Mr. McDonald. This LAT decision is currently under appeal.

**Harinarian Mathur***(Etobicoke, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Harinarian Mathur on November 08, 2007. The Proposal was appealed to the Licence Appeal Tribunal (LAT) and a hearing was held on June 4, 2008. At the outset of the hearing, Mr. Mathur and the Registrar advised that they had reached a settlement. They requested that there be no hearing and that the minutes of their settlement form part of LAT's order. By Order released on July 3, 2008, LAT directed the Registrar to refrain from carrying out his proposal to revoke the registration of Harinarian Mathur. Mr. Mathur was ordered to comply with the Conditions in the minutes of settlement, which among others included stipulations that:

- he consent to a suspension of his registration for 90 days to run from June 19, 2008 to September 16, 2008
- during the suspension period, he will not trade in real estate nor shall he accept any compensation or remuneration for any trade in real estate at the end of suspension period, he will provide proof to the Office of the Registrar that he attended and successfully completed specified courses
- for one year after the suspension period expires, he cannot transfer registration from his brokerage without prior written authorization from the Registrar. His broker of record shall monitor his real estate trading activities closely during that one-year period and submit a detailed quarterly report to the Registrar concerning his conduct and activities while working for the brokerage.

**Raymond J. Laprise***(Windsor, Ontario)*

In conjunction with a Notice of Proposal to revoke the registration of Raymond J. Laprise, the Registrar ordered an immediate suspension of his registration on May 14, 2008 as it

was considered to be in the public interest to do so. At a hearing of the matter on June 12, 2008, the LAT extended the suspension of registration until the conclusion of a hearing scheduled for September 10, 2008. However, Raymond J. Laprise later withdrew his appeal and his registration was revoked on September 19, 2008.

**Dave Ravindra***(Mississauga, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Dave Ravindra on February 26, 2008. The proposal was appealed to LAT on March 20, 2008 and a LAT hearing was scheduled to take place September 29 to October 3, 2008. However, Dave Ravindra withdrew his appeal to LAT and in accordance with section 14(4) of REBBA 2002, his registration was revoked on September 12, 2008.

**Nicholas Lapcevic and Metro (Hamilton) Realty 2000 Inc.***(Hamilton, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Nicholas Lapcevic as a broker and Metro (Hamilton) Realty 2000 Inc. as a brokerage on January 18, 2008. Nicholas Lapcevic and Metro (Hamilton) Realty 2000 Inc. requested a hearing in front of the Licence Appeal Tribunal. After a hearing on July 3, 2008, the Licence Appeal Tribunal issued an Order on July 31, 2008 pursuant to Section 14(5) of the *Real Estate and Business Brokers Act, 2002*, which directed the Registrar not to carry out the Notice of Proposal and to register Nicholas Lapcevic as a salesperson and attached conditions to Nicholas Lapcevic's registration. Information about the conditions is available on RECO's website. This Order is currently under appeal.

**Ambrozone A. Grant***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Ambrozone A. Grant as a salesperson on November 28, 2007. Ambrozone Grant requested a hearing in front of the Licence Appeal Tribunal. After a hearing on October 6 to 8, 2008, the Licence Appeal Tribunal issued an Order on November 3, 2008 pursuant to Section 14(5) of the *Real Estate and Business Brokers Act, 2002*, which directed the Registrar not to carry out the Notice of Proposal and attached conditions to Ambrozone Grant's registration. Information about the conditions is available on RECO's website. This Order is currently under appeal.

**Hale Miller***(Pickering, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Hale Miller as a salesperson on September 29, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Hale Miller was revoked on December 2, 2008.

**Enopex Realty Inc.***(Whitby, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Enopex Realty Inc. as a brokerage on September 9, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002* the registration of Enopex Realty Inc. was revoked on December 17, 2008.

**Nupride Realty Inc.***(Grimsby, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Nupride Realty Inc. as a brokerage on September 9, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Nupride Realty Inc. was revoked on December 17, 2008.

**Terrence J. O'Neill***(Ottawa, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Terrence J. O'Neill as a brokerage on September 3, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Terrence J. O'Neill, as a brokerage, was revoked on December 17, 2008.

**George Tsavdaris***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of George Tsavdaris as a brokerage on September 3, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of George Tsavdaris, as a brokerage, was revoked on December 17, 2008.

**Danny George Boley***(Chatham, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Danny George Boley on September 3, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Danny George Boley was revoked on January 6, 2009.

**Jack Grant***(Cobourg, Ontario)*

The Registrar issued a Notice of Proposal to refuse to renew the registration of Jack Grant as a broker on June 24, 2008. Jack Grant requested a hearing in front of the Licence Appeal Tribunal. After a hearing on November 7, 2008, the Licence Appeal Tribunal issued an Order on December 30, 2008 pursuant to Section 14 (5) of the *Real Estate and Business Brokers Act, 2002*, which directed the Registrar to carry out the Notice of Proposal. On January 6, 2009 the Registrar carried out the Notice of Proposal to refuse to renew the registration of Jack Grant.

**Horizon Realty Inc.***(Mississauga, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Horizon Realty Inc. as a brokerage on September 16, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Horizon Realty Inc. was revoked on January 6, 2009.

**Reserve Real Estate Ltd.***(Welland, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Reserve Real Estate Ltd. as a brokerage on September 9, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registration of Reserve Real Estate Ltd. Was revoked on January 6, 2009.

**Thomas Lee and Homelife All Way Realty Inc.***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Thomas Lee as broker and Homelife All Way Realty Inc. as a brokerage on November 26, 2008 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the registrations of both Thomas Lee and Homelife All Way Realty Inc. were revoked on January 23, 2009.

**Gurjeet Cheema***(Brampton, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Gurjeet Cheema as a salesperson on October 7, 2008. Gurjeet Cheema requested a hearing in front of the Licence Appeal Tribunal. After Gurjeet Cheema withdrew the request for a hearing, the Registrar revoked the registration of Gurjeet Cheema on February 2, 2009.

**Morrissa Amsel***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Morrissa Amsel on September 5, 2008 and a Supplementary Notice of Proposal on January 19, 2009. Morrissa Amsel requested a hearing in front of the Licence Appeal Tribunal. After Morrissa Amsel withdrew the request for a hearing, the Registrar revoked the registration of Morrissa Amsel on March 4, 2009.

**Homelife Arianna Realty Inc.***(Ajax, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of Homelife Arianna Realty Inc. as a brokerage on February 6, 2009 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the Registrar revoked the registration of Homelife Arianna Realty Inc. on March 11, 2009.

**David Seto and RE/MAX Executive Realty Inc. (1996)***(Toronto, Ontario)*

The Registrar issued a Notice of Proposal to revoke the registration of David Seto as a broker and Re/Max Executive Realty Inc.(1996) as a brokerage on February 6, 2009 and in accordance with Section 14 (4) of the *Real Estate and Business Brokers Act, 2002*, the Registrar revoked the registrations of David Seto and Re/Max Executive Realty Inc.(1996) on March 11, 2009.

## CONVICTIONS

The *Ontario Provincial Offences Act* (POA) governs how charges are processed and prosecuted in the Ontario courts. The POA applies to all Ontario statutes and regulations, including REBBA 2002. Individuals found guilty of offences under REBBA 2002 are subject to fines up to \$50,000 and a potential prison term of two years. Corporations found guilty of offences are subject to fines up to \$250,000. Courts also have the power to order convicted persons to pay compensation and make restitution.

Individuals may also be subject to a victim fine surcharge, in addition to the specified fine, pursuant to section 60.1 of the POA. The surcharge is collected by the court and goes in to the Province's Victims' Justice fund account. For more information, please visit [www.ontariocourts.on.ca](http://www.ontariocourts.on.ca).

### SUMMARY OF 2008-2009 CONVICTIONS:

#### Werner Schmolinski

(Brampton, Ontario)

April 7, 2008

Werner Schmolinski was found guilty of one count of trading in real estate as a broker without registration. He was fined \$5,000.

#### Domenic Carchidi

(Thornhill, Ontario)

June 11, 2008

Domenic Carchidi pled guilty to one count of furnishing false information in an application for renewal as a salesperson. He was fined \$2,000.

#### Cynthia Da Costa

(Scarborough, Ontario)

July 09, 2008

Cynthia Da Costa pled guilty to 2 counts of failing to deliver a copy of the Agreement of Purchase and Sale to her brokerage in a timely manner. She was fined \$3,000 per count plus a \$1,500 victim fine surcharge for a total of \$7,500. A third count was withdrawn.

#### Nicholas Lapceovich

(Hamilton, Ontario)

July 31, 2008

Nicholas Lapceovich was found guilty of one count of divesting interest in a property without disclosing the interest to the parties involved and guilty on one count of failing in his duties as a broker of record. Mr. Lapceovich was sentenced to pay a fine of \$8,000 plus victim fine surcharge.

#### Metro (Hamilton) Realty 2000 Inc

(Hamilton, Ontario)

July 31, 2008

Metro Hamilton Realty 2000 Inc., was found guilty on one count of breach of trust and was sentenced to pay a fine of \$4,000 plus victim fine surcharge.

#### Patrick R. Simons

(Stratford, Ontario)

October 28, 2008

Patrick R. Simons pled guilty to three counts of failing to meet his obligations as a broker of record by failing to rectify a shortfall in the statutory trust accounts. He was sentenced to pay a fine of \$15,000 plus victim fine surcharge.

#### Coldwell Banker -

#### All Points – Festival City Realty Ltd.

(Stratford, Ontario)

October 28, 2008

Coldwell Banker – All Points-Festival City Realty Ltd. pled guilty to three counts of failing to immediately deposit sufficient funds to the real estate trust account to rectify a shortfall. They were sentenced to pay a fine of \$15,000 plus victim fine surcharge.

#### Sharina Imran-Khan

(Toronto, Ontario)

November 10, 2008

Sharina Imran-Khan pled guilty to one count of furnishing false information in an application and was sentenced to pay a fine of \$2,000.

#### Kiet M Le

(Hamilton, Ontario)

January 21, 2009

Kiet M Le pled guilty to one count of failing to meet his obligations as a broker of record, by failing to rectify a shortfall in the statutory trust account. He was sentenced to pay a fine of \$1,250.

#### Kiet Le Real Estate Ltd.

(Hamilton, Ontario)

January 21, 2009

Kiet Le Real Estate Ltd. was found guilty on one count of failing to disburse money that came into the brokerage in trust for other persons, guilty on one count of failure to make a written record of the receipt and disbursement of trust monies and guilty on one count of failing to prepare trust account reconciliations statements for the real estate account. The brokerage was sentenced to pay a fine of \$1,250 on each count, for a total fine of \$3,750.

#### Peter Seepersad

(Toronto Ontario)

March 9, 2009

Peter Seepersad was found guilty of one count of providing false information in an application for registration and was sentenced to pay a fine of \$1,500.00.

## PUBLIC ADVISORIES

RECO releases Public Advisories to relay important information to registrants and the public in circumstances where consumer protection is an immediate concern. Public Advisories are most often released when the Director under REBBA 2002 issues a freeze order, freezing the accounts of the brokerage. The advisories contain detailed information for consumers, registrants and others who may be affected, including contact information and frequently asked questions.

### **HomeLife All Way Realty Inc. and Thomas Lee**

(Toronto, Ontario)

HomeLife All Way Realty Inc., with an office at 5050 Dufferin Street in Toronto, Ontario, was registered under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002).

On November 14, 2008, the Director under REBBA 2002 issued a freeze order, freezing bank accounts of HomeLife All Way Realty Inc., following an inspection of the brokerage conducted by RECO. The broker of record of HomeLife All Way Realty Inc. is Thomas Lee.

On November 26, 2008, the Registrar issued a Notice of Proposal to revoke the registrations of Thomas Lee and HomeLife All Way Realty Inc. The registrations of Thomas Lee and HomeLife All Way Realty Inc. were revoked on January 23, 2009.

### **Terry D. Graham**

(Oro, Ontario)

On October 28, 2008, 55 year-old Terry D. Graham of Oro, Ontario was charged with six counts related to offences under the *Real Estate and Business Brokers Act, 2002*. The charges were the result of complaints to the Real Estate Council of Ontario (RECO) by members of the public.

Mr. Graham, who is not registered to trade in real estate in Ontario, was holding himself out as a real estate practitioner and performing the services of a brokerage in real estate transactions. He also accepted trust deposits from consumers for real estate trades and failed to deposit the monies into a trust account as required under the *Real Estate and Business Brokers Act, 2002*.

Mr. Graham appeared in court in Barrie, Ontario on October 28, 2008 in respect of the charges of three counts of trading while not registered and three counts of failing to deposit monies received in trust into a trust account.

### **RE/MAX Executive Realty Inc. (1996) and David Seto**

(Toronto, Ontario)

RE/MAX Executive Realty Inc. (1996), with an office at 1225 Kennedy Road in Toronto, Ontario was registered under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002). The offices located at 8 Weldrick Road in Richmond Hill, Ontario and 13321 Yonge Street in Richmond Hill, Ontario no longer operate as branch offices of RE/MAX Executive Realty Inc. (1996).

On February 2, 2009, the Director under REBBA 2002 issued a freeze order, freezing bank accounts of RE/MAX Executive Realty Inc. (1996).

The registrations of both RE/MAX Executive Realty Inc. (1996) and David Seto were subsequently revoked. Please refer to the Registrar's Proposals section for more information.

On March 18, 2009, RE/MAX Executive Realty Inc. (1996) was charged with ten counts of failing to deposit funds in the real estate trust account to eliminate a shortfall and eight counts of failing to deposit trust monies into the real estate trust account.

On the same date, David Seto was charged with eighteen counts of failing to ensure that the brokerage complied with REBBA 2002.

### **HomeLife Arianna Realty Inc. and Hamid Azizi**

(Ajax, Ontario)

HomeLife Arianna Realty Inc. with an office at 1470 Don Mills Road in Toronto, Ontario was registered under the *Real Estate and Business Brokers Act, 2002* (REBBA 2002). On February 4, 2009, the Director under REBBA 2002 issued a freeze order, freezing bank accounts of HomeLife Arianna Realty Inc.

The registration of HomeLife Arianna Realty Inc. has subsequently been revoked. A proposal to revoke the registration of Hamid Azizi has been issued and will be heard before the Licence Appeal Tribunal. Please refer to the Registrar's Proposals section for more information.

On March 18, 2009, HomeLife Arianna Realty Inc. was charged with one count of failing to properly maintain a trust ledger, two counts of failing to deposit trust monies into the real estate trust account, three counts of unauthorized disbursements from the real estate trust account and one count of employing/paying an unregistered person to trade in real estate.

On the same date, Hamid Azizi was charged with one count of failing to prepare a trust account reconciliation, six counts of failing to ensure the brokerage complied with REBBA 2002 and one count of furnishing false information in an application, statement or return required under REBBA 2002.

# INSURANCE PROGRAM

All registered salespersons and brokers in the province of Ontario are required to participate in RECO's Insurance Program - an important tool in helping RECO protect the public interest. The Program is independently managed by Dion, Durrell + Associates Inc. and the insurance policy is placed with Lloyd's of London through the insurance broker, Alternative Risk Services Inc.

The Program consists of three distinct areas of coverage:

Consumer deposit insurance provides protection to the consumer for loss of deposits caused by real estate broker fraud, misappropriation of funds or insolvency.

Errors and omissions insurance provides professional liability protection for registrants for errors & omissions committed in the course of their professional services.

Commission protection insurance provides protection for registrants from loss of commission caused by real estate broker fraud, misappropriation of funds or insolvency. Commission protection insurance offers unique coverage to RECO registrants. They are the only real estate professionals in Canada to have commission protection insurance.

Prior to the introduction of RECO's Insurance Program in 2000, there was little or no protection for consumers for deposits or for registrants for commissions lost due to bankruptcy of or theft by a broker. If registrants chose to purchase errors & omissions insurance, they did so at commercial rates for insurance.

RECO's current Insurance Program ensures that registrants and consumers have broad protection while keeping insurance premiums at a very competitive cost. It provides valuable protection for registrants and consumers – particularly in an increasingly litigious society where real estate transactions are frequently increasing in both value and complexity.

## CLAIMS STATISTICS AND TRENDS

### Errors and Omissions Insurance Policy

The following charts provide a snapshot of the Program's claims statistics, by number of claims, for the errors and omissions coverage from inception to February 28, 2009.

A total of 5,673 claims have been reported - of which 1,180 remain open. The estimated total cost of claims settlements and expenses is estimated to be \$46,395,407.

Residential claims outnumber commercial claims by a margin of 6:1, urban claims outnumber rural claims by 5:1 and, most significantly, the number of claims involving transactions which exceed \$250,000 in value is climbing.

### Consumer Deposit Insurance Policy

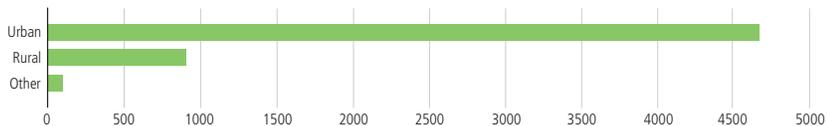
Payments for claims (settlements and expenses) made under the consumer deposit coverage from inception of the Program in 2000 to February 28, 2009 is estimated to reach \$1,582,046.

### Commission Protection Insurance Policy

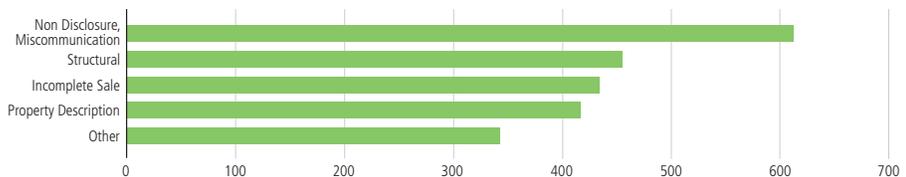
Payment of claims (settlements and expenses) under the commission protection coverage from inception of the Program in 2000 to February 28, 2009 is estimated to reach \$1,829,611.

Overall, while payments under the errors and omissions coverage represent the vast majority of the total cost of the Program, there has been significant development in the Program's claims experience under the two other coverages - both in the number of occurrences reported and the amounts of the payments to consumers, who have lost deposits, and to registrants, who have lost commission, by reason of a bankruptcy of or theft by a broker.

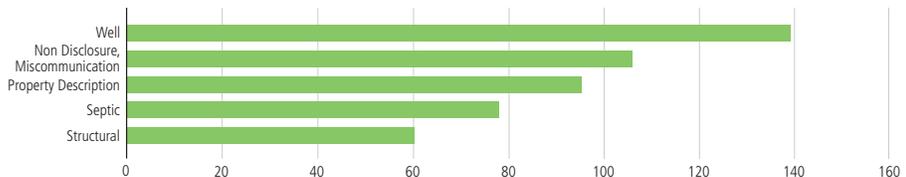
**URBAN AND RURAL CLAIMS**  
September 1, 2000 - February 28, 2009



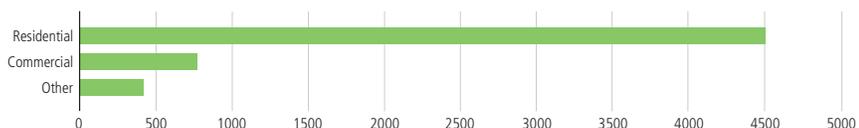
**TOP 5 CAUSE OF LOSS – URBAN**  
September 1, 2000 - February 28, 2009



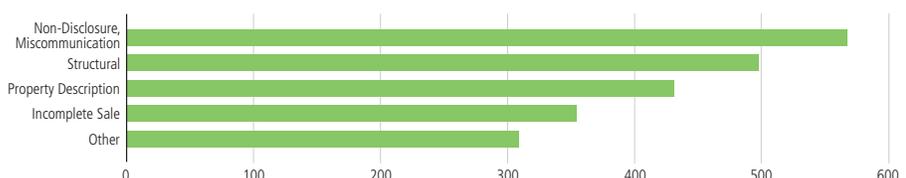
**TOP 5 CAUSE OF LOSS – RURAL**  
September 1, 2000 - February 28, 2009



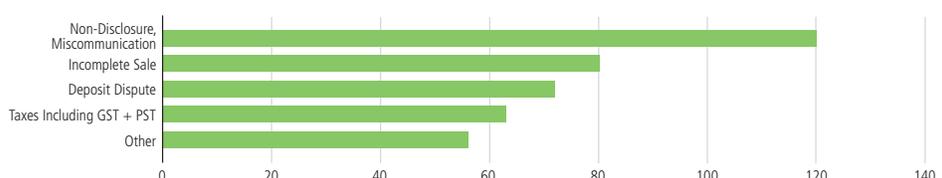
**CLAIMS BY TRANSACTION TYPE COMMERCIAL VS. RESIDENTIAL**  
September 1, 2000 - February 28, 2009



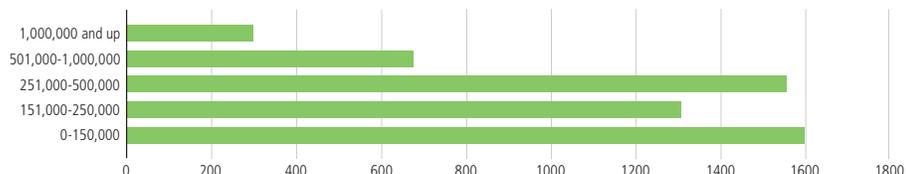
**TOP 5 CAUSE OF LOSS – RESIDENTIAL**  
September 1, 2000 - February 28, 2009



**TOP 5 CAUSE OF LOSS – COMMERCIAL**  
September 1, 2000 - February 28, 2009



**CLAIMS BY VALUE OF TRANSACTION**  
September 1, 2000 - February 28, 2009



**LOSS PREVENTION**

Loss prevention remains a priority. The Program's loss statistics are shared with RECO's Education Advisory Committee and the Ontario Real Estate Association (OREA) for use in assessing and developing education needs for the real estate industry. The Program's insurer

sponsors an insurance seminar focusing on loss control which has been offered to local boards and real estate associations since the fall of 2008. The response to the seminar has been positive and bookings are now being made into late 2009. The Program's insurer is also considering expanding its educational loss control initiatives, which will include additional loss control bulletins for publication by RECO, in the coming year.

# FINANCIAL REVIEW

**This financial review is based on the audited financial statements for the year ended March 31, 2009 and the comparative figures for the year ended March 31, 2008.**

## Overview

The Real Estate Council of Ontario comprises two distinct categories: General Operations and the Insurance Program. General operating receipts are derived primarily from registration fees required under the *Real Estate and Business Brokers Act, 2002*. Registration fees are amortized to income over the two-year period of each registration. During the year, a five-year education services agreement was completed with the Ontario Real Estate Association. Advance payments under the agreement are being recognized over the term of the agreement or the period to which the payment applies, whereas payments based on annual enrolments are recognized in the current year. Other sources of revenue include transfer fees, penalties assessed by disciplinary panels, interest, and miscellaneous revenues, all of which are recognized in the current year. All receipts related to the Insurance Program are required to be held in trust and segregated from general operating funds into three trust funds. Insurance payments include the premiums, the stabilization fees, and the administration fees charged for program costs together with the applicable taxes. Insurance receipts are amortized to income over the period of the insurance policy.

## GENERAL OPERATIONS

### Revenues

Recognized registration revenues increased by \$407,427 from \$7,657,304 in fiscal 2008 to \$8,064,731 in fiscal 2009 due to the continued increase in new and reinstating registrations over the past three years. Recognized education revenues

increased by \$118,921 from \$946,487 in fiscal 2008 to \$1,065,408 in fiscal 2009. Other operating revenues increased overall by \$35,767 from \$494,694 in fiscal 2008 to \$530,461 in fiscal 2009: administrative penalties and recoveries decreased by \$54,500; transfer fees increased by \$73,600 and other miscellaneous revenues increased by \$16,667. Interest earned increased by \$22,516 from \$385,891 in fiscal 2008 to \$408,407 in fiscal 2009.

### Expenses

Expenses include general operating departments and facilities; Board, committee and working group per diems and meeting costs; and other corporate expenses such as communications activities, consulting costs, election costs, the government fee under the Administrative Agreement, and amortization. Total expenses increased in fiscal 2009 by \$612,502 to \$9,600,108 from \$8,987,606 the previous year. Operating expenses were higher by \$631,070; Board committee and working group expenses were higher by \$28,681; and other corporate expenses were lower by \$47,249.

Approximately 60% of the increase in operating expenses of \$631,070 is due to the higher direct costs of the departments associated with enforcement activities: \$186,675 in Inspections and Investigations, \$171,146 in Legal, and \$18,418 in Complaints Compliance and Discipline. In other operating areas, staffing of Education was completed, resulting in an increase of \$84,934; greater costs of \$69,594 were incurred for security over and maintenance of Information Systems; Communications and Corporate Initiatives increased by \$59,498; the Office of the President and CEO increased by \$51,020; and all other departments increased in total by \$60,674. These increases were offset by a reduction of \$55,172 in Facilities when space on the fifth floor was released; \$15,543 in the Office of the Registrar as one Deputy Registrar position was vacated during the year;

and \$174 in administration and Human Resources. Board per diem and meeting expenses were higher by \$23,464, with other committee and working group expenses higher overall by \$5,217.

In other corporate expenses, communications-related activities were lower by \$79,980, as a result of two versus three issues of *For the RECO*rd and much greater use of web-based communication; hearings activities expenses were lower by \$42,877 as the trend to agreed statements of fact and penalties was maintained; the Discipline and Appeals committee costs were lower by \$42,702 as training of the panel members was completed in the previous year; costs of the annual general meeting were lower by \$13,231; external consulting costs were lower by \$8,457; and audit fees and expenses were lower by \$519. These were offset by an increase of \$43,827 to provide both online and paper ballot options for the process of electing directors; an increase of \$32,639 in the amortization of property, plant and equipment; an increase of \$17,124 in the fee payable under the administrative agreement; an increase of \$16,487 in directors' and officers' liability insurance; an increase of \$16,409 in regulator as RECO hosted the June 2008 conference; and an increase of \$14,031 for strategic planning.

### Net Income and Accumulated Fund Balance

Net income for the year was \$468,899 compared to \$496,770 in fiscal 2008. This income together with the decrease in the fund balances invested in property, plant and equipment resulted in an increase in the accumulated fund balance of \$456,008, from \$2,496,378 in fiscal 2008 to \$2,952,386 in fiscal 2009.

### Net Current Assets

Net current assets, which exclude deferred revenue, were \$12,309,714 at March 31, 2009 compared to \$10,549,736 at March 31, 2008.

## INSURANCE PROGRAM

### Revenues

In fiscal 2008, a new model for the delivery of the Insurance Program was adopted, in which brokerage and actuarial costs form part of the coverage provided in the premium. In the September 2007 billing, premiums were \$147.50 (an increase from \$127.00), stabilization was \$22.50 (a decrease from

\$30.00), administration was \$15.87 (a decrease from \$24.78), and the applicable taxes were \$14.02 (an increase from \$13.18). In the September 2008 billing, premiums were \$175.00, stabilization was \$22.50, administration was \$10.87, and applicable taxes were \$15.41. Amortization of these amounts over the period of each policy, together with the increase in the number of subscribers to the plan, has resulted, on a fiscal year basis, in increased premiums of \$1,668,845 from \$6,988,057 in 2008 to \$8,656,902 in 2009; decreased stabilization revenues of \$97,271 from \$1,288,742 in 2008 to \$1,191,471 in 2009; and decreased administration of \$298,240 from \$984,815 in 2008 to \$686,575 in 2009. Interest decreased by \$15,800; offset by an increase in miscellaneous income of \$21,562.

### Expenses

Premium expense increased by \$1,625,664, from \$6,660,786 in 2008 to \$8,286,450 in 2009. Administration expenses decreased by \$163,440; from \$890,047 in 2008 to \$726,607 in 2009. Brokerage and actuarial consulting costs accounted for \$280,433 of the decrease; printing costs were lower by \$52,433; and legal and audit expenses decreased by \$5,732. These decreases were offset by increased insurance department costs of \$43,547; increased credit card discounts of \$38,900; increased processing expenses of \$81,209, increased committee expenses of \$9,676; and other miscellaneous increases of \$1,826. No expenses are charged to the stabilization fund.

### Net Income and Accumulated Fund Balance

Net income for the premium fund for 2009 was \$370,452 compared to \$327,271 in 2008; \$1,500,247 for the stabilization fund compared to \$1,607,946 in 2008; and \$140,596 in the administration fund compared to \$259,206 in 2008. At March 31, 2009, the accumulated fund balances were: \$1,899,656 in the premium fund; \$9,896,900 in the stabilization fund; and \$1,465,207 in the insurance administration fund.

### Net Current Assets

Net current assets, excluding deferred revenues and prepaid premiums are \$14,150,589 at March 31, 2009 compared to \$12,236,972 at March 31, 2008.

# FINANCIAL STATEMENTS

May 21, 2009

## AUDITORS' REPORT

### To the Registrants of Real Estate Council of Ontario

We have audited the balance sheet of **Real Estate Council of Ontario** (RECO) as at March 31, 2009 and the statements of operations and cumulative operations and insurance trust fund balances and cash flows for the year then ended. These financial statements are the responsibility of RECO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of RECO as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario, Canada

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Real Estate Council of Ontario

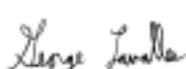
**BALANCE SHEET** As at March 31, 2009

	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	521,479	406,102	271,283	63,289	792,762	469,391
Short-term investments	11,750,000	10,136,790	13,635,071	11,890,688	25,385,071	22,027,478
Accounts receivable	422,668	514,092	268,240	323,474	690,908	837,566
Prepaid insurance premiums	-	-	3,772,417	3,005,067	3,772,417	3,005,067
Deposits and prepaid expenses	203,956	185,227	-	-	203,956	185,227
	<b>12,898,103</b>	<b>11,242,211</b>	<b>17,947,011</b>	<b>15,282,518</b>	<b>30,845,114</b>	<b>26,524,729</b>
<b>Property, plant and equipment</b> (note 2)	<b>759,777</b>	<b>746,886</b>	<b>-</b>	<b>-</b>	<b>759,777</b>	<b>746,886</b>
	<b>13,657,880</b>	<b>11,989,097</b>	<b>17,947,011</b>	<b>15,282,518</b>	<b>31,604,891</b>	<b>27,271,615</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	437,962	559,172	24,005	40,479	461,967	599,651
Government fee payable	150,427	133,303	-	-	150,427	133,303
Deferred education revenue (note 3(c))	400,000	-	-	-	400,000	-
Deferred registration revenue (note 3(a))	6,026,265	6,013,554	-	-	6,026,265	6,013,554
Deferred insurance premiums (note 3(b))	-	-	3,914,755	3,167,521	3,914,755	3,167,521
Deferred insurance stabilization (note 3(b))	-	-	503,326	483,196	503,326	483,196
Deferred insurance administration (note 3(b))	-	-	243,162	340,854	243,162	340,854
	<b>7,014,654</b>	<b>6,706,029</b>	<b>4,685,248</b>	<b>4,032,050</b>	<b>11,699,902</b>	<b>10,738,079</b>
<b>Deferred education revenue</b> (note 3(c))	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>
<b>Deferred registration revenue</b> (note 3(a))	<b>1,931,063</b>	<b>2,039,804</b>	<b>-</b>	<b>-</b>	<b>1,931,063</b>	<b>2,039,804</b>
	<b>9,945,717</b>	<b>8,745,833</b>	<b>4,685,248</b>	<b>4,032,050</b>	<b>14,630,965</b>	<b>12,777,883</b>
<b>ACCUMULATED FUND BALANCES</b>						
<b>Investment in property, plant and equipment</b> (note 2)	<b>759,777</b>	<b>746,886</b>	<b>-</b>	<b>-</b>	<b>759,777</b>	<b>746,886</b>
<b>Restricted</b>						
Insurance Premium Fund (schedule II)	-	-	1,899,656	1,529,204	1,899,656	1,529,204
Premium Stabilization Fund (schedule II)	-	-	9,896,900	8,396,653	9,896,900	8,396,653
Insurance Administration Fund (schedule II)	-	-	1,465,207	1,324,611	1,465,207	1,324,611
<b>Unrestricted</b>	<b>2,952,386</b>	<b>2,496,378</b>	<b>-</b>	<b>-</b>	<b>2,952,386</b>	<b>2,496,378</b>
	<b>3,712,163</b>	<b>3,243,264</b>	<b>13,261,763</b>	<b>11,250,468</b>	<b>16,973,926</b>	<b>14,493,732</b>
	<b>13,657,880</b>	<b>11,989,097</b>	<b>17,947,011</b>	<b>15,282,518</b>	<b>31,604,891</b>	<b>27,271,615</b>

Approved by the Board of Directors



Director



Director

Real Estate Council of Ontario

## STATEMENT OF OPERATIONS AND CUMULATIVE OPERATIONS AND INSURANCE TRUST FUND BALANCES

For the year ended March 31, 2009

	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Registration fees (note 3)	8,064,731	7,657,304	-	-	8,064,731	7,657,304
Insurance premium fees (note 3)	-	-	8,656,902	6,988,057	8,656,902	6,988,057
Premium stabilization fees (note 3)	-	-	1,191,471	1,288,742	1,191,471	1,288,742
Insurance administration fees (note 3)	-	-	686,575	984,815	686,575	984,815
Education revenues (note 3(c))	1,065,408	946,487	-	-	1,065,408	946,487
Other income	530,461	494,694	21,562	-	552,023	494,694
	<b>9,660,600</b>	<b>9,098,485</b>	<b>10,556,510</b>	<b>9,261,614</b>	<b>20,217,110</b>	<b>18,360,099</b>
<b>Expenses and expenditures</b>						
Council expenditures (schedules I and II)	9,600,108	8,987,606	9,013,057	7,550,833	18,613,165	16,538,439
<b>Operating income before interest income</b>	<b>60,492</b>	<b>110,879</b>	<b>1,543,453</b>	<b>1,710,781</b>	<b>1,603,945</b>	<b>1,821,660</b>
<b>Interest income</b>	<b>408,407</b>	<b>385,891</b>	<b>467,842</b>	<b>483,642</b>	<b>876,249</b>	<b>869,533</b>
<b>Net income for the year</b>	<b>468,899</b>	<b>496,770</b>	<b>2,011,295</b>	<b>2,194,423</b>	<b>2,480,194</b>	<b>2,691,193</b>
<b>Accumulated fund balances</b>						
- Beginning of year	2,496,378	2,289,600	11,250,468	9,056,045	13,746,846	11,345,645
<b>Fund balances invested in property, plant and equipment (note 2)</b>	<b>(12,891)</b>	<b>(289,992)</b>	<b>-</b>	<b>-</b>	<b>(12,891)</b>	<b>(289,992)</b>
<b>Accumulated fund balances - End of year</b>	<b>2,952,386</b>	<b>2,496,378</b>	<b>13,261,763</b>	<b>11,250,468</b>	<b>16,214,149</b>	<b>13,746,846</b>

Real Estate Council of Ontario

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2009

	OPERATIONS FUND		INSURANCE PROGRAM FUNDS		TOTAL	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>						
<b>Operating activities</b>						
Net income for the year	468,899	496,770	2,011,295	2,194,423	2,480,194	2,691,193
Item not affecting cash Amortization	315,282	282,643	-	-	315,282	282,643
	<b>784,181</b>	<b>779,413</b>	<b>2,011,295</b>	<b>2,194,423</b>	<b>2,795,476</b>	<b>2,973,836</b>
<b>Non-cash working capital items related to operations</b>						
Short-term investments	(1,613,210)	(834,230)	(1,744,383)	(1,929,441)	(3,357,593)	(2,763,671)
Accounts receivable	91,424	(59,227)	55,234	(78,930)	146,658	(138,157)
Prepaid insurance premiums	-	-	(767,350)	(551,374)	(767,350)	(551,374)
Deposits and prepaid expenses	(18,729)	(43,638)	-	105,417	(18,729)	61,779
Accounts payable and accrued liabilities	(121,210)	186,332	(16,474)	(78,337)	(137,684)	107,995
Government fee payable	17,124	(2,989)	-	-	17,124	(2,989)
Deferred education revenue	1,400,000	-	-	-	1,400,000	-
Deferred registration revenue	(96,030)	750,995	-	-	(96,030)	750,995
Deferred insurance premiums	-	-	747,234	581,542	747,234	581,542
Deferred insurance stabilization	-	-	20,130	(127,668)	20,130	(127,668)
Deferred insurance administration	-	-	(97,692)	(163,712)	(97,692)	(163,712)
	<b>(340,631)</b>	<b>(2,757)</b>	<b>(1,803,301)</b>	<b>(2,242,503)</b>	<b>(2,143,932)</b>	<b>(2,245,260)</b>
	<b>443,550</b>	<b>776,656</b>	<b>207,994</b>	<b>(48,080)</b>	<b>651,544</b>	<b>728,576</b>
<b>Investing activities</b>						
Purchase of property, plant and equipment	(328,173)	(572,635)	-	-	(328,173)	(572,635)
<b>Increase (decrease) in cash during the year</b>	<b>115,377</b>	<b>204,021</b>	<b>207,994</b>	<b>(48,080)</b>	<b>323,371</b>	<b>155,941</b>
<b>Cash - Beginning of year</b>	<b>406,102</b>	<b>202,081</b>	<b>63,289</b>	<b>111,369</b>	<b>469,391</b>	<b>313,450</b>
<b>Cash - End of year</b>	<b>521,479</b>	<b>406,102</b>	<b>271,283</b>	<b>63,289</b>	<b>792,762</b>	<b>469,391</b>

Real Estate Council of Ontario

# NOTES TO FINANCIAL STATEMENTS

March 31, 2009

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of organization

The Real Estate Council of Ontario (RECO) is a not-for-profit organization, incorporated by letters patent under the Canada Corporations Act on February 18, 1997. RECO is exempt from tax under the Income Tax Act (Canada).

On May 5, 1997, RECO received delegated responsibility to administer *the Real Estate and Business Brokers Act* (REBBA). RECO's mandate is to protect consumers and to administer the regulatory requirements of Ontario's real estate profession. On March 31, 2006, the *Real Estate and Business Brokers Act, 2002* (REBBA 2002) was proclaimed.

Consumer deposit insurance, errors and omissions, insurance and commission protection insurance are mandatory under REBBA 2002. Payments required under the program are designated to three funds: the Insurance Premium Fund, the Premium Stabilization Fund and the Insurance Administration Fund.

The Premium Stabilization Fund is a restricted fund that may be used to offset future increases in the premiums charged by the insurer. The fund may also be used to reduce the present level of premiums. A special Insurance Premium Stabilization Committee, comprised of members, must approve any use of the funds.

The Insurance Administration Fund is a fund used to pay the administrative costs associated with the operation of the program.

### Revenue recognition

RECO follows the deferral method of accounting for revenue. RECO derives its revenue primarily from the fees charged to register as a real estate salesperson, a real estate broker, and a real estate brokerage, from amounts payable under the Education Services Agreement with the Ontario Real Estate Association, and fees charged for the administration of the insurance program. Registration proceeds are for a two-year period. Revenue is recognized evenly over this two-year period to match the related expenditures. Amounts related to future years are recorded as deferred revenue. The Education Services Agreement is for a five-year period. Certain of the amounts payable under the agreement are recognized evenly over this period, the remaining amounts are recorded as deferred revenue. Other amounts payable are recognized in the year received. Insurance proceeds are for the one-year period of the insurance policy, which runs from September 1 of the current year to September 1 of the following year. Amounts related to the following year are recorded as deferred revenue.

### Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as discussed below.

Short-term investments are classified as held-for-trading and are recorded at fair value with the change in the fair value recorded in revenues. Transaction costs related to investments classified as held-for-trading are expensed as incurred. RECO has made the following classifications:

- cash is classified as held-for-trading;
- short-term investments are classified as held-to-maturity; and
- accounts payable, accrued liabilities and government fee payable are classified as other liabilities and are measured at fair value.

The carrying value of RECO's financial instruments, consisting of cash and short-term investments are classified as held-to-maturity, accounts receivable, deposits and prepaid expenses, accounts payable and accrued liabilities, approximates their fair values because of their short-term nature and maturities.

### Cash and short-term investments

Cash and short-term investments comprise cash and short-term deposits where the maturity is within one year.

### Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization. Amortization is provided at the following annual rates on a straight-line basis:

Computer equipment and software	30%
Office furniture and equipment	20%
Leasehold improvements	over the term of the lease

### Use of estimates

The preparation of RECO's financial statements and the accompanying notes in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the accompanying notes. Actual results could differ from those estimates used in preparing the financial statements.

### Changes in accounting principles effective April 1, 2008

For financial statements relating to fiscal years beginning on or after October 1, 2007, specifically April 1, 2008 for RECO, the following new CICA Handbook sections have been adopted by RECO.

- Section 1535, Capital Disclosures

This section requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of such non-compliance. Please see note 9 for capital disclosure.

- Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation

On October 2, 2008, the Accounting Standards Board (AcSB) announced that application of the following standards was voluntary for not-for-profit organizations: Section 3862, Financial Instruments - Disclosures; and Section 3863, Financial Instruments - Presentation. These standards enhance the disclosure and presentation of financial instruments and RECO has chosen not to adopt these standards as management does not believe the additional disclosures would provide additional useful information to the users of the financial statements.

## 2 PROPERTY, PLANT AND EQUIPMENT

2009

	COST	ACCUMULATED AMORTIZATION	NET
	\$	\$	\$
Computer equipment and software	1,696,997	1,381,866	315,131
Office furniture and equipment	1,118,837	904,263	214,574
Leasehold improvements	667,178	437,106	230,072
	<b>3,483,012</b>	<b>2,723,235</b>	<b>759,777</b>

2008

	COST	ACCUMULATED AMORTIZATION	NET
	\$	\$	\$
Computer equipment and software	1,422,600	1,252,967	169,633
Office furniture and equipment	1,065,061	816,736	248,325
Leasehold improvements	667,178	338,250	328,928
	<b>3,154,839</b>	<b>2,407,953</b>	<b>746,886</b>

Fund balances invested in property, plant and equipment are as follows:

	\$
Invested in property, plant and equipment - Beginning of year	746,886
Additions during the year	328,173
Amortization charge for the year	(315,282)
Invested in property, plant and equipment - End of year	<b>759,777</b>

## 3 DEFERRED REVENUE

### a) Operations Fund

Deferred revenue represents registration fees received that relate to subsequent periods. The movements in the deferred revenue balance during the year were:

	\$
Balance - Beginning of year	8,053,358
Registration fees received in fiscal 2009	7,968,701
Less: Amounts recognized as revenue in the year	(8,064,731)
Balance - End of year	<b>7,957,328</b>
Amounts to be recognized as revenue in fiscal 2010	6,026,265
Amounts to be recognized as revenue in fiscal 2011 and future periods	1,931,063
	<b>7,957,328</b>

### b) Insurance Program Funds

Deferred revenue represents insurance payments received that relate to the next fiscal year. The movements in the deferred revenue balance during the year were:

	INSURANCE PREMIUM FUND	PREMIUM STABILIZATION FUND	INSURANCE ADMINISTRATION FUND	TOTAL
	\$	\$	\$	\$
Balance - Beginning of year	3,167,521	483,196	340,854	3,991,571
Insurance payments received in fiscal 2009	9,404,136	1,211,601	588,883	11,204,620
Less: Amounts recognized as revenue in the year	(8,656,902)	(1,191,471)	(686,575)	(10,534,948)
Balance - End of year	3,914,755	503,326	243,162	4,661,243
Amounts to be recognized as revenue in fiscal 2010	3,914,755	503,326	243,162	4,661,243

### c) Operations Fund - Education Services Agreement

An Education Services Agreement between the Registrar, appointed under REBBA 2002, RECO and the Ontario Real Estate Association (OREA) became effective August 1, 2008. In this agreement, the Registrar designated OREA as the sole fiduciary designate to provide the services, functions and responsibilities described in the agreement for a five-year period. As a provision of this agreement, OREA agreed to pay a one-time amount of \$1,500,000, semi-annual payments of \$150,000 and a percentage of the revenues generated by OREA annually through enrolments in the program. Revenue other than that based on enrolments has been deferred and is being amortized over the period to which it applies: \$1,500,000 over 60 months; and each \$150,000 payment over six months. The movements in the deferred balance during the year were:

	\$
Balance - Beginning of year	-
Received August 1, 2008	1,500,000
Received August 1, 2008	150,000
Received February 1, 2009	150,000
Less: Amounts recognized as education revenue in the year	(400,000)
Balance - End of year	1,400,000
Amount to be recognized as revenue in fiscal 2010	400,000
Amount to be recognized as revenue in fiscal 2011 and future periods	1,000,000
	1,400,000

## 4 ADMINISTRATIVE AGREEMENT

An administrative agreement exists between RECO and the Ministry of Government Services. The administration of this agreement is now under the Ministry of Small Business and Consumer Services. Under this agreement, the maximum fee payable will not exceed \$220,000 per year. Amounts payable under the agreement are recognized in the year incurred.

## 5 COMMITMENTS

RECO has minimum commitments under leases for premises and equipment. The future estimated lease payments are:

	\$
2010	410,447
2011	402,686
2012	387,165
2013	276,704
2014 and thereafter	
	1,477,002

## 6 FUNDS HELD IN TRUST

RECO holds in trust consumer deposits transferred by brokers as dormant trust funds. At March 31, 2009, these deposits, together with the accumulated interest, amounted to \$2,138,116 (2008 - \$1,469,700). These amounts have not been included in the financial statements as RECO does not control nor benefit from these funds.

## 7 CONTINGENT LIABILITIES

RECO is involved in various claims and litigation both as plaintiff and respondent. In the opinion of management, the resolution of claims against RECO will not result in a material effect on the financial position of RECO. Any settlements or awards will be reflected in the statement of operations, as the matters are resolved.

## 8 FINANCIAL INSTRUMENTS

The main risks to which RECO's financial instruments are exposed are interest rate risk, market risk and credit risk. It is management's opinion that RECO is not exposed to significant foreign exchange risk and cash flow risk.

### Interest rate risk

The short-term investments bear interest at fixed rates and, as such, the risk resulting from fluctuations in interest rates is low.

### Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of RECO. RECO manages its risk by investing only in highly liquid, short-term guaranteed investment certificates (GICs).

### Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject RECO to credit risk consist principally of cash and short-term investments. RECO places its cash and short-term investments with high quality institutions to mitigate this risk.

RECO is exposed to credit risk on accounts receivable from OREA. RECO's accounts receivable risk is considered to be low as receivables are recognized only if it is certain that the monies will be received.

## 9 MANAGEMENT OF CAPITAL

RECO defines its capital as its net assets for both the Operations Fund and the Insurance Program Fund.

For the Operations Fund, as Designated Administrative Authority, RECO's principal objective is to manage these assets in a manner that allows it to continue to meet the requirements of the Administrative Agreement with the Ministry of Government Services, now administered by the Ministry of Small Business and Consumer Services, which includes a requirement to ensure that it has adequate resources to comply with the agreement, REBBA 2002 and the Safety and Consumer Statutes Administration Act, 1996.

For the Insurance Program Fund, RECO's principal objective is to continue to provide for insurance coverage for consumer deposits (protection of consumers), for errors and omissions insurance (protection of consumers and registrants), and for commission protection insurance (protection of registrants) at affordable rates for registrants. Net assets of the Insurance Program Fund are restricted for use in the Insurance Program.

## 10 COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform to the current year's financial statement presentation.

Real Estate Council of Ontario

## SCHEDULE OF COUNCIL EXPENDITURES

For the year ended March 31, 2009

### SCHEDULE I

	2009	2008
	\$	\$
<b>Operating expenses</b>		
Office of the President and Chief Executive Officer	429,052	378,032
Office of the Registrar	455,797	471,340
Registration department	802,911	772,205
Education department	158,799	73,865
Inspections and investigations	883,955	697,280
Complaints and compliance department	570,421	552,003
Office of the Director of Corporate Services	299,724	281,195
Legal services department	1,558,765	1,387,619
Administration and human resources	470,087	470,261
Finance and accounting department	441,398	429,959
Communications and corporate initiatives	378,710	319,212
Information systems department	580,576	510,982
Facilities cost	979,501	1,034,673
	<b>8,009,696</b>	<b>7,378,626</b>
<b>Board of Directors and working groups</b>		
Board of Directors' per diems	73,962	67,044
Board of Directors' travel and meeting costs	49,714	33,168
Education Designate Working Group	11,889	19,300
Agency Task Force Working Group	-	1,998
Legislation and Regulation Committee	9,199	8,534
Education Advisory Committee	39,537	38,812
Governance Committee	6,594	-
Audit Committee	6,508	1,698
Finance Committee	3,479	4,287
Commercial Real Estate Advisory Group	3,418	778
	<b>204,300</b>	<b>175,619</b>
<b>Other corporate</b>		
Amortization	315,282	282,643
Communications activities	167,023	247,003
Government fee	150,427	133,303
Hearings activities	83,846	126,723
Consulting costs	177,550	186,007
Discipline and Appeals Committees	12,636	55,338
Directors' and officers' liability insurance	186,056	169,569
Annual general meeting	65,941	79,172
Strategic planning	54,415	40,384
Elections	95,737	51,910
Audit fees	42,535	43,054
National and International Regulators' Groups	34,664	18,255
	<b>1,386,112</b>	<b>1,433,361</b>
	<b>9,600,108</b>	<b>8,987,606</b>

Real Estate Council of Ontario

## SCHEDULE OF FUND BALANCES

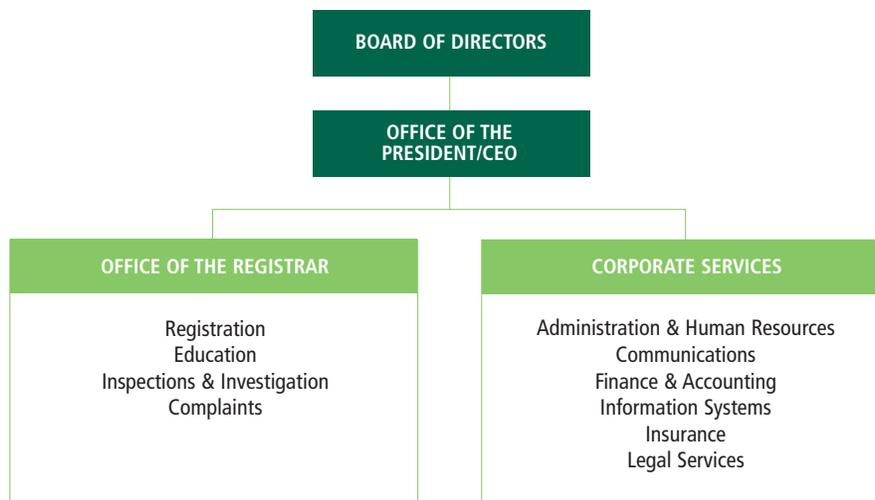
For the year ended March 31, 2009

### SCHEDULE II

				2009	2008
	INSURANCE PREMIUM FUND	PREMIUM STABILIZATION FUND	INSURANCE ADMINISTRATION FUND	TOTAL	TOTAL
	\$	\$	\$	\$	\$
<b>Insurance funds</b>					
Insurance funds recognized	8,656,902	1,191,471	686,575	10,534,948	9,261,614
Interest income	-	308,776	159,066	467,842	483,642
Miscellaneous income	-	-	21,562	21,562	-
	<b>8,656,902</b>	<b>1,500,247</b>	<b>867,203</b>	<b>11,024,352</b>	9,745,256
<b>Expenditures</b>					
Brokerage fees	-	-	-	-	105,417
Actuarial fees	-	-	-	-	175,016
Legal and audit	-	-	37,301	37,301	43,033
Insurance staffing	-	-	171,142	171,142	127,595
Insurance Committee	-	-	17,206	17,206	7,530
Bank charges and other miscellaneous	-	-	1,194	1,194	(320)
Stabilization Committee	-	-	2,317	2,317	2,005
Printing costs	-	-	26,077	26,077	78,510
Credit card discounts	-	-	251,948	251,948	213,048
Processing and mailing costs	-	-	219,422	219,422	138,213
Insurance	8,286,450	-	-	8,286,450	6,660,786
	<b>8,286,450</b>	-	<b>726,607</b>	<b>9,013,057</b>	7,550,833
<b>Net income for the year</b>	<b>370,452</b>	<b>1,500,247</b>	<b>140,596</b>	<b>2,011,295</b>	2,194,423
<b>Accumulated fund balances – Beginning of year</b>	<b>1,529,204</b>	<b>8,396,653</b>	<b>1,324,611</b>	<b>11,250,468</b>	9,056,045
<b>Accumulated fund balances – End of year</b>	<b>1,899,656</b>	<b>9,896,900</b>	<b>1,465,207</b>	<b>13,261,763</b>	11,250,468

# GOVERNANCE

## ORGANIZATIONAL STRUCTURE



## BOARD OF DIRECTORS

RECO is governed by a 12-member Board of Directors, including nine elected representatives registered under REBBA 2002 and three non-registrants appointed by the Minister of Small Business and Consumer Services to represent consumers, business and government. RECO's Board of Directors is responsible for providing progressive and collective leadership to RECO.

The day-to-day management of RECO is the responsibility of the President/CEO in accordance with the policies and budget established by the Board of Directors. The powers and duties imposed under the Act are carried out by the Registrar. The management team and staff support the delivery of programs and services for consumers and registrants. As of March 31, 2009, RECO had 84 full-time employees.



## CHAIR

### **BRIAN C. SUKKAU, B.A.**

*Broker*  
Royal LePage Niagara Real Estate  
Centre Inc., St. Catharines  
End of Term June 2010

Brian Sukkau, was first elected to RECO's Board of Directors in 2004, serving as Vice-Chair in 2006-2007 and two terms as Chair from 2007-2009. During his time as a member of the Board of Directors, Mr. Sukkau has served on several committees including; RECO's Audit, By-laws, Finance, Governance, and Insurance Committees, as well as the Discipline Committee under By-law 10.

Mr. Sukkau began his career in real estate in 1979. He graduated from the University of Western Ontario in 1985 and was broker/owner of Peter Sukkau Realty Inc. from 1987 to 2000. In 1999, Mr. Sukkau was presented with the President's Award from the St. Catharines District Real Estate Board for recognition of outstanding performance and contribution to the local real estate board.

He joined Royal LePage in 2000 and since then has received the President's Gold Award and the Royal LePage Award of Excellence. Mr. Sukkau is a past president of both the St. Catharines District Real Estate Board and the Ontario Real Estate Association.

## VICE CHAIR

### **GLEND A BRINDLE**

*Broker*  
Royal LePage Team Realty, Ottawa  
End of Term June 2009

Glenda Brindle, was first elected to RECO's Board of Directors in 2006. She has served as a member of RECO's Audit and Governance Committees, in addition to being Chair of the Finance and Insurance Committees.

Ms. Brindle began her career as a real estate salesperson in 1987 and became registered as a real estate broker in 2005. She has extensive knowledge and expertise in corporate relocations, including working with the Department of National Defense and the Royal Canadian Mounted Police.

Ms. Brindle has been awarded the Director's Platinum Award (2000-2007), the President's Gold Award (1998-2007), the Award of Excellence -Lifetime Member and the Royal LePage Long Service Award. She is an active volunteer who has served as President of the Ottawa Real Estate Board in 2004 and as Governor - REALTORS® Care Foundation from 2006 to 2008.

## ELECTED DIRECTORS

### **TAMER E. FAHMI**

*Broker*  
Hearth & Home Realty Inc., Burlington  
End of Term June 2011

### **RICK KOLARI**

*Broker*  
NBR R.A. Kolari Realty Inc., Sudbury  
End of Term June 2010

### **CYNTHIA LAI, FRI**

*Broker*  
Global Link Realty Group Inc., Toronto  
End of Term June 2010

### **GEORGE LAVALLEE, B.Sc.**

*Broker*  
Century 21 Add Vantage Realty Ltd.,  
Kitchener  
End of Term June 2009

### **RANDALL JAMES OICKLE**

*Broker*  
Royal LePage Team Realty, Kanata  
End of Term June 2011

### **DAVID ROSSI, FRI, CMR, CRB**

*Broker*  
Re/Max Professionals Inc., Toronto  
End of Term June 2009

### **KEITH TARSWELL**

*Broker*  
Bosley Real Estate Ltd., Toronto  
End of Term June 2011

## APPOINTED DIRECTORS

### **DON ARONSON**

*Owner/President*  
Aronson & Associates Incorporated,  
Sault Ste. Marie  
Term Began February 2009

### **LAWRENCE BREMNER**

*Associate*  
Gowling Lafleur Henderson LLP, Hamilton  
End of Term December 2009

### **BOB DUNLOP**

*President*  
Carson, Dunlop & Associates, Toronto  
Term Ended December 2008

### **MARY SHENSTONE**

*Assistant Deputy Minister, Strategic  
Real Estate Asset Management Division*  
Ministry of Energy and Infrastructure  
End of Term August 2010

# MANAGEMENT

## OFFICE OF THE PRESIDENT/CEO

### TOM WRIGHT

*President/CEO*

The President/CEO is responsible for the effective and efficient management of the organization in accordance with the policies and the budget established by the Board of Directors. This encompasses delegation of full authority over RECO's operating activities and resources, responsibility for achievement of RECO's strategic goals, and accountability for RECO's results.

### SHELLEY WESTLAKE-BROWN

*Manager, Executive & Board Operations*

The Manager, Executive & Board Operations is responsible for providing executive level administrative management to the Office of the President/CEO, including a wide range of complex and confidential administrative, operational and governance tasks. The Manager, Executive & Board Operations works closely with the Board of Directors, Committees, Task Forces and Management Group.

## REGULATORY

### ALLAN JOHNSTON

*Registrar*

The Registrar is responsible for providing leadership, integrity and fair-mindedness to the administration of the *Real Estate and Business Brokers Act, 2002*, and to ensure the highest possible level of consumer protection and knowledge in the operation of the real estate brokerage industry in Ontario.

### BRIAN SCHLOTZHAUER

*Deputy Registrar*

The Deputy Registrar is responsible for providing daily management of the Registration and Education departments, developing and implementing operational objectives to ensure maximum administrative and service results and ensuring that the requirements of the *Real Estate and Business Brokers Act, 2002* and RECO's Policies are interpreted and applied in a consistent fashion.

### JOHN BURNET

*Manager, Complaints, Compliance & Discipline*

The Manager, Complaints, Compliance & Discipline (CCD) is responsible for administering and managing, by various means, RECO's Complaints, Compliance and Discipline process and providing interpretation of the RECO Code of Ethics.

### BRIAN PRENDERGAST

*Manager, Inspections & Investigations*

The Manager, Inspections and Investigations helps fulfill the duties of the Registrar by directing province-wide inspections and investigation services; ensuring that the functions performed are timely, consistent, and impartial.

### ANGELA VOLPE

*Manager, Registration*

The Manager, Registration provides daily management of the Registration Department; develops and implements technical and operational objectives; represents the Office of the Registrar at the Licence Appeal Tribunal and at Provincial Offences Court; and ensures the requirements of *Real Estate and Business Brokers Act, 2002* and RECO's policies and procedures as they relate to registration are interpreted and applied in a consistent fashion.

## CORPORATE SERVICES

### DAN STAPLETON

*Director, Corporate Services*

The Director, Corporate Services supports the President/CEO by ensuring the efficient and effective management of the Real Estate Council of Ontario's non-regulatory operations, as organized under Corporate Services including administration; finance; information technology; communications; legal services and insurance services.

### SYLVIA MAUTI

*Manager, Administration & Human Resources*

The Manager, Administration & Human Resources is responsible for the internal administrative matters of the organization, including conducting or supervising all office management functions, such as office equipment, facilities, support services, and human resources.

### SANDRA GIBNEY

*Manager, Communications & Corporate Initiatives*

The Manager, Communications and Corporate Initiatives is responsible for managing the public relations/corporate communications activities of the Council; managing and/or developing corporate strategies, plans and policies that support the Council's vision/mission; and assisting the CEO in the development of strategic plans, business plans and other corporate reports.

### GLORIA FOUGERE

*Manager, Finance & Accounting*

The Manager, Finance and Accounting is responsible for establishing and overseeing all functions related to finance and accounting.

### STEVE FYFE

*Manager, Information Systems*

The Manager, Information Systems is responsible for building and managing the IS organizational structure. The Manager of Information Systems understands RECO's strategy and business objectives and works with Management to determine how technology can be used to support and advance these objectives.

### ELIZABETH SILCOX

*Manager, Legal Services*

The Manager, Legal Services is responsible for managing and providing the legal services required to support the activities of all departments of RECO, including the Board of Directors, its Committees, Task Forces, Working Groups and the office of the President/CEO as required.

## COMMITTEES, TASK FORCES, WORKING AND ADVISORY GROUPS

A complete list of the members of each committee, task force, working and advisory group is available on RECO's website at [www.reco.on.ca](http://www.reco.on.ca)

<b>Agency Task Force</b>	The RECO Board of Directors supports a collaborative approach and worked with the Ontario Real Estate Association (OREA) to form a joint RECO/OREA Working Group to discuss the recommendations contained in the final report of the Canadian Regulators Group Agency Task Force. This joint Working Group is currently discussing next steps for consulting with interested industry and consumer groups.
<b>Appeals Committee</b>	The Appeals Committee is established to hear, consider and decide appeals related to Discipline Committee decisions.
<b>Audit Committee</b>	The Audit Committee is established to assist the Board of Directors in meeting its fiduciary responsibilities.
<b>Commercial Real Estate Advisory Group</b>	The Commercial Real Estate Advisory Group is established to provide advice to the Board of Directors regulatory issues in the commercial real estate sector.
<b>Consumer Advisory Group</b>	The Consumer Advisory Group reports to the President/CEO. The Group is established to provide a forum for two-way communication with consumers and consumer interest groups.
<b>Discipline Committee</b>	The Discipline Committee is established to hear matters referred to it by the Registrar. Discipline Panels determine whether or not registrants have complied with the Code of Ethics.
<b>Education Advisory Committee</b>	The Education Advisory Committee is established to review education requirements for registrants and provide advice to the Registrar. The Committee may also make recommendations regarding potential changes to educational requirements or policies related to education providers and approved subject areas.
<b>Finance Committee</b>	The Finance Committee is established to advise the Board of Directors on financial policies and the annual budget.
<b>Governance Committee</b>	The Governance Committee is established to develop, recommend to the Board of Directors, implement and assess effective corporate governance principles.
<b>Insurance Committee</b>	The Insurance Committee is established to monitor the registrant insurance program on an ongoing basis, including claims data, policy wording and administration.
<b>Legislation &amp; Regulations Committee</b>	The Legislation & Regulations Committee is established to develop recommendations to the Board of Directors related to potential changes to the REBBA 2002 and associated regulations. The Committee may also make recommendations to the Board regarding consultation related to potential regulation changes.
<b>Premium Stabilization Committee</b>	The Premium Stabilization Committee is established to monitor the premium stabilization fund created as part of the registrant insurance program and ensure that any use of these funds is transparent.









**Real Estate Council of Ontario**

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**Main**

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Website: [www.reco.on.ca](http://www.reco.on.ca)

**Complaints, Compliance  
and Discipline**

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E-mail: [ccd@reco.on.ca](mailto:ccd@reco.on.ca)