

Reports from RECO's 2010 Annual General Meeting



Thursday, June 17, 2010
The Old Mill Inn, 21 Old Mill Road, Toronto, ON
Start time 10:00 a.m. - Guildhall Rooms A & B

Please refer to AGM video for complete remarks.

Report of the Registrar Allan Johnston

It has been a busy year for the industry and for RECO.

For the first time, RECO introduced online registration renewal to MyWeb. We wanted to build an online renewal service that was easy and convenient for registrants and we've done just that. Today, all brokers, salespersons and sole proprietors can now renew their registration 24/7. The application is easy to complete, plus you get instant confirmation that RECO has received your application. So far we are very pleased with the response we've been getting.

In fact, last week nearly 40 per cent of all renewal applications were submitted online and we are continuing to see these numbers increase each week. We think that's fantastic, and we are currently reviewing more ways to expand our online services to include terminations and transfers.

On the topic of registration, some changes have recently taken place that affects many of the registration applications submitted to RECO. For example, RECO has always had the ability to verify the criminal record history of any registrant or applicant directly through the Ontario Provincial Police. This is an important step in ensuring appropriate consumer protection.

But in December, the OPP announced a procedural change that affected how third-party organizations, like RECO, obtained criminal record checks. The OPP no longer provides information about an individual's record of offences or charges without the identity of that individual being confirmed in person. As a result, several registration categories are now required to attend their local police service - on their own - to obtain an original Canadian criminal record check before submitting an application to RECO.

Additional information, including a list of the registration categories that are affected by this change, is posted on RECO's website and on MyWeb. If you have a criminal matter to disclose, you should check with your local police service well in advance of submitting your application to determine the process for obtaining a written report. Some services will issue the information and some will require you to go for fingerprinting before the RCMP will release the information.

I'd like to take a few minutes to provide you with an update on some of RECO's education initiatives and regulatory activities.

In August, RECO launched two new and enhanced RECO Update courses – Residential and Commercial. We worked with OREA to create courses that are more interactive and engaging. Case studies, simulation activities and real-life scenarios deliver information on new and high-impact issues. The new Residential Update course covers everything from changes in legislation to expanded topics like energy efficient homes. Green buildings and LEED designation programs – also known as Leadership in Energy and Environmental Design – are new additions to the Commercial Update course.

Last year, initial meetings were held with OREA in support of a redesigned Real Estate Broker course. The broad framework of the course was identified and the development of the program is underway. The new course will have a stronger focus on the management aspects of being a broker in a highly-regulated industry, and will equip students with comprehensive knowledge of the legislated responsibilities of this registration status. It is anticipated the new course will be ready for delivery in early 2011.

RECO occasionally receives complaints regarding serious breaches of the Act as well as allegations of criminal conduct by registrants.

We deal with these more serious matters at either the Provincial Offences Court or at the Licence Appeal Tribunal, but in some instances these matters are subject to hearings in both venues.

To be clear, although RECO does not prosecute under the Criminal Code of Canada, we do investigate the alleged criminal conduct of registrants and if warranted we will take action to revoke the registration of that individual. We will also refer the matter to the police.

For those of you in the audience who live in the Kitchener area you may have read about the recent jail sentence imposed upon a former registrant by the name of Steven Stojadinovich who was convicted of fraud. What you may not know, is that RECO was the initial recipient of the consumer complaints that ultimately led to the criminal conviction of Mr. Stojadinovich. RECO investigated these complaints and based on our investigation I issued a proposal to revoke his registration. After a hearing at the Licence Appeal Tribunal, it was ordered that my revocation proposal be carried out - that was in 2008. Given the criminal nature of the conduct of Mr. Stojadinovich we also reported this matter to the police.

I also wanted to share an example of a matter dealt with at the Provincial Offences Court this past year – a conviction registered against Khurram Naseer. This example serves to illustrate how you as registrants can assist RECO. In this case RECO received a complaint from a registrant that included evidence that suggested that Mr. Naseer had been artificially inflating the purchase prices of properties for the sole purpose of deceiving mortgage lenders. Our investigation of this matter determined that the allegations were correct. Mr. Naseer was charged with numerous offences under the Act. He pled guilty to falsifying information as well as providing false information and was fined \$21,000. Mr. Naseer is also no longer registered under REBBA 2002.

As you can appreciate, it takes a substantial amount of time and resources to not only investigate these matters, but to ultimately resolve them at a hearing.

Information on LAT hearings and POA convictions are posted on the RECO website at www.reco.on.ca. I invite you to review these various decisions when you have the time.

As we embark on a new fiscal year, we are taking proactive steps which we hope will reduce the number of complaints, and the number of investigations conducted by RECO. To that end, improving advertising compliance will be a focus for RECO. Last year, the Legislation and Regulations Committee conducted an in-depth review of advertising issues and the Board of Directors approved resources to establish a new course of action.

Work on this initiative has already begun. In order to get a better idea of the scope of compliance or non-compliance, we collected a random sampling of more than 1000 registrant advertisements from across the province to determine industry practices and problem areas. An independent firm is in the process of compiling the information for us. From there, we will develop our course of action. The

information we obtain is expected to reveal common contraventions as well as the cities and towns in Ontario that have higher occurrences of being non-compliant. This will help us to zero in on the areas of the province where we need to best focus our resources and better clarify the advertising requirements.

RECO has already started to implement some of the suggested communications on this project, which, as Tom has mentioned, include the new advertising section on MyWeb that contains visual examples of complaint ads – as show here, and the new regular advertising feature in RECO's newsletter – For the RECOrd. RECO will continue to seek new and innovative ways to educate registrants on correct advertising practices.

The topics I have mentioned today offer only a glimpse of how RECO continues to provide effective regulation of the real estate industry in Ontario.