

**IN A MATTER BEFORE THE DISCIPLINE COMMITTEE OF THE REAL ESTATE COUNCIL OF  
ONTARIO**

**BETWEEN**

REAL ESTATE COUNCIL OF ONTARIO ("**RECO**")

Applicant

AND

ZAHEER SHAW ("**Shaw**")

Respondent

**ALLEGATION STATEMENT**

**WHEREAS** the respondent is registered as a salesperson under the *Trust in Real Estate Services Act, 2002* ("**Act**");

**AND WHEREAS** section 20 of the Act provides that if the Registrar is of the opinion, whether as a result of a complaint or otherwise, that a registrant has contravened any provision of the Act or of a regulation under the Act, the Registrar may refer the matter in whole or in part to the Discipline Committee of RECO ("**Discipline Committee**");

**AND WHEREAS** section 21 of the Act provides that the Discipline Committee shall hear and determine whether a registrant has contravened any provision of the Act or of a regulation under the Act;

**THEREFORE**, take notice that pursuant to section 20 of the Act, the Registrar hereby refers this matter to a hearing before the Discipline Committee based on the allegations set out herein.

## A. PARTICULARS

### It is alleged as follows:

1. At all relevant times, Shaw was employed at the brokerage Sam McDadi Real Estate Inc. Brokerage (“Sam McDadi Brokerage”).
2. At all relevant times, Shaw represented Seller A (the “Seller”) during the sale of Street A, City A (the “Property”).
3. At all relevant times Representative A (“Representative A”) was employed at Brokerage A (“Brokerage A”).
4. At all relevant times, Representative A represented Buyer A and Buyer B and (the “Buyers”) in their purchase of the Property.
5. The Buyers have filed a complaint with RECO regarding the conduct of Shaw during their purchase of the Property.
6. On or around October 5, 2024, the Seller entered into a representation agreement (the “Listing Agreement”) for the Property with Sam McDadi Brokerage.
7. Schedule A of the Listing Agreement indicated that the following services would be provided to the Seller by Sam McDadi Brokerage –
  - a) Staging Consultation;
  - b) Photography;
  - c) Property advertising;
  - d) MLS Listing.
8. On or around October 14, 2024, the listing for the Property was uploaded to a local real estate listing service (the “Listing”) by Shaw for \$1,595,000.
9. The Listing indicated the 2024 taxes for the Property as \$6,440.
10. On or around October 22, 2024, the Seller entered into an Agreement of Purchase and Sale (the “APS”) with the Buyers for the Property for a purchase price of \$1,547,500, and a transaction completion date of January 16, 2025. The APS was conditional upon financing and inspection of the Property.

11. On or around October 30, 2024, the Buyers received a home inspection report (the “Report”) of the Property from Company A.
12. The Report identified several issues with the Property that required repair (the “Repairs”) including caulking and replacement of smoke and carbon monoxide detectors.
13. The Report noted that the floor in the living and dining rooms was “satisfactory”, and that it issued a professional opinion based on a visual inspection of the accessible components of the home, and that the inspection was not an exhaustive technical evaluation.
14. The Report further noted that there may be limitations to the inspection, and that many components of the home are not visible during the inspection.
15. On or around October 30, 2024, Representative A emailed Shaw and requested that the Seller address the Repairs.
16. On or around October 31, 2024, the Sellers entered into an Amendment to the APS (the “Amendment”) with the Buyers, which indicated that the Seller agreed to do the Repairs. The Amendment also removed the financing and inspection conditions from the APS.
17. On or around January 15, 2025, the Buyers attended the Property with Representative A for a final pre-closing walk through.
18. On January 16, 2025, the transaction for the Property closed.
19. After the transaction for the Property closed, the Buyers discovered a large area in the living room with missing laminate flooring (the “Missing Flooring”)
20. Between January 17 and January 28, 2025, counsel for the Buyers, (“Counsel A”) and counsel for the Seller, (“Counsel B”) exchanged the following emails –
  - a) Counsel A informed Counsel B of the Missing Flooring and advised that every time the Buyers visited the Property, there was a large sofa or a big item deliberately covering the floor;
  - b) Counsel A advised Counsel B that the Buyers would be fixing the Missing Flooring, and seeking reimbursement from the Seller for costs;
  - c) Counsel B advised Counsel A that the Seller had disclosed the Missing Flooring to Shaw prior to listing the Property, and that the Missing Flooring had been visible with the

original layout of the furniture. The Seller had specifically instructed Shaw to disclose the Missing Flooring to potential buyers;

- d) Counsel B further advised that the Seller's learned that Shaw had rearranged the furniture in a manner that covered the Missing Flooring. Shaw then withheld this information from the Buyers and Representative A and the decision to do so was made solely at Shaw's discretion and was not communicated to the Seller.

21. On or around January 28, 2025, the Seller emailed the Buyers through Counsel B and indicated as follows –

- a) They disclosed all defects in the Property to Sam McDadi Brokerage, including the Missing Flooring;
- b) The furniture layout was arranged by them so that the Missing Flooring was visible;
- c) The sale price of the Property took the defects into consideration;
- d) They did the Repairs as requested by the Buyers without negotiating on price, even though they did not get their asking price for the Property;
- e) They were notified that the Buyers had raised an issue with the Missing Flooring after the transaction for the Property closed;
- f) Shaw advised them to tell their counsel "the Buyers had access to inspection and should have picked it up". The Seller followed Shaw's instructions;
- g) The Seller asked Shaw if he had disclosed the Missing Flooring to the Buyers, and he confirmed that he had not. When the Seller asked why the Missing Flooring wasn't disclosed, Shaw advised that he chose not to disclose it;
- h) The Seller received an email from the Buyers stating their intention to take legal action. The Seller called Shaw to discuss the matter, who then denied discussing the matter, denied saying he chose not to disclose the Missing Flooring, accused the Seller of having covered the Missing Flooring with furniture, and said the Seller had promised to fix it prior to closing.

22. After the transaction for the Property closed, the Buyers received a 2025 interim tax bill for the Property, which indicated the tax amount for 2024 as \$8,396.78.

23. In responding to RECO regarding the allegations (in writing), Shaw indicated the following –

- a) He had verbally disclosed the Missing Flooring and the Seller's commitment to repair it prior to closing to Representative A during a telephone conversation leading up to the offer, and again during the conditional period;
- b) He ensured that Representative A was fully informed of the Missing Flooring issue before the Buyers waived the conditions;
- c) The Missing Flooring was not concealed or covered with intent to hide it, and during the inspection and pre-closing walkthrough, the area was visible and accessible;
- d) The Seller had advised that they intended to repair the Missing Flooring, but the repair was not completed to the Buyers' satisfaction prior to closing;
- e) The 2024 tax figure for the Property was provided to him by the Seller, and he also sent the Seller the listing to review to ensure that all information was accurate. He relied on the information in good faith.

24. On or around November 25, 2025, a RECO Compliance Officer (the "CO") emailed Representative A and requested the following information –

- a) "Did the listing agent advise you of the missing flooring in the family room at any time? If so, how? (verbally in person/over the phone, via text/email)
- b) Further, did the listing agent advise you if the seller would have the missing flooring repaired prior to closing?
- c) When attending the final walk-through of the subject property on the day before closing (January 15, 2025) was the missing flooring visible? Was there a rug/couch in the family room covering the missing flooring?"

25. On or around November 25, 2025, Representative A responded to the CO's email and advised as follows –

- a) "No, I was never advised by the listing agent at any time about the missing or damaged flooring in the family room."
- b) "No, the listing agent did not inform me that the seller would repair the missing flooring prior to closing. We had no knowledge that the flooring was damaged before closing."
- c) "During the final walk-through on January 15, 2025, the missing flooring was not visible. It was completely covered by furniture (a rug/couch), so we could not see the damage."

26. On or around December 17, 2025, the CO emailed the Seller and requested the following information –

- a) “Discussions with your agent and/or disclosure with respect to the flooring defect in the family room;
- b) Any acknowledgement from your agent of non-disclosure of the flooring defect to the Buyers and/or their agent;
- c) Original furniture layout of the family room.”

27. On or around December 17, 2025, the Seller responded to the CO’s email and advised as follows –

- a) “All items of defect were discussed with the agent when showing the house to them. We showed them the floor, the electric panel, the door in the garage and 1 or 2 smaller items. When the buyers sent a home inspector out and requested for improvements and fixtures be made – we agreed to it. These were discussed and acknowledged in the agreement and we did them at no extra expense or negotiation on the sale.
- b) **Any acknowledgement from your agent of non-disclosure of the flooring defect to the Buyers and/or their agent** – “We do not have this in writing as this was a discussion that took place. However the agent decided to stage the house and the area where the flooring is – that whole area was redone completely and restaged. There is absolutely no way that the agent and the stager did not know about this. There is no way they could have re done that room and not seen the flooring as they covered that area with a new carpet and moved all the furniture around.”
- c) The original furniture layout of the room did not even cover the defect flooring. We had the dining table over the defect floor and it was completely visible. We could probably look for pictures showing this. In addition, any of our friends who visited us can verify this as the flooring was actually a talking point when people came over – as it was completely visible. The agent moved the couch over this area and covered it with a rug. The defect area was then covered not only by a rug, but by a couch too. My husband also asked the stager and the agent – isn’t this wrong to cover. They

need to see this. The agent responded – not to worry about it – they will handle that discussion.

- d) Our lawyers were aware of this and notified us the minute sale went through. We contacted our agent and asked him what we should do. The agent advised us to say “the buyer sent a home inspector, so it’s their problem that they didn’t find it”. At that point – we asked the agent – did you not disclose it – and he said no. We were completely taken off guard by this.
- e) Regardless of this – we contacted the buyers and offered to pay for 50% of the flooring, if the agent covers 50%. We didn’t just agree to replace that portion – we agreed to cover the whole room to match the other rooms. The buyers never responded to us – we never heard back from them. This was in January 2025. No response received over email to date.”

28. Shaw earned a commission of \$9,582.04 for the transaction.

## **B. SUMMARY OF ALLEGATIONS**

**It is alleged that Shaw failed to comply with the Code of Ethics (O. Reg. 365/22) as follows:**

- A. Shaw intentionally covered a defect in the flooring of the subject property during the staging and marketing period and did not disclose this material fact to the Buyers, contrary to sections 1, 2, 5, 8(1) and 9(1) of the Code of Ethics, O. Reg. 365/22.
- B. Shaw failed to take reasonable steps to determine and/or verify material facts in respect of property taxes and posted inaccurate information about the Property as part of the listing, contrary to sections 5 and 9(1) of the Code of Ethics, O. Reg. 365/22.

**It is alleged that Shaw failed to comply with the following sections of the Code of Ethics (O. Reg. 365/22):**

Integrity, honesty, good faith, etc.

- 1. In carrying on business, a registrant shall act with courtesy, honesty, good faith and integrity in relation to every person the registrant deals with.

Unprofessional conduct, etc.

2. A registrant shall not engage in any act or omission that, having regard to all of the circumstances, would reasonably be regarded as,

- (a) being disgraceful, dishonourable, unprofessional or unbecoming a registrant; or
- (b) likely to bring the sector into disrepute or to undermine public confidence the regulation of registrants under the Act.

Misrepresentation, etc.

5. In carrying on business, a registrant,

- (a) shall make best efforts to ensure that any representations are accurate and are not misleading; and
- (b) shall not engage in or be a party to misrepresentation or any unethical practice.

Best interests

8. (1) A registrant that represents a client shall promote and protect the best interests of the registrant's clients.

Conscientious and competent service, etc.

9. (1) A registrant shall provide conscientious, courteous and responsive service

to clients and demonstrate reasonable knowledge, skill, judgment and competence in providing such service.

**C. APPLICATION OF THE STATUTORY POWERS PROCEDURE ACT**

The *Statutory Powers Procedure Act*, R.S.O. 1990, Chapter S.22 ("**SPPA**"), as amended, applies to matters before the Discipline Committee. Section 8 of the SPPA provides as follows:

8. Where the good character, propriety of conduct or competence of a party is an issue in a proceeding, the party is entitled to be furnished prior to the hearing with reasonable information of any allegations with respect thereto.

RECO states that propriety of conduct or competence shall be an issue in the hearing and RECO has provided herein information of the allegations with respect thereto.

#### **D. FURTHER PARTICULARS / ALLEGATIONS**

RECO may send further or other particulars or allegations relevant to this matter or the allegations set out herein. RECO may rely upon such other matters that arise during a hearing of this complaint and that the Discipline Committee sees fit to consider.

Glen Thomas, Registrar (Deputy)  
*Trust in Real Estate Services Act, 2002*

Date: March 9, 2026