

IN THE MATTER OF

The Registrar, *Trust in Real Estate Services Act, 2002*,
S.O. 2002, c.30, Schedule C and Regulations thereto, as amended (the Act)

- and -

The registration of Wei Chen registered as Michael Chen,
as a Broker under the Act

- and –

The registration of 1856407 Ontario Corporation Inc. o/a Galaxy Realty Inc.
as a Brokerage under the Act

NOTICE OF PROPOSAL TO REVOKE REGISTRATION

WHEREAS Wei Chen, trade name Michael Chen (Chen) is registered as a broker and 1856407 Ontario Corporation Inc. operating as Galaxy Realty Inc. (Galaxy) is registered as a brokerage under the Act;

AND WHEREAS Section 13 of the Act provides that the Registrar may revoke a registration if in the Registrar's opinion a registrant is not entitled to registration under Section 10 of the Act;

AND WHEREAS Section 14 of the Act provides that where the Registrar proposes to revoke the registration, the Registrar shall serve notice of the proposal on the registrant;

AND WHEREAS in the Registrar's opinion Chen and Galaxy are not entitled to registration under Section 10 of the Act and the Registrar proposes to revoke the registration of Chen as a broker and Galaxy as a brokerage under the Act for the reasons that follow.

A. REASONS

1. The Registrar relies on the following grounds to revoke the registration of Chen:
 - a) Under section 10(1)(a)(i) of the Act, having regard for Chen's past and present financial position, Chen cannot reasonably be expected to be financially responsible in the conduct of business; and
 - b) Under section 10(1)(a)(ii) of the Act, Chen's past and present conduct affords reasonable grounds for belief that Chen will not carry on business in accordance with law and with integrity and honesty; and
2. The Registrar relies on the following grounds to revoke the registration of Galaxy:
 - a) Under section 10(1)(b)(ii) of the Act, having regard to the past and present financial position of its officer and director, Galaxy cannot reasonably be expected to be financially responsible in the conduct of its business; and
 - b) Under section 10(1)(b)(iii) of the Act, the past and present conduct of its officer and director, affords reasonable grounds for belief that Galaxy's business will not be carried on in accordance with the law and with integrity and honesty.

B. PARTICULARS

IT IS ALLEGED AS FOLLOWS:

Registration History

3. Chen became registered to trade in real estate as a salesperson under the Act on or about June 15, 2007, and as a broker on August 29, 2011.
4. Galaxy became registered to trade in real estate as a brokerage under the Act on or about June 1, 2012.
5. At all times, Chen was an officer, director, 49% shareholder and Broker of Record (BOR) of Galaxy.

Section 10(1)(a)(i) and 10(1)(b)(ii)- Financial Position

6. Chen is not entitled to registration under section 10(1)(a)(i) of the Act, because having regard to Chen's past and present financial position, Chen cannot reasonably be expected to be financially responsible in the conduct of business.
7. Galaxy is not entitled to registration under section 10(1)(b)(ii), because having regard to the past and present financial position of Chen as Galaxy's officer and director, Galaxy cannot reasonably be expected to be financially responsible in the conduct of its business.

Bankruptcy Proceedings

8. On October 7, 2024, while registered as a broker under the Act, Chen filed a consumer proposal under the Bankruptcy and Insolvency Act of Canada (BIA) under BIA Estate Number [redacted] (Consumer Proposal).
9. Chen listed his total liabilities under the Consumer Proposal as \$72,323 and his assets as \$6,502.
10. The Consumer Proposal is currently still active before the courts.

10(1)(a)(ii) and 10(1)(b)(iii) – Past and Present Conduct

11. Under 10(1)(a)(ii) of the Act, Chen's past and present conduct affords reasonable grounds for belief that Chen will not carry on business in accordance with law and with integrity and honesty.
12. Under section 10(1)(b)(iii) of the Act, the past and present conduct of its officer and director, affords reasonable grounds for belief that Galaxy's business will not be carried on in accordance with the law and with integrity and honesty.

Improper Disbursements

13. On or around May 29, 2025, a RECO Inspector attended Galaxy's premises and conducted an inspection of the brokerage's real estate trust account, practices, trade documentation, advertising and corporate compliance with the Act and its regulations (RECO Inspection).

14. The inspection identified five instances of improper disbursements from Galaxy's real estate trust account (RETA) contrary to section 27(1) of the Act. These disbursements resulted in corresponding shortfalls in the RETA that were not immediately replaced or reported to the Registrar as required under section 14 of Ontario Regulation 579/05 (O. Reg. 579/05) to the Act.

Disbursement 1

15. On or around April 19, 2024, \$4,068, representing commission monies for trade 2013551 regarding property Street A, City A (Trade 1), was disbursed from the RETA earlier than the contracted term of the trust to complete the transaction on May 15, 2024.

16. This improper early disbursement created a shortfall of the RETA of \$4,068, that was not immediately replaced or reported to the Registrar as required.

17. On or around April 19, 2024, the RETA disbursed monies were transferred to Galaxy's Commission Trust Account (CTA) and then to its General Account (GA). Galaxy then issued payments totaling \$3,331.32 from the GA, including \$3,000 to the Canadian Revenue Agency (CRA), constituting a misappropriation of trust funds.

18. At all times, Chen was the representative for Trade 1 and facilitated, and as BOR, authorized the improper disbursement from the RETA that resulted in the shortfall of the RETA. Chen also issued the payments from the GA.

Disbursement 2

19. On or around April 22, 2024, \$3,132, representing monies payable to the vendor for Trade 1 was disbursed from the RETA to the GA earlier than the contracted term of the trust to complete the transaction on May 15, 2024.

20. This improper early disbursement created a further shortfall of the RETA totaling \$7,200, that was not immediately replaced or reported to the Registrar as required.

21. On or around April 22, 2024, Galaxy issued multiple payments from the GA totaling \$4,064.32, including \$2,488.12 to the CRA constituting a misappropriation of trust funds.

22. At all times, Chen was the representative for Trade 1 and facilitated, and as BOR, authorized the improper disbursement from the RETA that resulted in the further shortfall of the RETA. Chen also issued the payments from the GA.

Disbursement 3

23. On or around December 2, 2024, \$7,846.80, representing commission monies for trade 2013561 regarding a property at Street B, City B (Trade 2), was disbursed from the RETA to the CTA earlier than the contracted term of the trust to complete the transaction on December 13, 2024.

24. This improper early disbursement created a shortfall of the RETA totaling \$7,864.80 that was not immediately replaced or reported to the Registrar as required.

25. On or around December 2, 2024, \$676.87 of the improperly disbursed monies for Trade 2 were further transferred from Galaxy's CTA to its GA. The \$678.87 represented Galaxy's share of the commission monies that would have been properly payable on December 13, 2024. Prior to this transfer, the GA was in overdraft with a balance of (-)\$2.79.

26. On or around December 2, 2024, after the transfer of the improperly disbursed monies, Galaxy issued multiple payments from the GA totaling \$477.10, including \$323.37 to Lone Wolf, constituting a misappropriation of trust funds.

27. At all times, Chen facilitated and as BOR, authorized the improper disbursement from the RETA that resulted in the shortfall of the RETA. Chen also issued the payments from the GA.

Disbursement 4

28. On or around March 17, 2025, \$3,559.50, representing commission monies for trade 2013569 regarding the property Street C, City C (Trade 3), was disbursed from the RETA to the CTA earlier than the contracted term of the trust to complete the transaction on April 15, 2025.

29. This improper early disbursement created a shortfall of \$3,559.50 of the RETA that was not immediately replaced or reported to the Registrar as required.

30. On or around March 17, 2025, \$1,779.75 of the RETA disbursed monies, which represented Galaxy's share of the commission that would be properly payable on April 15, 2025, was transferred to Galaxy's GA.
31. Between around March 18 to 26, 2025, Galaxy issued multiple payments from the GA, totaling \$3,122.32, including \$221.23 to the CRA constituting a misappropriation of trust funds.
32. At all times, Chen was the representative for Trade 3. Chen facilitated and as BOR, authorized, the improper disbursement from the RETA that resulted in the shortfall of the RETA. Chen also issued the payments from the GA.

Disbursement 5

33. On or around March 17, 2025, \$1,440.66, representing part of the monies payable to the vendor for Trade 3, was disbursed from the RETA to the GA earlier than the contracted term of the trust to complete the transaction on May 15, 2025.
34. This improper early disbursement created a further shortfall of the RETA totaling \$5,000.16 that was not immediately replaced or reported to the Registrar as required.
35. Between around March 18 to 26, 2025, Galaxy issued multiple payments from the GA, totaling \$3,122.32, including payments to Enbridge Gas, Toronto Hydro Electric and Hudson's Bay, constituting a misappropriation of trust funds.
36. At all times, Chen was the representative for Trade 3 and facilitated, and as BOR, authorized, the improper disbursement from the RETA that resulted in the further shortfall of the RETA. Chen also issued the payments from the GA.
37. Chen advised in his interview with a RECO investigator that in regard to the five (5) improper disbursements, personal circumstances and the financial circumstances of the brokerage affected his operation of the RETA.

Other Deficiencies

38. The RECO Inspection uncovered several other instances of deficiencies or conduct contrary to the Act and its Regulations attributable to Chen and/or Galaxy:

- a) Galaxy failed to prepare the monthly real estate trust account reconciliations (RETA Reconciliations) on three occasions as required under section 13 of O. Reg. 579/05 during the two-year period reviewed by the RECO Inspector. The BOR is responsible for reviewing, signing and dating the RETA Reconciliations, which Chen as the BOR failed to do.
- b) Galaxy failed to accurately record the deposits and disbursements on trade record sheets in relation to Trade 1, Trade 2 and Trade 3 as required under section 17(1)(7)(ii) of O. Reg. 579/05. The BOR is responsible for reviewing trade record sheets and ensure compliance of the brokerage under section 12(2) of the Act, which Chen failed to do.
- c) Galaxy failed to document the services it would be providing to the consumers it represented, contrary to section 13.4(1)(v) of Ontario Regulation 567/05 (O. Reg. 567/05).
- d) Galaxy failed to obtain the sellers initials beside the expiry date of a listing agreement in relation to trade 2013568, contrary to section 13.4(1) of O. Reg. 567/05. At all times, Chen was the representative for trade 2013568.
- e) Galaxy failed to reduce a buyer representation agreement to writing in relation to Trade 1, contrary to section 13.6 of O. Reg. 567/05. At all times, Chen was the representative for Trade 1.
- f) Galaxy failed to obtain written consent of their clients for multiple representation in relation to Trade 1, contrary to section 22 of O. Reg. 567/05. At all times, Chen was the representative for Trade 1.
- g) Galaxy and Chen failed to have Chen, as the BOR, authorize a disbursement of funds from the RETA, as required under section 19 of O. Reg. 567/05.
- h) Galaxy failed to complete trade record sheets with all required information and signatures under section 17 of O. Reg. 579/05.
- i) Galaxy advertised an agent no longer employed by the brokerage on its website, contrary to section 30 of the Act.

- j) Galaxy advertised itself while not using the correct name and designation, contrary to section 12.1(1) and 12(4)(a) of O. Reg. 567/05.

Provincial Offences Charges

- 39. On January 16, 2026, an Information was sworn by a RECO Provincial Offences Officer charging Galaxy with fifteen (15) counts under the Act and its associated Regulations in relation to the conduct uncovered during the RECO inspection.
- 40. On January 16, 2026, an Information was sworn by a RECO Provincial Offences Officer charging Chen with fifteen (15) counts under the Act and its associated Regulations in relation to the conduct uncovered during the RECO inspection.
- 41. The disposition of these charges is pending before the courts.

C. RIGHT TO A HEARING

Take notice that Section 14 of the Act provides that a registrant is entitled to a hearing by the Licence Appeal Tribunal (the “Tribunal”) in respect of a proposal by the Registrar to revoke registration if WITHIN 15 DAYS after service of this notice (deemed to be on the third day after mailing by registered mail) that the Registrar proposes to revoke the registration, the Registrant mails or delivers notice in writing that a hearing is required to the following parties:

The Registrar Licence Appeal Tribunal 15 Grosvenor Street, Ground Floor Toronto, Ontario M7A 2G6	AND TO:	The Registrar Real Estate Council of Ontario 1400-3300 Bloor St. W, West Tower Toronto, ON M8X 2X2
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Section 14(4) of the Act provides that where the **Applicant/Registrant** does not require a hearing by the Tribunal, the Registrar may carry out the proposal. Any person who, while not registered, trades in real estate is, subject to exceptions enumerated in the Act, in contravention of the Act and is liable to prosecution.

Section 14(5) of the Act provides that where a registrant requires a hearing by the Tribunal, the Tribunal shall appoint a time for and hold the hearing and may by order direct the Registrar to

carry out the Registrar's proposal, or may substitute its opinion for that of the Registrar and the Tribunal may attach conditions to its order or to a registration.

If a registrant requires a hearing regarding this proposal and further wishes to be represented by a lawyer or agent at the hearing, it is strongly advised that the registrant make these arrangements as soon as possible. The Registrar reserves the right to oppose any request by the registrant for an adjournment of the hearing in order for the registrant to make such arrangements.

D. NOTICE OF MOTION FOR COSTS

If a hearing is requested as described in Section C and, at any time during the course of proceedings arising from this request, the Registrar believes the registrant has acted unreasonably, frivolously, vexatiously or in bad faith, the Registrar will make a request for an award of costs from the Tribunal, such costs to be paid by the registrant.

E. APPLICATION OF THE STATUTORY POWERS PROCEDURE ACT

The *Statutory Powers Procedure Act*, R.S.O. 1990, Chapter S.22 as amended ("SPPA") applies to the Tribunal. 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.

If a hearing is held as required by the Registrant, the Registrar states that the good character, propriety of conduct or competence of the registrant shall be an issue in the hearing and the Registrar has provided herein reasonable information of allegations with respect thereto.

F. FURTHER PARTICULARS/SUPPLEMENTAL NOTICE

The registrant may be sent further or other particulars in respect of any matter herein or in respect of any other matter including further grounds for **REVOCATION** of registration.

Glen Thomas, Registrar
Trust in Real Estate Services Act, 2002

Date