

**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 (“Act”)

- and -

The Registration of **Wendy Dawn Embleton** as a Broker and **2571595 Ontario Inc. O/A Exit Realty By Design** as a Brokerage under the Act

**NOTICE OF PROPOSAL TO SUSPEND REGISTRATION**

**WHEREAS** Wendy Embleton (“**Embleton**”) is registered as a Broker under the Act, and whereas Exit Realty By Design (“**Exit**”) is registered as a Brokerage under the Act;

**AND WHEREAS** Section 13 of the Act provides that the Registrar may suspend a registration if in the Registrar’s opinion the 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 suspend the registration of the registrant, the Registrar shall serve notice of the proposal on the registrant;

**AND WHEREAS** in the Registrar’s opinion, the registrant Embleton and the registrant Exit are not entitled to registration under Section 10 of the Act and the Registrar proposes to suspend the registrations of Embleton and Exit for the reasons that follow.

## A. REASONS

1. The Registrar relies on the following grounds to suspend the registration of Embleton:
  - a) pursuant to Section 10(1)(a)(ii) of the Act because in the Registrar's opinion Embleton's past conduct affords reasonable grounds for belief that Embleton will not carry on business in accordance with law and with integrity and honesty; and
  - b) pursuant to Section 10(1)(e) of the Act because in the Registrar's opinion, Embleton does not meet the requirements as specified under section 30(1) Ontario Regulations 567/05, namely the broker of records failure to take reasonable steps to address actions that are not in compliance with the Act.
  
2. The Registrar relies on the following grounds to suspend the registration of Exit:
  - a) pursuant to Section 10(1)(b)(iii) of the Act as the past conduct of Embleton as an officer and director affords reasonable grounds for belief that Exit's business will not be carried on in accordance with the law and with integrity and honesty;
  - a) pursuant to Section 10(1)(e) of the Act because in the Registrar's opinion, Exit does not meet any requirements as may be specified under section 13 Ontario Regulations 579/05, specifically the failure to prepare and provide trust account reconciliation statements from January 2022 through May 2023, along with the full real estate trust account bank statements.
  
3. As set forth below, the Registrar is of the opinion that it is appropriate to suspend the registration of Embleton and Exit until such time as they submit the full documentation requested by the Registrar regarding their business records.

## B. PARTICULARS

IT IS ALLEGED AS FOLLOWS:

### Background

4. Embleton was registered as a salesperson on August 23, 2011. On April 26, 2022, Embleton became registered as a Broker under the Act. Embleton is currently the Broker of Record of Exit.

5. On March 4, 2022, a RECO Inspector made an initial request for trust reconciliations, trust bank statements, and the brokerage trust ledger for Exit from the then Broker of Record, Broker A ("Broker A").
6. No documents were provided to RECO, as requested.
7. In April 2022, Embleton was appointed as the new Broker of Record for Exit. RECO continued efforts to obtain the previously requested documents from Exit after this appointment.
8. As of June 2022, Embleton had not provided the requested documentation required for RECO to complete an inspection.
9. On June 12, 2023, RECO conducted a physical inspection of Exit.
10. During the inspection, a RECO Inspector informed Embleton that specific documents were missing from the brokerage's records and were to be provided to RECO, namely:
  - a) A copy of the original real estate trust account reconciliation, including a list of pending deals that constituted the trust liability each month from January 2022 through May 2023, along with the full real estate trust account bank statement.
  - b) A copy of the real estate trust ledger for January 2022 through June 12, 2023.
11. Following the inspection, the Inspector sent an email to Embleton stating that multiple attempts had been made to contact Embleton, numerous voice messages had been left for her, and that the Inspector was troubled by Embleton's lack of response and failure to provide the requested records.
12. The Inspector provided Embleton with a deadline of June 30, 2023, to submit a response.
13. On July 18, 2023, A RECO representative contacted Embleton regarding the outstanding documents, and informed that they were required to be submitted by July 26, 2023.
14. Embleton once again failed to provide a response.
15. On August 21, 2023, an Inspection Deficiency Notice was drafted by the Inspector, stipulating all the missing records, deficiencies and contraventions in relation to Exit.

16. In August 2023, due to Embleton's lack of response, the Registrar was notified.
17. On September 1, 2023, RECO issued an email to Embleton indicating that both Exit's registration and Embleton's registration would be subject for potential administrative action due to Embleton's lack of response to RECO's requests.
18. On September 5, 2024, RECO issued an email to Embleton, formally notifying them of the decision to initiate the preparation of a proposal to suspend the registrations of both Embleton and Exit as a brokerage.
19. As of October 29, 2024, Embleton has not responded to the required communications nor provided any of the financial and bookkeeping records requested by RECO.

## **Embleton**

### **Section 10(1)(a)(ii) – not in accordance with law and with integrity and honesty**

20. As Broker of Record, Embleton has consistently failed to act in accordance with the law by withholding financial documents, including trust reconciliations, trust bank statements, and trust ledgers, despite multiple requests made between June 2022 to July 2023.
21. Embleton failed to act with integrity by not responding to several attempts by RECO inspectors to communicate, specifically on June 28, July 18, and August 21, 2023. Embleton ignored RECO deadlines provided for compliance.
22. Despite the matter escalating to the Office of the Registrar on September 5, 2023, along with clear notifications that both Embleton's and the brokerage's registration would be subject to review for potential administrative action, Embleton failed to respond or take corrective action.
23. The lack of adequate record-keeping, as evidenced by missing records from January 2022 through June 2023, indicates a failure to comply with fundamental record keeping obligations.

### **Section 10(1)(e) - does not meet the requirement for registration**

24. Contrary to section 30(1)(a) Ontario Regulations 567/05 (General), Embleton has failed to actively participate in Brokerage Management. Embleton did not fulfil essential management duties related to the maintenance of crucial brokerage records, including trust reconciliations and financial ledgers.
25. In violation of section 30(1)(b) Ontario Regulations 567/05, Embleton has failed to ensure adequate supervision and compliance within the brokerage, as evidenced by the absence of trust reconciliations, trust bank statements, and a trust ledger for years.
26. In violation of section 30(1)(c) Ontario Regulations 567/05, Embleton has not taken reasonable steps to rectify the non-compliance or provide the requested records.

### **Exit**

### **Section 10(1)(b)(iii) – not in accordance with law and with integrity and honesty**

27. As Embleton has failed to respond to multiple requests from RECO inspectors for trust account reconciliations, trust bank statements, and ledgers for the years 2022 and 2023, with requests dated June 28, July 18, and August 21, 2023. This conduct raises reasonable grounds for concern regarding Exit's ability to operate in accordance with the law and with integrity and honesty.
28. The brokerage has not maintained open communication with RECO, disregarding phone calls, emails, and deficiency notices sent between May 25, 2022 to July 18, 2023, despite repeated attempts at outreach. The said behaviour further undermines confidence in Exit's business practices.
29. Despite receiving warnings from the Office of the Registrar on September 5, 2023, and deficiency notices outlining the legal requirements and consequences for non-compliance, Embleton has not taken appropriate action, reinforcing the belief that Exit's business will not be conducted in accordance with the law and with integrity.

### **Section 10(1)(e) - does not meet the requirement for registration**

30. In violation of section 13 of Ontario Regulation 579/05, Exit failed to prepare reconciliation statements within the required 30-day period after receiving monthly account statements from its financial institution.
31. Exit did not identify or record any discrepancies between its internal records and those of the financial institution. The reconciliation statements also lacked details of the balances owed to each person in the trust account as of the statement date.
32. Exit's Broker of Record has not reviewed, signed, or dated the reconciliation statements for the months from January 2022 through May 2023.
33. Exit does not meet the requirements necessary for registration.

### **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 suspend 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 suspend 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

Section 14(4) of the Act provides that where the 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 suspension of registration.

November 8, 2024

Joseph Richer, Registrar  
*Trust in Real Estate Services Act, 2002*

Date