

Confidential Final Report on the iPro Matters

Prepared for:

Real Estate Council of Ontario
Board of Directors

Prepared by:

Dentons Canada LLP

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Strictly Confidential

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ABBREVIATIONS & INTERPRETATION

Abbreviation/Term	Meaning
Act	TRESA or REBBA (as the case may be)
Administrative Agreement	Administrative Agreement between the Minister of Consumer Services and RECO ¹ (January 2013; last amended May 2024)
Administrative Authority	RECO
Board	Board of Directors of RECO
By-law	RECO By-law No. 1 (May 30, 2024)
CEO	Chief Executive Officer of RECO
COO	Chief Operations Officer of RECO
Corporation	RECO
DAA	Designated Administrative Authority
Director	Member of the Board of Directors of RECO
FSRA	Financial Services Regulatory Authority of Ontario
FSRAO Act	<i>Financial Services Regulatory Authority of Ontario Act, 2016</i> , S.O. 2016, c. 37, Sch. 8
iPro	iPro Realty Ltd.
Minister	Minister of Public and Business Service Delivery and Procurement
Ministry	Ministry of Public and Business Service Delivery and Procurement
OACIQ	Organisme d'autoréglementation du courtage immobilier du Québec
OMVIC	Ontario Motor Vehicle Industry Council
REA	<i>Real Estate Act</i> (Alberta), R.S.A. 2000, c. R-5
REBA	<i>Real Estate Brokerage Act</i> (Quebec), CQLR c. C-73.2
REBBA	<i>Real Estate and Business Brokers Act, 2002</i> , S.O. 2002, c. 30, Sch. C
RECO	Real Estate Council of Ontario
Registrar	Registrar appointed pursuant to TRESA, s. 3
RETA	<i>Real Estate Trading Act</i> (Nova Scotia), S.N.S. 1996, c. 28
SCSAA	<i>Safety and Consumer Statutes Administration Act, 1996</i> , S.O. 1996, c. 19
SOP	Standard Operating Procedure
Statutory Director	Director appointed pursuant to TRESA, s. 2
TSSA	Technical Standards & Safety Authority
TRESA	<i>Trust in Real Estate Services Act, 2002</i> , S.O. 2002, c. 30, Sch. C

¹ Minister of Consumer Services currently renamed to Minister of Public and Business Service Delivery and Procurement.

INTRODUCTION

Dentons Canada LLP (“**Dentons**,” “**we**,” “**our**,” or “**us**”) has prepared this final report, including its schedules and appendices (collectively, the “**Report**”), for the Board in connection with our independent review and audit of RECO’s governance and regulatory structures, and the processes and practices of RECO’s Board, Registrar, and other senior leadership (our “**Engagement**” or “**Review**”). This Report outlines our findings and recommendations to strengthen and improve RECO’s current governance and regulatory structures in view of the events commencing with RECO’s inspection of the iPro trust accounts in May 2025, and ending with the execution of the Undertaking Agreement between RECO and iPro Realty Ltd., Mr. Rui Alves, and Mr. Fedele Colucci on August 8, 2025 (collectively, the “**iPro Matter**” or “**iPro Matters**”).

Our mandate also included a comprehensive examination of the roles, responsibilities, actions, and decisions of all RECO staff, senior management, and Board members in respect of the iPro Matters. Our findings of fact in respect of that examination were previously submitted to the Board in our confidential Interim Investigation Report dated September 30, 2025 (the “**Interim Report**”), which are discussed in further detail below.

PROCESS OF INITIAL FACT-FINDING

During the initial phase of our audit, we conducted a comprehensive examination of the roles, responsibilities, actions, and decisions of all RECO staff, senior management, and Board members in respect of the iPro Matters.

During this initial phase, we interviewed fourteen RECO employees and all eight current members of the RECO Board in separate meetings in September 2025. These individuals were identified by either RECO or by us as having direct knowledge relevant to the iPro Matters. Where required, individuals were asked to provide records that were relevant to the Investigation. As we uncovered additional information through individual interviews or document review, we also held follow-up interviews with certain employees as necessary to ensure all information that we deemed relevant to our examination was put to the individuals interviewed. We also directly interviewed Mr. Joseph Richer, RECO’s former Registrar, who attended his interview with legal counsel.

In addition, we reviewed relevant documents related to the iPro Matters that were made available to us by RECO. Such documents included email correspondence, calendar invitations, internal Teams messages, screenshots of text messages, various drafts of documents, and other records related to the iPro Matters. We relied on the support of RECO’s Director of IT, as well as the employees of RECO interviewed in the course of the Investigation, for assistance in gathering pertinent documents. Specifically, we asked RECO’s Director of IT to provide us with all relevant documents in RECO’s possession. In response, Dentons received thousands of emails and documents, which were reviewed by Dentons in the course of the Investigation.

At the conclusion of the initial phase of our review, we considered the evidence obtained from RECO and from each individual interviewed. We then set out our findings as to what most likely happened on a balance of probabilities. Our findings of fact are summarized below, and a timeline of events is also included at Schedule 1.

SUMMARY OF KEY FINDINGS OF FACT

We have concluded, on a balance of probabilities, that iPro first disclosed a combined financial shortfall of approximately \$10 million in its trust accounts to RECO on May 19, 2025. This information was shared with RECO's Registrar in an email sent at 7:08 pm on May 19, 2025. Only twenty-one minutes later, the Registrar sent an internal email at 7:29 pm stating that the iPro matter "*would be a good one to get an undertaking to resign and never reapply.*" The Registrar's determination was made even prior to RECO's on-site inspection at iPro's premises, which took place over a two-day period on May 21 and 22, 2025.

According to the Registrar, the intention behind the Undertaking Agreement was to facilitate the sale of iPro assets, from which the sale proceeds would be used to recover the shortfall in the trust accounts, thereby making consumers and registrants whole. The Registrar had the authority to pursue the option of an undertaking agreement; however, in doing so, the Registrar deviated from RECO's typical approach of a suspension order, freeze order, and request to revoke registration when dealing with and escalating matters involving misappropriation of trust funds by a registrant.

Notably, once the Registrar made this determination on May 19, 2025 to pursue an Undertaking Agreement as the appropriate response, he appears not to have considered other regulatory options available to RECO. We understand that this decision to pursue the Undertaking Agreement as the only regulatory response was not revisited, despite the fact that: (i) the Registrar himself expressed concerns about the accuracy and completeness of information provided by iPro prior to the date the Undertaking Agreement was executed; (ii) other RECO staff had expressed concerns about the Registrar's chosen approach; and (iii) the Undertaking Agreement was not executed for approximately eleven weeks after RECO's on-site inspection at iPro ended on May 22, 2025.

While the Undertaking Agreement was being negotiated between RECO and iPro, the Registrar failed to impose interim protections that were available to RECO, such as (i) placing a hold on iPro's accounts through a freeze order, (ii) the monitoring of iPro's accounts by either RECO employees or independent third parties, or (iii) referring the matter to RECO's investigation team to commence a formal investigation in accordance with RECO's established internal Risk and Investigation Procedures. We were told by the involved employees in the Regulatory Division that RECO focused on negotiating an Undertaking Agreement because it was originally anticipated that the sale of iPro to a third-party purchaser would proceed more quickly than it did. In fact, the Undertaking Agreement was not executed until August 8, 2025.

This delay left the iPro accounts unmonitored and in operation for a period of almost three months while iPro and the Registrar negotiated the Undertaking Agreement. Throughout this time, the Registrar relied upon the information being provided to him by iPro to verify the value of the shortfall based on iPro's own records, and the Registrar did not take sufficient steps to verify the magnitude of the shortfall. These were significant failings on the part of the Registrar.

Further, between May 19, 2025 and August 8, 2025, some members of the Regulatory Division expressed concerns to the Registrar about the process followed by the Registrar and the Deputy Registrar and the use of the Undertaking Agreement as RECO's chosen regulatory response. These concerned employees felt that the Registrar dismissed the concerns raised and that the Registrar appeared to have tunnel vision with respect to his chosen solution of negotiating the Undertaking Agreement. Ultimately, such members did not feel empowered to report these concerns outside of the Regulatory Division at the time, given their understanding that they serve at the pleasure of the Registrar and the Registrar had ultimate decision-making authority over RECO's exercise of its regulatory powers. The Registrar regularly emphasized these points to employees of RECO. Further, some of those employees who did express concerns about the

chosen approach felt that those concerns were simply dismissed, and that they were then sidelined from active involvement in the iPro Matters.

We understand that the Registrar first alerted the CEO of an issue regarding the potential misappropriation of trust funds on May 19, 2025. Although it was unclear whether the Registrar identified iPro during his initial call with the CEO, the CEO told us that the Registrar shared that the matter involved a former RECO Board member, “Rui.” Though the CEO did ask the Registrar for updates from time to time on the matter, these reports were sporadic and not forthcoming.

During the negotiations with iPro and its principals, the Registrar did not disclose details of the iPro Matter and the Undertaking Agreement to the RECO Board. In particular, the Registrar attended at RECO’s Board meeting on May 28, 2025 and provided a report on regulatory matters but did not mention the iPro Matter in his written report or orally. As such, the RECO Board did not have knowledge or oversight into the approach being taken by RECO, nor did the RECO Board have the opportunity to provide input into the approach being taken by the Registrar to address the shortfall in iPro’s trust accounts.

The Board Chair was first notified by the Registrar of the issues at iPro on August 10, 2025, two days after the Undertaking Agreement had been executed. The remaining members of the RECO Board received an email communication regarding the iPro situation on August 13, 2025. In short, the RECO Board did not learn about the iPro Matter or the Undertaking Agreement itself until after that agreement had been executed.

We find that the Board could reasonably have expected that either the Registrar or the CEO would notify the Board of a matter with the magnitude of the iPro Matter and with such high risk to RECO. This is particularly the case given that the Board had been actively meeting with and questioning the Registrar on another significant education file that the Registrar was handling, which demonstrated that the Board wished to be notified of matters involving significant organizational or reputational risk. Further, the Registrar reported at all Board meetings, including on May 28, 2025 as mentioned above, and the Board could reasonably expect that he would notify the Board of such a significant and high-risk matter, but he did not.

RECO has a standard process in place to address situations where it learns of a potential misappropriation of trust funds at a brokerage. This process generally involved the imposition of a freeze order, a suspension order, and a proposal to revoke registration. Matters that severely impact public trust in real estate in Ontario, including potentially criminal matters, are in the “Severe” category under RECO’s Investigation Procedure, which should be referred to RECO’s Investigations Program.

The Registrar deviated from RECO’s standard process in responding to the shortfall in iPro’s trust accounts and did not commence a formal investigation. Instead, the Registrar attempted an out-of-the-ordinary resolution that he explained was an attempt to prioritize financial recovery through the sale of iPro’s assets and goodwill. Our preliminary findings surfaced that RECO’s response to the iPro Matters was largely attributable to the unilateral and sheltered decision-making of an empowered Registrar who failed to leverage the advice, resources, and expertise of the teams that surrounded him. We find that this situation was further exacerbated by an environment at RECO where other senior management often deferred to the Registrar.

In this specific case, the Registrar’s deviation from RECO’s standard process also created a reasonable apprehension of bias given that one of the iPro principals, Mr. Rui Alves, previously sat on the RECO Board between 2019 and 2023. There was insufficient evidence to conclude that there was a personal relationship

between Mr. Alves and the Registrar outside of the working relationship, nor did we find that the Registrar's relationship with Mr. Alves as a former Board member influenced his decision-making. However, we find that the potential for, or possible perception of, a conflict of interest in this case should have led the Registrar to more closely follow RECO's standard process to the iPro trust account shortfall and, further, to consult more broadly within RECO about the use of the Undertaking Agreement.

The inclusion of a "non-prosecution" provision in the Undertaking Agreement, under which RECO agreed not to initiate provincial offences charges against iPro, Mr. Alves, or Mr. Colucci, risked undermining public confidence in RECO, particularly given the magnitude of the trust fund shortfall in the iPro trust accounts. By agreeing to the non-prosecution agreement, the Registrar gave up a tool that he could have used to enforce compliance with the Act, encourage general deterrence (by encouraging other brokerages to comply with the Act), and the opportunity to show RECO's regulatory effectiveness. However, despite the inclusion of this provision, we accept the preponderance of the evidence that it was RECO's intention to refer the iPro Matter to the police once the Undertaking Agreement was executed.

The Registrar's office was siloed. The Registrar intentionally kept the functions of the Regulatory Division generally, and the Registrar's office in particular, separated from the rest of the organization. Senior management of RECO had difficulty obtaining information from the Registrar. The Registrar was experienced, strong-willed, intimidating and protective of his authority as a Registrar. Despite coaching from the CEO, the Registrar's approach to his role and his colleagues had the effect of discouraging people from challenging him or raising their concerns to senior management or the Board. In our view, this organizational culture contributed to RECO's response to the iPro Matters, and created an environment in which the Registrar entered into the Undertaking Agreement with RECO and its principals in the absence of considering other available regulatory responses, and without an appropriate level of visibility from the RECO Board or other members of RECO's senior management.

INITIAL ACTIONS TAKEN BY RECO AND PRELIMINARY RECOMMENDATIONS

We note that the RECO Board has taken the following measures since it learned of the iPro Matters on August 13, 2025:

- Exited the previous Registrar on August 22, 2025.
- Ordered an immediate freeze of iPro's accounts, ensuring funds are safeguarded while still permitting necessary transactional closures through ClaimsPro LP.
- Commissioned Dentons Canada LLP to conduct the within audit into the iPro Matters, with a final report by October 30, 2025.
- Engaged an independent accounting firm through external counsel to provide forensic audit services to support enforcement and recovery of assets.
- Directed RECO staff to undertake a thorough review of ongoing compliance files, to ensure all matters remain rigorously supervised.
- Instructed RECO staff to carry out an organizational review, to identify measures which when implemented will strengthen RECO's regulatory function, enhance oversight, improve governance, and ensure the organization is set up for long-term success and able to discharge its mandate in an increasingly complex real estate market.

We also note that following the Registrar's departure from RECO, the CEO has implemented and identified internal governance and process changes in light of the iPro Matters, with an apparent focus on collaboration and transparency. These governance and process changes include:

- Providing direction to the interim registrar and deputy registrars setting out requirements to be met prior to advancing any regulatory action, including appropriate briefing materials and discussion with the CEO.
- Instituting a regulatory action team consisting of the CEO, COO, Interim Registrar, Deputy Registrars, and Director of Litigation (in consultation with external legal advisors as required) that review the status of regulatory files on a weekly basis in preparation for decision and action by the Interim Registrar. The regulatory action team briefs stakeholder relations, insurance, and customer service teams as required at the appropriate stage of decision making.
- Instituting a compliance review team consisting of the Registrar, Deputy Registrars, COO (until such time as a new regulatory lead is recruited), and members of the inspection, investigation, litigation, and registration teams. The compliance review team meets on a weekly basis to discuss progress on open enforcement files.
- Reviewing routine functions of the Registrar and enhancing processes for sign-off in order to ensure greater oversight and strengthened approval protocols.
- Identifying items for further review and analysis pending outcome of the within report, including enhanced requirements for new brokerage registration applications, increased compliance support for registrants, and a comprehensive review of program policies and procedures.

In our Interim Report, we made the following three recommendations:

1. Develop a streamlined, structured and interconnected reporting procedure to dismantle the current siloed structure of the Regulatory Division, including through:
 - incorporation of relevant stakeholders outside of the Regulatory Division in conversations at an early stage, including from the insurance, litigation and stakeholder relations teams;
 - increase in communication between the Regulatory Division, RECO's senior management team, and the RECO Board, including through the development of formalized senior leadership team meetings to review steps being taken on active enforcement files;
 - reformation of the existing reporting structure between the Registrar and the RECO Board to require reporting of prescribed matters, on an anonymized basis, including immediate referral of any misappropriation of trust matters that exceed a defined monetary threshold; and
 - development of written internal guidelines and processes related to the above revised structures and reporting procedures.
2. Re-examine RECO's structure and resourcing, particularly with respect to the inspections and investigations teams, to allow for increased frequency in brokerage monitoring and broader utilization of the regulatory tools available to RECO. In engaging in such re-examination, RECO should review and consider the resourcing and staffing of comparable regulators in other provinces

across Canada to determine whether larger enforcement teams may be warranted to handle the volume of regulatory matters that fall within RECO's purview.

3. Require all real estate brokerages, of a specified threshold of revenues or transactions, to provide trust reconciliations annually to RECO that are verified by an independent third party such as an auditor or professional chartered accountant.

Having made these findings of fact and preliminary findings during the initial phase of our comprehensive audit, we now build on our Interim Report by making detailed governance-related recommendations below for further action, in addition to the actions already taken.

SCOPE OF OUR GOVERNANCE AND REGULATORY REVIEW

Our Report includes a summary of our findings and recommendations that were informed by our Review. Our primary objective was to identify the underlying causes that resulted in RECO's response in the iPro Matters, and to provide the Board with practical recommendations to improve RECO's governance and regulatory structures, strengthen its consumer protection mandate, and maintain public confidence in the real estate services sector. In this regard, our Review assessed RECO's current governance and regulatory structures, as well as its internal processes and practices, with the specific objective of addressing the following issues:

- Whether RECO staff had knowledge of, and appropriately used, the available regulatory tools under TRESA and related regulations in relation to the iPro Matters
- Whether the Registrar provided sufficient information to senior management and the Board, for senior management and the Board to exercise oversight in connection with the Registrar's response to the iPro Matters, while acknowledging the independence of the Registrar pursuant to RECO's regulatory framework
- What additional regulatory tools and recommended amendments under TRESA, if any, would have improved RECO's response in the iPro Matters
- What additional governance mechanisms or other internal controls, if any, would have improved RECO's response in the iPro Matters
- How to support the RECO Board and senior management to carry out their consumer protection mandate, while respecting the Registrar's independence pursuant to RECO's regulatory framework
- What governance improvements, if any, are recommended to support RECO's consumer protection mandate and improve alignment among RECO stakeholders

The focus of our Report is strictly limited to governance and regulatory matters in connection with assessing RECO's response in the iPro Matter and improving RECO's response in future matters. Our recommendations seek to improve RECO's ability to respond to any future situations where RECO discovers shortfalls in the trust accounts of a registered real estate brokerage. For certainty, our Report does not evaluate or provide commentary on any other issues or challenges involving or facing RECO, its staff, consumers, registrants, and other key stakeholders more generally, nor does this Report evaluate or comment on RECO's structure, policies, practices, or protocols applicable solely to such other situations.

Specifically, this Report does not seek to make recommendations regarding changes that are not directly related to RECO's response in the iPro Matters, which is beyond the scope of our Engagement.

OVERVIEW OF OUR PROCESS TO COMPLETE THE GOVERNANCE AND REGULATORY REVIEW

(i) Phase I: Preliminary Analysis and Document Review

To inform the contents of our Review and this Report, we began our Review by engaging in preliminary discussions with the Board's Compliance Ad Hoc Committee and senior management, and conducting a general review of the RECO website and legislative framework, regarding the history and background of RECO. Through these discussions and review, we developed a general understanding of the following: (1) RECO's business, operations, and affairs; (2) the structure and management of RECO and the Board, including the Board's various committees and Regulatory Division; and (3) the key documents, processes, and protocols that govern RECO's operations.

Concurrent with our examination of the roles, responsibilities, actions, and decisions of all RECO staff, senior management, and Board members in respect of the iPro Matters, we conducted a comprehensive review of the key documents relating to RECO's governance and regulatory structures, processes, and practices, including, without limitation: (1) governing legislation, government orders and agreements, and corporate constating documents; (2) current policies, procedures, and key operating documents; (3) select publications and reports by and related to RECO; (4) select Board and committee minutes; (5) published enforcement decisions; and (6) various documents relating to consumer protection peer organizations (collectively, the "**Review Material**"). A summary of this Review Material is attached as Schedule 2 to this Report. A governance and regulatory-focused comparison between RECO and similar consumer protection peer organizations ("**Peer Organization Review**") is attached as Schedule 3 to this Report.

(ii) Phase II: Leadership and Stakeholder Interviews

As the document review phase of our Review drew to a close, and building upon the interviews conducted for the interim investigation report, we extended invitations to a number of key individuals for the purpose of gathering additional detail and context regarding governance and regulatory matters. These individuals included current and former members of the Board and senior management at RECO, as well as key external industry stakeholders. Twenty-two of the twenty-three invitees participated in our interview process.

Generally, interviews were approximately 60 to 90 minutes in length and proceeded in a "conversational" style that was guided by open-ended questions posed on the basis of several suggested discussion topics. These discussion topics generally focused on: (1) Board recruitment, orientation, and training; (2) Board delegation and the role of the CEO; (3) RECO's organizational culture; (4) RECO's ethics and compliance environment; (5) the Regulatory Division's independence; and (6) the handling of the iPro Matters and overall regulatory powers. In addition, we offered each participant the opportunity to engage in a follow-up or further discussion with our team, should they wish to share any additional comments or perspectives following their initial interview.

Our interview process further enhanced our understanding of the specific challenges faced by the Board, RECO management, and the Regulatory Division, including various strengths and weaknesses of RECO as a whole. A number of interviewees also offered their unique perspectives and individual recommendations to address specific challenges. An anonymized and aggregated summary of the

interview feedback is attached as Schedule 4 to this Report. Where appropriate, we have also included some of these recommendations throughout this Report.

(iii) Phase III: Report Regarding Findings and Recommendations

Our analysis of the Review Material, Peer Organization Review and the insights gleaned from the fact-finding audit and the interview phase of our Review, have collectively informed the contents of this Report. This Report sets out practical recommendations intended to strengthen RECO's governance and regulatory structures, and overall effectiveness, including by: (1) addressing the structure and decision-making process of the Regulatory Division; (2) strengthening transparency and oversight between the Regulatory Division, senior management, and Board; (3) strengthening RECO's organizational culture and continuous improvement environment; and (4) clarifying RECO's mandate and resource allocation.

QUALIFICATIONS AND ASSUMPTIONS

This Report is subject in all respects to the qualifications and assumptions set forth in Appendix A attached.

BENEFIT, RELIANCE, AND CONFIDENTIALITY

This Report has been prepared for, and pursuant to, the instructions of the Board, in accordance with our mandate relating to the Engagement, and may only be relied on by the Board. For clarity, this Report contains information that is **strictly confidential** and should not be made available to, and may not be relied upon by, any third party other than the Ministry or Minister, unless authorized by the Board.

FINDINGS AND RECOMMENDATIONS TO IMPROVE INTERNAL GOVERNANCE AND OVERSIGHT

In order to help organize and contextualize the various facts and issues identified during our Review, we have grouped our findings below in accordance with certain high-level "themes" that we believe speak to the core challenges faced by RECO in connection with its response to the iPro Matters. For each theme, we offer specific recommendations to address the particular challenge(s) identified. The primary aim of our recommendations is to provide clear and actionable guidance to the Board to help strengthen and improve RECO's culture, structure, organization, and effectiveness going forward. A consolidated list of recommendations is attached as Schedule 5 to this Report.

We acknowledge that in some cases there is a clear overlap between the themes identified. However, at this stage, we believe that each theme should be considered and evaluated independently, in order for each theme to receive due attention and consideration to fully address the applicable underlying challenge(s). We further recognize that some of these findings and recommendations have already been identified by RECO, and some progress has already been made in implementation.

For certainty, the findings and recommendations are not presented in any particular order of priority or severity.

1. **THEME I – IDENTIFIED DEFICIENCIES IN THE REGISTRAR’S REGULATORY DECISION-MAKING PROCESS RELATING TO THE IPro MATTERS**

(A) **FINDINGS**

(i) **Registrar’s choice to use an Undertaking Agreement in response to the iPro Matters deviated from RECO’s standard process in Trust Cases**

As noted above, we learned that RECO’s standard process when RECO learns of potential misappropriation of trust funds at a brokerage is the imposition of a freeze order, a suspension order, and a proposal to revoke registration. We find that the Registrar’s decision to pursue an Undertaking Agreement in response to the trust account shortfall at iPro deviated from RECO’s usual approach in these situations.

RECO’s standard process is demonstrated by RECO’s publicly-available regulatory decisions. We conducted a high-level analysis of (1) RECO’s summaries of the Registrar’s proposals and other administrative actions, (2) Discipline Committee decisions, and (3) RECO’s summaries of provincial offence convictions. We found that cases involving trust account misconduct or other misuse or misappropriation of funds (generally, “**Trust Cases**”) were a small minority of the total cases.

In our review of the Registrar’s actions in relation to approximately 256 registrants or applicants for registration, we identified only 15 that were clearly Trust Cases. Of these cases, 10 resulted in revocation by the Registrar, 3 resulted in termination of registration via agreement, and 2 resulted in adding voluntary conditions to registration. The 2 cases with voluntary conditions appear to have involved registrants’ duties as brokers of record, and additional repercussions included removal as broker of record and voluntary termination of the related brokerage’s registration. Notably, the 3 cases involving termination via agreement all stemmed from the iPro Matters, indicating that the chosen remedy of the Undertaking Agreement as the sole means to address trust account misconduct was unique among the reviewed cases.

In our review of Discipline Committee decisions relating to approximately 359 registrants, only 9 cases were identified as clear Trust Cases. All of the penalties imposed in those cases involved a combination of fines and mandatory ethics courses.

In our review of provincial offence convictions relating to 28 registrants, 11 cases were explicitly related to Trust Cases. Of these cases, 9 resulted in fines (including one that further required restitution), while 2 involved brokers of record failing to ensure that the brokerage complied with TRESA, and who were given suspended sentences. Based on this data, there is a clear precedent for RECO pursuing prosecution of trust-related misconduct through the pathway of provincial offences, given that these cases account for nearly 40% of reviewed provincial offence convictions, and allows for restitution as a remedy.

Our conclusions from our numerical review of Trust Cases align with our interview findings that the Registrar’s decision to use the Undertaking Agreement as the sole regulatory response to the iPro situation deviated from RECO’s standard process. We do not find that the use of the Undertaking Agreement in this case was caused by a lack of knowledge. There were alternative courses of action that were clearly available and known to the Registrar, as demonstrated by the Registrar’s previous regulatory actions. Several interviewees were able to identify the enforcement tools that are available to RECO, and we also note that various interviewees had concerns about the seemingly atypical approach that was taken in response to the iPro Matters, as opposed to using a more typical approach. As such, the Registrar’s decision-making process in the iPro Matters does not reflect the standard practices within RECO’s Regulatory Division and is not indicative of a wider issue.

The decision to pursue the Undertaking Agreement was unilaterally made by the Registrar on May 19, 2025 at 7:29 p.m., in advance of RECO's on-site inspection, and despite having been advised of the iPro trust account issues only twenty-one minutes earlier (at 7:08 p.m.).

(ii) Given the Registrar's broad and highly discretionary regulatory powers, regulatory policies and guidelines are needed

Under TRESA, there is broad discretion to exercise powers "as the registrar considers appropriate," including the general power to "[t]ake further action in accordance with this Act."² As such, the Registrar appears to have seemingly unfettered discretion to exercise powers in relation to contraventions of the legislation. While section 20 of TRESA enumerates five specific remedies that appear to escalate in severity (ranging from a written warning to revocation, as well as the aforementioned "further action"), it establishes no principle of proportionality or other guidance on when and how the powers should be exercised.

For example, although the Registrar first learned that there was a \$10 million shortfall in iPro's trust account on May 19, 2025, he did not refer the iPro situation to RECO's investigation team to commence a formal investigation. This decision by the Registrar not to direct a formal investigation into the iPro Matters was consistent with his discretionary powers under the Act; however, that decision was also inconsistent with RECO's established internal Risk and Investigation Procedures and, further, was contrary to the recommendation provided to him by the RECO team that completed the on-site inspection at iPro on May 21 and 22, 2025.

While there may be benefits of a system with an individual decision maker, the lack of alternative viewpoints can result in "tunnel vision" and unchallenged biases in the absence of clear guidelines or a secondary review. Thus in the absence of collective decision making, clearly established policies or guidelines are even more essential in the exercise of regulatory authority. Given the expansive powers that TRESA provides to individual Registrars, the Registrar's office should have developed policies and guidelines to guide the Registrar in exercising those powers. In addition, because RECO does have established internal policies or procedures (e.g., its Risk and Investigation Procedures), it would be reasonable to expect that a Registrar would exercise their statutory discretion in a manner consistent with those policies or procedures.

The Administrative Agreement requires RECO to maintain (1) an up-to-date written policies and procedures manual for each functional area of its business, and (2) sound internal controls to conduct the Administrative Authority's operations effectively and efficiently.³ Neither of these requirements appear to have been satisfied with regard to the Registrar's particular area of responsibility, which would appear to be a functional area of RECO's business.⁴ In particular, we did not identify or receive any manual or other documentation pertaining to the Registrar's individual role or the Regulatory Division at large.

We note that RECO's website includes a general overview of RECO's complaints process with: (1) the categorization of minor, more serious, and most serious offences; and (2) a general policy statement that RECO considers two additional factors that might escalate the course of action: the extent of risk presented

² TRESA, s 20.

³ Administrative Agreement, ss. 5(16) and (19).

⁴ While the term "business" is not defined in the Administrative Agreement, subsection 6(3) provides that RECO's business plan shall set out the means by which complaints related to the administration of the Act are responded to and resolved, which clearly indicates that enforcement activities fall under the concept of "business."

to the public and the presence of any prior history of misconduct by the agent or brokerage.⁵ However, this appears to be simplified documentation for public information, and provides no criteria or process for how the extent of risk is assessed, how cases are categorized, or how RECO may consider using its discretionary powers under TRESA. We also note that RECO does have detailed SOPs for its Audit & Inspection Program⁶ and Investigations Program,⁷ but these are specific to programs within the Regulatory Division, and do not address the Registrar's complete role.

While staff members were generally able to describe the policy or procedures followed within their departments with respect to how decisions are made on files, they were generally unable to describe how the Registrar exercises his/her regulatory powers to make decisions on files. Some interviewees identified a general lack of understanding of the process or procedure with respect to how files are processed, including, without limitation, the current flows or pathways for files, the process that informs the determination of why a file moves in a particular direction, and how the direction of a file may impact other decisions that are made within RECO. Further, several interviewees were unable to identify any documents that set out these processes or procedures.

This feedback is consistent with our findings during the initial phase of our audit, where we heard that the Regulatory Division acted as a silo within RECO. It was reported that members of the Senior Administrative Division and the Operations Division within RECO had difficulty obtaining information from the Regulatory Division generally and the Registrar in particular, such that even senior leadership within RECO only received limited information from the Registrar.

While staff members understand that the Registrar is afforded independence to make decisions under TRESA, staff tend to identify a distinction between independent decision making and providing guidance or considerations that are taken into account during the decision-making process. Staff are generally of the view that the Registrar's independent decision-making power does not preclude the Registrar from soliciting feedback and taking same into account when making decisions on files. However, in the iPro situation, we heard that the Registrar did not seek out or encourage feedback or advice on his decision to pursue the Undertaking Agreement instead of other available enforcement tools and, further, the Registrar was resistant to feedback provided by other RECO employees on whether the Undertaking Agreement was an appropriate response to the iPro trust fund shortfall.

While some interviewees believed that the Registrar did not make decisions without the input or advice of multiple people, these interviewees appeared unable to identify or describe the process that the Registrar follows to solicit such inputs or advice. Further, several interviewees stated that the Registrar does not appear to be required to document the strategy or line of reasoning that ultimately informs the decisions made in their capacity as the Registrar. In other words, there is a lack of "line of sight" into how the Registrar arrives at a decision, including the evidence or information that informed the Registrar's decision. Several interviewees also commented on the lack of a risk-based file rating system that would address when and how files should be escalated, which we address in more specificity at 4(B)(iv) below.

⁵ RECO, "About RECO's complaints process" (n.d.) <https://www.reco.on.ca/enforcement/about-recos-complaints-process> (accessed 17 October 2025).

⁶ RECO, *Audit & Inspection Program Standard Operating Procedure* (December 2023); RECO, *Risk-Based Inspection Standard Operating Procedure* (December 2023).

⁷ RECO, *Investigations Program Standard Operating Procedure* (December 2023).

(iii) RECO's existing conflict of interest policy is inadequate

RECO has various conflict of interest policies specifically for the Board, committees, and employees, the last of which would apply to the Registrar. The policy is designed to be signed by individual employees and defines "conflict of interest" to include any actual, potential or perceived conflict between the employee's work duties at RECO and the employee's personal interests, and further establishes responsibilities for all employees, including: (1) to act in a manner that will withstand the closest public scrutiny and exercise proper judgment in all aspects of the employee's work duties at RECO; and (2) to be on the alert for any conflict of interest between the employee's work duties at RECO and the employee's personal interests and promptly disclose in writing to RECO any conflict of interest in accordance with the policy.⁸

In applying the policy to the iPro Matters, Rui Alves' relationship (as a former Board member, with RECO corporately and the Registrar individually) arguably should have alerted the Registrar to manage the iPro Matters in a way that would withstand the closest public scrutiny, including any perceived conflict arising from the pre-existing working relationship. To be clear, there is insufficient evidence of a personal relationship between the Registrar and Mr. Alves outside of their working relationship, nor is there direct evidence that the Registrar's relationship with Mr. Alves influenced his decision making in relation to the iPro Matters. However, because the Registrar's decision to pursue only an Undertaking Agreement in response to iPro situation deviated from RECO's usual approach, Mr. Alves' involvement in iPro and his former RECO Board role attracted additional public scrutiny and reputational risk for RECO.

In our view, a key deficiency in RECO's current conflict of interest policy is the standard emphasis on conflicts within the realm of *personal interest*, which does not naturally capture conflicts of interest at an enterprise level. Because a Registrar is a statutory officer who independently and publicly acts on behalf of RECO, it is concerning that there is no separate conflict of interest policy that governs how a Registrar must similarly consider conflicts on behalf of RECO. In this regard, our interviews indicated that the Registrar did not consider there to be a personal conflict in the iPro Matters because of his independence from the Board, which highlights that he did not consider the conflict from the public and organizational level, but only at the level of his relationship vis-à-vis the Board.

(iv) Registrar's decision-making process in the iPro Matters and regulatory framework inadequately integrated the Statutory Director position

TRESA establishes two statutory officer roles, namely a Statutory Director⁹ and Registrar, who shall be appointed by the Board.¹⁰ The Board has the option of appointing one or more deputies who perform such duties as are assigned by the Director or Registrar, and act as Director or Registrar in their absence, provided that only one deputy may act as Director or Registrar at a time. The two positions (including deputies) cannot be held by the same person. While the Registrar has broad powers in connection to registrants, including inspections, the Statutory Director's powers are specific to appointing investigators, ordering asset freezes, and applications to court in cases of non-compliance.

The requirement that the two officers cannot be the same person suggests that there was legislative intent for some form of separation of powers or accountability between the two positions. While the present

⁸ RECO, *Conflict of Interest Policy* (January 2025).

⁹ The legislative language simply refers to a "director," but to avoid confusion with the Board of Directors and other RECO staff titles that include the word "director," we refer to this position as a "Statutory Director."

¹⁰ TRESA, Part II.

legislation is ambiguous about their relationship, we note that prior to the *Good Government Act, 2009*,¹¹ REBBA provided that the Registrar shall exercise the powers and perform the duties imposed on them *under supervision of the Statutory Director*,¹² but the provision was amended in 2009 to remove that supervisory relationship.¹³ Based on our interviews, we note that it would be impractical for the Registrar to report to the Statutory Director if the Registrar also holds the position of CEO (or equivalent) within the organization, as the Statutory Director would then need to be external to the staff reporting structure. Nevertheless, this situation does not apply to RECO, whose Registrar is subordinate to the CEO (who is also the Statutory Director). But for the 2009 amendment, TRESA would have mandated RECO's CEO to supervise the Registrar's exercise of regulatory power, which may have facilitated proper accountability and collaboration in RECO's response in the iPro Matters.

We note that there is presently no prohibition on the Statutory Director supervising the Registrar. Furthermore, it still appears that both officers are designed to work in tandem, given their related duties in inspections and investigations.¹⁴ If the Statutory Director is to make an appropriate decision regarding whether to freeze assets or obtain restraining orders, it would be appropriate that they be apprised of the details of all enforcement cases that RECO is handling; and if they are to make suitable investigator appointments, it would be appropriate that they have some supervision of the investigators' performance. This duality between inspections and investigations is somewhat reflected in the RECO Audit & Inspection Program SOP, which provides that inspections may be escalated to the Investigations Program, *but inspectors do not refer matters directly for investigation, but rather investigations are initiated by the leadership of one of the enforcement program owners*.¹⁵ In sum, the TRESA framework clearly indicates that the Statutory Director should have a substantial role in RECO's regulatory and enforcement work.

However, even though the RECO CEO was appointed as the Statutory Director, we heard that she was given only minor sporadic details on the iPro Matters, which she described as "breadcrumbs". Further, the CEO gave evidence that the Registrar told her not to interfere with Registrar matters and, as such, she was reliant upon the Registrar's updates and timing in relation to the iPro Matters. This approach taken by the Registrar is inconsistent with the TRESA framework.

Based on these observations, it appears that RECO's Statutory Director was inadequately integrated into RECO's regulatory framework by the Registrar generally, and she did not operate as a key leader alongside the Registrar in determining the appropriate response to the iPro situation. As addressed at 2(A)(i) herein, a misunderstanding of the principle of non-interference with the Registrar's statutory independence is likely to have been a significant reason for this.

¹¹ S.O. 2009, c. 33.

¹² REBBA, s. 3(3).

¹³ No interviewees knew the actual reason for the amendment, and the amendment predates any current Ministry staff who work directly with RECO. Corresponding legislative debates indicated that concerns were raised about the removal of such an accountability measure, but revealed no rationale for the amendment itself. Further inquiry was beyond the scope of this Report. See Legislative Assembly of Ontario, "Bill 212, Good Government Act, 2009 – Debates and Progress" (n.d.) <https://www.ola.org/en/legislative-business/bills/parliament-39/session-1/bill-212/debates> (accessed 16 October 2025).

¹⁴ TRESA, Part V.1

¹⁵ RECO, *Audit & Inspection Program Standard Operating Procedure* (December 2023), s. 4.4.1.

(v) Regulatory Division acted as a silo within RECO, which adversely impacted proper oversight

The preponderance of the evidence demonstrates that the Registrar's office was siloed. The Registrar intentionally kept the functions of the Regulatory Division generally, and the Registrar's office in particular, separated from the rest of the organization. This resulted in the creation of a culture at RECO that isolated the Regulatory Division from other divisions at RECO.

Members of the Senior Administrative Division and the Operations Division of RECO had difficulty obtaining information from the Regulatory Division generally and the Registrar in particular. Generally, there was a resistance within the Regulatory Division to provide individuals outside of the Regulatory Division with information.

Members of the RECO Board had been "grilling" the Registrar at RECO Board meetings on matters he was handling in an attempt to obtain further information regarding same. This grilling did not result in a disclosure of the iPro Matters by the Registrar prior to the execution of the Undertaking Agreement.

The Registrar was experienced, strong-willed, intimidating and protective of his authority as a Registrar. The CEO had been coaching the Registrar from December 2024 until approximately May of 2025 on how he engaged with employees and controlled the Registrar's function. Despite coaching from the CEO, in our view and based on the preponderance of evidence received, the Registrar's approach to his role and his colleagues had the effect of discouraging people from challenging the Registrar on his approach or raising their concerns to the RECO Board or other members of RECO's senior management team.

(B) RECOMMENDATIONS

(i) Develop internal policies and guidelines regarding Registrar's exercise of their regulatory decision-making powers

We recommend that RECO develop a written policies and procedures manual, particularly for the role of the Registrar, but also for the Regulatory Division generally. This manual should, without limitation, provide procedures on: (1) how to categorize various types of non-compliance; (2) when to use particular powers under TRESA in connection with various types of non-compliance, especially regarding the power to "take further action"¹⁶ (e.g. undertaking agreements); (3) navigating conflicts of interest and recusal that account for the Registrar and anyone who acts as a representative of RECO; (4) the Registrar's overall approach to collaboration in the decision-making process; (5) situations where RECO senior management, or the Board should be informed of regulatory or enforcement actions with the potential for enterprise risk or increased public scrutiny; and (6) timelines and deadlines for making various decisions.

We note that several interviewees indicated that it is essential for RECO to develop and implement policies and procedures to create transparency surrounding how the Registrar exercises their regulatory decision-making powers on files. This increased transparency would help to (i) change the organizational culture at RECO where we heard that the Registrar operated the Regulatory Division as a silo isolated from other RECO divisions and, (ii) improve the Board's ability to discharge its oversight functions in support of RECO's broader mandate to protect consumers and maintain public confidence in the real estate sector.

¹⁶ TRESA, s. 20.

(ii) Reorganize Regulatory Division with more direct oversight from Statutory Director

Given that the Statutory Director is currently the CEO, this recommendation could be implemented by retaining the current structure and empowering the CEO to work more closely with the Registrar in overseeing the Regulatory Division. RECO may also explore more comprehensive reform, such as by creating a separate Statutory Director position to lead the Regulatory Division, who could have the title of “Chief Regulatory Officer” in line with the nomenclature of the organizational chart, to whom the Registrar would report to and work closely with for the purposes of engaging the Investigations Program, as well as the use of freeze and restraining orders. Furthermore, roles and departments within the Regulatory Division should be restructured to reflect the Statutory Director’s direct oversight of the Division. Ultimately, the Statutory Director should have close involvement in order to make appropriate decisions regarding the use of freeze and restraining orders.

Alternatively, we recognize that some Ontario DAAs, such as the Ontario Motor Vehicle Industry Council (“OMVIC”) and Taron, opt to combine the roles of Registrar and CEO. For example, OMVIC’s organizational structure sets out that, while its administrative agreement similarly safeguards their registrar’s independence from interference,¹⁷ in practice, their CEO must report directly to the board. Additionally, under OMVIC’s by-laws, its CEO is required to adhere to all lawful orders issued by the board and ensure that the board is fully informed about the organization’s affairs.¹⁸ If RECO adopted this model, the dual responsibility may help balance the Registrar’s independence with the necessary oversight by the Board. However, we note that elevating the Registrar to the CEO position would also remove a clear supervisory relationship at the management and operational levels, in that the Registrar would only have oversight from the Board, which would not generally have the mandate to review the Registrar’s decision making at a detailed level. As such, we recommended that this option should only be considered if RECO achieves the formal review mechanisms for Registrar decisions outlined at 2(B)(i) herein, which would apply even if the Registrar is also the CEO. Moreover, we note that because the Administrative Agreement prohibits the Statutory Director from being subordinate to the Registrar,¹⁹ this arrangement would require the Administrative Agreement to be amended to remove that requirement.

(iii) Establish a regulatory action leadership team and a compliance review team

We recommend that RECO establish a regulatory action leadership team that establishes a formal structure for transparency and accountability in the Registrar and Statutory Director’s decision-making processes. While this team must necessarily involve the Statutory Director and Registrar, the inclusion of other members of RECO’s senior management would allow for a multidisciplinary approach with more diverse perspectives. This could include the Deputy Registrars, COO, and Director of Litigation. The team should meet on a regular (e.g. weekly / bi-weekly) basis to discuss active regulatory files in preparation for final decision and action by the Registrar. This team should also provide an effective forum for discussing situations that may require actions that deviate from standard procedure, and identifying situations where RECO senior management or the Board should be informed of regulatory or enforcement actions with the potential for enterprise risk or increased public scrutiny.

We further recommend that RECO consider establishing a compliance review team that acts as a formal forum for collaboration between staff who are involved at the earlier stages or in more frontline or field-

¹⁷ OMVIC Administrative Agreement, s. 8(9).

¹⁸ OMVIC By-Law No. 1, s. 38(c).

¹⁹ Administrative Agreement, s. 8(7)(a)(iii).

based aspects of the enforcement process. Such a team could include relevant members of the inspections, investigations, litigation, and registration departments, along with the Registrar, Deputy Registrars and any other appropriate senior leaders. If appropriate, the two aforementioned teams may be combined or otherwise periodically hold joint meetings to improve efficiency.

In this regard, we recommended that RECO develop a file review protocol wherein file review meetings are regularly held with representation across the various departments of RECO. The staff members we interviewed recommended that during these meetings, issues with files are raised, and discussions ensue regarding: (1) the potential impact of the issues raised on RECO; (2) approaches regarding how the issues that are raised can be addressed; (3) the options available to address the concerns raised; and (4) anticipated overall direction to be taken in the circumstances. The purpose of such discussions is to provide staff with the opportunity to ask thoughtful, probing questions while allowing staff to develop an understanding of the impact points and the ultimate decision-making process that will be followed in the circumstances.

We understand RECO is already taking steps to implement this recommendation.

(iv) Assess benefits and impact of modifying Registrar's powers via potential TRESA amendment

While the aforementioned recommendations are designed to reduce the isolation and siloing of the Registrar in their decision-making, they do not fundamentally change the statutory basis for the Registrar's powers. As noted above, those powers are wide-ranging, highly discretionary, and vested in that position alone. As such, we recommend that RECO conduct an assessment of whether making more foundational changes to the Registrar's role would bring better long-term balance and accountability to the overall regulatory regime. These foundational changes may include adjusting the breadth of the Registrar's powers and reassigning some of those powers to other individuals or groups within RECO, some examples of which are presented below. Should the Board decide to pursue any of these changes, we note that the Ministry would need to consider an amendment to TRESA.

To provide some context and basis for this recommendation, we note that there are peer organizations that afford their registrars (or equivalent) with fewer powers and less discretion than those currently held by the Registrar of RECO. For example, the registrar of the Real Estate Council of Alberta has the option to refer a matter to a Hearing Panel, issue a letter reprimanding the licensee, or impose an administrative penalty [i.e. monetary fine] on the licensee in specific circumstances,²⁰ and only a Hearing Panel (which must have at least three members, and must include at least one licensee and one member of the public) has the more consequential powers of revocation and discretionary orders.²¹ The registrar of the Nova Scotia Real Estate Commission generally only has the power to assess whether non-compliance has occurred, and refers matters to the Complaints Review or Discipline Committees for further action,²² which committees must respectively comprise of at least three and five members.

The approaches taken by Alberta and Nova Scotia appear to reflect the general principle that more consequential and discretionary powers should be exercised with greater consensus, transparency, and accountability, which is more likely to be achieved in statutorily mandated collective decision making.

²⁰ REA, s 39(1)(b).

²¹ REA, s 43(1).

²² RETA, s 17(6).

Features of these alternative approaches to the Registrar's role should improve the transparency and accountability of regulatory decision-making in Ontario. However, RECO should also assess the various impacts of making any such fundamental changes, including, but not limited to, the effects on decision-making timelines and RECO's overall resources.

2. THEME II – OPPORTUNITY TO STRENGTHEN OVERSIGHT OVER THE REGISTRAR'S ACTIVITIES

(A) FINDINGS

(i) Lack of oversight in the iPro Matters caused by misunderstanding of the “non-interference with Registrar independence” principle

As noted above, we heard that the Regulatory Division at RECO generally operated as a silo and, generally, there was a resistance within the Regulatory Division to provide individuals outside of the Regulatory Division with information. In reviewing RECO's response to the iPro Matters, we learned that the Registrar and Deputy Registrar of RECO worked with in-house legal support to negotiate the Undertaking Agreement. While RECO's CEO had limited visibility on the matter, she was reliant on the Registrar's updates and timing in relation to the iPro Matters. Although the CEO did ask the Registrar in late July 2025 whether the Board Chair should be advised of the iPro Matters, she was advised that nobody could be told until the Undertaking Agreement was signed.

This meant that the RECO Board Chair did not learn of the iPro Matter, or the Undertaking Agreement until August 10, 2025 – two days after the Undertaking Agreement was executed. Further, the remaining Board members were not briefed on the iPro Matters until August 13, 2025. We believe that this lack of visibility and oversight was caused by the Registrar's misunderstanding of the scope of his statutory independence, which adversely impacted the Board's legitimate oversight function.

The Administrative Agreement establishes the general principle that the Board should not interfere with the Registrar's independent exercise of his statutory responsibilities, one that is not expressly found in TRESA or its regulations but may be inferred by the range of duties and discretion afforded under the legislation. Specifically, the Agreement provides:

The Administrative Authority acknowledges that the director and registrar under the Act and any deputy or deputies thereof *exercise statutory duties which require independent decision-making* and, for that purpose, the Administrative Authority agrees that *the Board shall not interfere with the independent exercise of these statutory responsibilities* but may review the manner in which those responsibilities are carried out, consistent with the Board's corporate and regulatory governance responsibilities [emphasis added].²³

Based on a plain reading of the text, the actual requirement of this provision is the specific prohibition against *interference* with the independent exercise of statutory responsibilities. The Agreement does not define “interfere” or “independent,” nor did we identify any useful explanations of those concepts in the broader Canadian regulatory decision-making context. Standard dictionary definitions of “interfere” include “take part or intervene in an activity without invitation or necessity” and “prevent (a process or activity) from continuing or being carried out properly.”²⁴ Likewise, a standard definition of the adjective “independent”

²³ Administrative Agreement, s. 8(9).

²⁴ *Oxford Languages* (Oxford University Press, 2025) “interfere”.

means “free from outside control; not depending on another’s authority.”²⁵ Therefore, provided that the Board does not attempt to exert *control* over the Registrar’s decision making, it is reasonable to expect that the Board may inquire, require information, or provide feedback about the Registrar’s decision-making process, particularly given their express power to *review the manner of decision making*.

Moreover, there is no prohibition on the CEO’s ability to work openly and directly with the Registrar, or for any number of RECO staff to collaborate with and even critique the Registrar through the decision-making process. The iPro Matters reveal that there is great necessity for the Registrar to actively involve their supervisor and peers in their decision-making process. In this regard, we note that RECO policy expressly grants the CEO full authority to supervise the day-to-day operations and administration of RECO,²⁶ and the Registrar is directly under the CEO in RECO’s organizational chart.²⁷

Notably, this non-interference principle is further modified by RECO’s governing and policy documents. The RECO By-law builds on the Administrative Agreement’s language, including the expansion of the prohibition to prohibit *members* of RECO²⁸ from interfering with the Registrar’s independence:

The position and functions of the Registrar under TRESA cannot be exercised by the Board or any member or members of the Board... *No member of the Corporation or any director of the Corporation shall interfere with the independent exercise of the statutory duties and functions of the Registrar...* under TRESA which require independent decision-making [emphasis added].²⁹

Lastly, the RECO Board Governance Manual further sets out:

While the Board retains the responsibility generally to oversee the processes by which the registrar/deputy registrars and director/deputy directors carry out their statutory responsibilities, *the actual exercise of their duties is to be done independent of Board oversight and interference...* And although the Discipline Committee, Appeals Committee, registrar / deputy registrars and statutory director / deputy directors are appointed by the Board, *the Board is prohibited from supervising, overseeing or interfering in their work* [emphasis added].³⁰

There appears to be a significant expansion in the principle of non-interference with Registrar independence when moving from the Administrative Agreement to the Board Governance Manual. Notably, the Manual appears to overstate and even misinterpret the actual requirements of both the Administrative Agreement and By-law, which only prohibit *interference*, which is by no means synonymous with *supervision* and *oversight*. At the same time, there is no explanation of what constitutes *general oversight of processes*, as opposed to *oversight of the actual exercise of duties*, of which neither concept is found directly in the Administrative Agreement. Ultimately, there appears to be an erroneous conflation of the term *interfering* with *supervising and overseeing*, and this language may even internally contradict the Board’s mandated regulatory governance functions. This reframing of the non-interference principle in the Board Governance Manual lends to potential misunderstanding, given that the Manual should generally be the most direct avenue of instruction and reference for Board members.

²⁵ *Ibid.*, “independent”.

²⁶ RECO, *Policy on Delegation of Authorities* (27 February 2025), para. 4.5(f).

²⁷ RECO, *Organizational Chart* (27 May 2025).

²⁸ In the sense of a corporation, which according to the By-law, would apparently consist of all brokers and salespersons under TRESA.

²⁹ RECO By-law, s. 1.17.

³⁰ RECO, *Board Governance Manual* (July 2024), pp. 9 and 10 [“**Board Governance Manual**”].

Ultimately, we find no reasonable basis in the language of the Administrative Agreement for the Registrar's decision making (including both the deliberation process and the final decision) to be shielded from robust feedback and scrutiny, provided that they retain true independence in making the actual decisions in their exercise of statutory responsibilities. The Registrar is granted freedom from control and interference, not the right to isolation and insulation from RECO at large, nor the prerogative to act in secrecy or without transparency. In fact, the interview phase revealed that the lack of communication between the Registrar, CEO, and Board about regulatory action was anomalous in comparison to several other DAAs we reviewed.

Several interviewees indicated that there are no clear expectations set regarding how the Registrar is expected to use and exercise their independence. Further, our interviews revealed that there are no clear expectations regarding the scope of the Registrar's independence including when the Registrar is expected to report a file, when the Registrar is expected to notify the Board regarding a file, and what the Registrar is expected to communicate to the Board with respect to files. Moreover, the interviewees generally stated that they are not aware of any policies or procedures that articulate when or how the Registrar is expected to notify the Board regarding files or issues identified. Despite this, we found, as noted above, that the Board could reasonably have expected the Registrar to notify the Board of the iPro Matter given its significance to RECO and the industry.

The interviewees generally described a lack of ability to question or challenge the Registrar's decision making, and a lack of checks and balances to bring appropriate accountability into the decision-making process. While, as noted above, interviewees recognized that the Registrar's independence must be respected, interviewees consistently identified the need for and importance of ensuring that there is room for robust critique, comment, and insight into the Registrar's decision-making process at an operational level and at the Board level.

(ii) Opportunity to clarify policy on RECO's duty to report to Ministry

Our Review found that the general approach to communication between DAAs and the Ministry is through informal relationship management rather than formal policy. We acknowledge the benefits and wisdom to a more informal approach. In light of the iPro Matters, this informal approach may unintentionally present challenges in ensuring that specific types of information are brought to the attention of the Ministry within an appropriate timeframe. In the context of the iPro Matters, the challenges caused by the siloing of the Regulatory Division may have exacerbated the lack of substantive and timely communication between the CEO and the Ministry. The Administrative Agreement establishes a clear duty to report and an information sharing protocol,³¹ but may benefit from more specificity in directing and guiding a DAA to identify particular high-risk issues that should be proactively communicated to the Ministry.

We note that the Minister retains power under the SCSAA to amend the Administrative Agreement, appoint an administrator to take control of RECO, or require changes to RECO's purposes, but may only exercise such powers if, among various conditions, it is necessary to prevent serious harm to the interests of the public or consumers. Based on our Review, it is unclear what reporting procedures exist to ensure that the Minister is able to ascertain whether such harm is imminent and take effective preventive measures. We further note that such policies and procedures do not appear to be necessary for at least several other DAAs that were discussed during the interview phase, which again highlights the challenges caused by the siloing of the Regulatory Division within RECO and the impact that it ultimately had on RECO's response

³¹ Administrative Agreement, s. 5(20).

to the iPro Matters and, particularly, the lack of visibility that the Board and other senior management at RECO had until after the Undertaking Agreement had been finalized and executed.

(iii) Opportunity to clarify Board's regulatory governance and oversight functions

Under the Administrative Agreement, the Board is given a clear mandate to be responsible for reviewing the *adequacy, effectiveness, and implementation* of RECO's consumer protection framework, as part of the Board's regulatory governance functions.³² This provision appears to recognize that the Board's duties extend beyond standard corporate governance, in light of RECO's regulatory mandate. Given that RECO's stated goal is to protect consumers by ensuring that real estate agents and brokerages in Ontario understand and follow the law,³³ and since the Registrar fulfills a central role in pursuing that goal, it follows that the Board's governance activities should necessarily involve the review of the Registrar's processes and activities. Moreover, TRESA expressly provides that the Board is responsible for appointing the Registrar,³⁴ which implies that the Board should have some degree of oversight of the Registrar's activities.

The Board Governance Manual restates the aforementioned regulatory governance functions, and further provides that "[t]he Board is regularly informed of the status of these matters through reports from the Registrar and other members of management."³⁵ This appears to be the only standard means through which the Board carries out its regulatory governance functions, but there is no formal policy on the specific content that the Board requires in the Registrar's reporting in order to review the adequacy, effectiveness, and implementation of RECO's consumer protection framework. Our interviews confirmed the practical reality that the substance of the Registrar's reports to the Board were largely in his discretion.

We note that RECO has a Policy on Enterprise Risk & Innovation Management,³⁶ which establishes a Risk Register that details various Risks, and for which Risk Owners (i.e., employees managing a particular Risk) provide Risk Mitigation Reports, which are presented to the Board on a quarterly basis. In applying this policy, there is a key risk category of "Legal, Regulatory and Policy Compliance" that addresses the risk that RECO is in actual or perceived contravention of laws, regulations, and policies of RECO or accepted practices of a regulatory regime, for which the Risk Owner is the Director of Litigation.³⁷ However, given the significance of the Registrar's role in regulatory compliance and RECO's core function of regulating real estate professionals, the Registrar should provide a separate risk report, especially with regard to substantive enforcement activities.

Board member interviewees generally drew a distinction between oversight or probing, and independence or interference. Some Board members queried whether the former Registrar's interpretation of the scope of his independence was derived from concerns with respect to maintaining confidentiality and protections against conflicts of interest, given that in the past, the Board was predominantly comprised of members from the real estate sector, and registrants voted such sector representatives onto the Board. The interview phase revealed that a rationale for limiting the sharing of regulatory activity details with the Board was the concern that Board members who are industry members may have personal connections with the registrants who are facing regulatory action. While this unwritten principle was seemingly accepted as

³² Administrative Agreement, s. 9.

³³ RECO, "What we do" (n.d.) <https://reco.on.ca/about/what-we-do>.

³⁴ TRESA, Part II.

³⁵ Board Governance Manual, p. 12.

³⁶ RECO, *Policy on Enterprise Risk & Innovation Management* (26 September 2019).

³⁷ RECO, *Quarterly Risk Report – Q3* (10 September 2025), p. 14.

prudent, it appears to have unintentionally created barriers to the Board receiving substantive information about individual cases. This principle also appears to overlook or minimize the reality that Directors must regularly declare conflicts of interest, and are bound by the confidentiality provisions under both TRESA and the Oath of Confidentiality that is signed by a Director upon appointment to the Board. Specifically, TRESA requires that a person who obtains information in the course of exercising a power or carrying out a duty related to the administration of the Act shall preserve secrecy with respect to the information and shall not communicate the information to any person.³⁸

The Board member interviewees also consistently highlighted that the Board's role is to provide strategic insights and oversight, and not to get involved in the operations of RECO. Accordingly, the Board can provide insight and supervision from a strategy, risk, and consumer protection perspective without interfering with the Registrar's independence. Board members also generally noted that, aside from the content covered by the Registrar's reporting, the Board does not have any involvement or "line of sight" into the matters handled by the Registrar's office. Board member interviewees generally emphasized that the Board should be involved in setting strategic outcomes so that RECO can deliver on its mandate, and this includes involvement (perhaps without naming the registrant) in specific files that present organizational risk from a strategic, risk, and oversight-focused perspective, but without directing or instructing the Registrar with respect to decisions that the Registrar has the power to make. These issues may include raising questions regarding the risk and scope of potential harm to the public, trends in the sector and anticipated impact on RECO's operations, and timeliness with respect to handling of files.

(iv) Provisions for whistleblowing by internal and external parties need to be strengthened by RECO

During the initial phase of our audit, we heard that the Registrar was perceived within RECO as experienced, strong-willed, intimidating and protective of his authority. Further, the Registrar exerted significant decision-making power both within the Regulatory Division and more broadly across RECO divisions, and staff from all divisions generally felt that they could not challenge the Registrar's decision-making authority. Even in the limited cases where RECO staff did express concerns, some reported that they were either sidelined from active involvement in the iPro Matters or felt that the Registrar simply dismissed their concerns.

We believe that the Registrar's approach to his role and his colleagues had the effect of discouraging people from challenging the Registrar or raising their concerns to the RECO Board or other members of RECO's senior management team about the decision to enter into the Undertaking Agreement with iPro and its principals. Based on this feedback, we believe that RECO could strengthen its internal whistleblowing policy.

The Employee Handbook includes a Whistleblower Policy,³⁹ the stated purpose of which is to encourage RECO employees to raise concerns regarding any actual, potential, or perceived wrongdoing relating to or involving the business and operation of RECO. Concerns are reported in writing and directly to the CEO, except for concerns regarding the CEO, which are reported to the Board Chair.

We find that there are several key areas to be strengthened in this policy: 1) it is brief and limited in detail regarding how reports are to be processed and assessed by the recipient; 2) limiting the recipient of reports

³⁸ TRESA, s. 44(1).

³⁹ RECO, *Employee Handbook* (April 2024), s. 1.4.

to the seniormost positions of CEO and Board Chair may discourage more front-line employees from reporting, due to perceived inaccessibility; 3) the lack of an external or more “insulated” recipient of reports may also discourage reporting due to lack of confidence in unbiased assessment and confidentiality protocols; and 4) the lack of option for reporting anonymously may also discourage reporting in situations where the whistleblower has concerns about any attribution and/or reprisals.

Most interviewees stated that they did not know or were not familiar with the whistleblower policy. Further, many interviewees stated that RECO's existing whistleblower policy does not provide safe and effective channels to raise concerns. Several interviewees also described a sense of resistance to feedback or comments within the Regulatory Division. As a result, some interviewees described observing a lack of comfort and/or willingness with respect to raising concerns or expressing differences of opinion.

With respect to concerns raised by external parties, RECO provides routes for two general complaint categories: 1) complaints against registrants; and 2) complaints against RECO. As outlined on the RECO website,⁴⁰ the former category is largely designed for consumers who have complaints against agents and brokers, and explicitly provides that part or all of the complaint may be provided to the respondent.⁴¹ Complaints against RECO are further subcategorized into complaints regarding regulatory decisions and general customer service.⁴² All complaints are received directly by RECO personnel and there are no provisions for anonymous submissions, nor is there a clear pathway for external whistleblowers to provide tips regarding non-compliance, whether anonymous or not.

Our Review surfaced that before the iPro Matters transpired, an external party had already expressed clear concerns about the state of iPro's finances, but ultimately decided not to raise the issue with RECO, partly due to the perception that the concern would not have been properly addressed given that Rui Alves was a Board member of RECO at the time. Further, while we note that RECO eventually did receive an anonymous complaint in relation to the iPro Matters, this was in spite of the fact that there was no formal avenue for such reporting. While we cannot speculate on whether a formal whistleblowing process would have ultimately improved RECO's response in the iPro Matters, we note that such a process, if well-known to the general public and industry members, should objectively reduce barriers to RECO receiving further details about contraventions, which may better inform its decision-making in enforcement and discipline.

(B) RECOMMENDATIONS

(i) Explore appropriate mechanism to ensure all Registrar agreements are subject to an appropriate secondary review prior to execution

We recommend that RECO explore the appropriate mechanism to ensure adequate review of any form of undertaking or settlement agreement that a Registrar seeks to execute with a registrant where such agreements have more broad enterprise risk or may be subject to increased public scrutiny given RECO's mandate to protect consumers and maintain public confidence in the real estate sector. Examples of such statutory requirements from peer organizations are presented below. This review procedure is a key mechanism that was absent from the iPro Matters, which could have significantly altered RECO's response,

⁴⁰ RECO, “Submitting a complaint” (n.d.) <https://reco.on.ca/enforcement/submitting-a-complaint> (accessed 19 October 2025).

⁴¹ RECO, “On-line Complaint Form” (n.d.) <https://complaints.reco.on.ca> (accessed 19 October 2025).

⁴² RECO, “Complaints against RECO” (n.d.) <https://reco.on.ca/about/performance-measures/complaints-against-reco> (accessed 19 October 2025).

had the Registrar known that the Undertaking Agreement would be subject to formal review *prior to* execution, or had the Undertaking Agreement actually been reviewed.

It is worth noting that real estate regulators in other jurisdictions may take markedly different approaches to reviewing registrar actions. The most robust arrangement from our review was the Nova Scotia Real Estate Commission, which statutory framework requires its registrar to submit any settlement agreements to its Complaints Review Committee for review, which can approve the agreement or reject it and send the matter to the Discipline Committee to resume the standard discipline process.⁴³ In Quebec, we note that the *Real Estate Brokerage Act* (“REBA”) provides the Organisme d’autoréglementation du courtage immobilier du Québec (“OACIQ”) with several layers of checks and balances to prevent power from being concentrated in a single individual: The Assistance Service reviews all incoming requests and determines their treatment, with authority to escalate matters to the Syndic if potential breaches of REBA are suspected. The Inspection Committee operates independently within the organization to proactively audit licence holders’ practices. It has broad investigative powers, including site access and document review, and may require additional training or escalate matters to the Syndic if misconduct is found. The Syndic, an independent officer appointed by OACIQ, investigates alleged breaches of REBA and, where warranted, files complaints with the Discipline Committee. The Syndic Decision Review Committee provides additional oversight by reviewing the Syndic’s discretion to not file complaints. Finally, the Discipline Committee, consisting of at least three members, hears complaints brought by the Syndic and determines appropriate measures. Together, these mechanisms seek to ensure accountability, transparency, and balanced authority within OACIQ.

These examples are meant to be illustrative only as each regulator operates within a specific jurisdiction and context. Any mechanisms here would need to be further explored by RECO and, where appropriate, with consultation with the Ministry.

(ii) Explore appropriate mechanism to inform and report matters to the Ministry

We recommend that RECO review and clarify its procedures for informing and reporting matters to the Minister that have broad industry or public interest implications. This could involve creating additional protocols in accordance with Schedule “H” of the Administrative Agreement or otherwise establishing some form of clear policy or procedure, with the goal of providing criteria or other guidelines to assist RECO in identifying what specific information under the “Issues Management” category should be reported immediately (or within a certain timeframe).

(iii) Amend all relevant RECO constating documents and policies to clarify principle of non-interference with Registrar independence

We recommend that RECO amend its By-law, Board Governance Manual, and any other relevant internal documents, to clarify the meaning and application of the principle of Board non-interference with Registrar independence. In particular, the Board Governance Manual should be immediately rewritten to remove prohibitions on the Board’s ability to oversee and supervise the Registrar’s work. We refer to 2(A)(i) herein for specific guidance on what may be an appropriate interpretation of this principle, and recommend the development of a policy statement to provide clarification and examples of what the Board and other RECO

⁴³ RETA, s. 20.

staff can and cannot do in relation to the Registrar's work. All new Board members and senior staff should also be trained on this policy as part of their onboarding process.

(iv) Establish policy on management's duty to report matters to the Board

We recommend that RECO develop a clear policy that establishes a duty upon the CEO, the Statutory Director and the Registrar to report matters to the Board, that are required for the Board to fulfill its regulatory governance functions. This policy should include a reporting framework that provides: (1) non-exclusive and objective criteria to identify what types of regulatory or enforcement issues or actions need to be reported at regular Board meetings and what matters should require more immediate reporting; (2) which details should be provided in such reports and which should not be provided; and (3) non-exclusive and objective criteria to identify the types of matters where the Board should be specifically informed, and what matters can be subject to general reporting. One critical factor for triggering reporting should be financial thresholds in trust misconduct cases.

In the process of developing such policy, all Board members should review their Oath of Confidentiality and statutory confidentiality requirements.⁴⁴ It would be prudent to include such provisions in the policy itself for additional clarity. This is to ensure that the Board is equipped to address all types of reported matters, and that there is confidence across all levels of senior leadership that information can be shared freely and on a confidential basis.

(v) Expand quarterly Risk Mitigation Reports to include Registrar's regulatory activities

We recommend that RECO add a new risk under its Policy on Enterprise Risk & Innovation Management to specifically address the risks associated with the Registrar's regulatory and enforcement activities. While this would not replace any direct protocols to inform the Board, such a quarterly report would enable both the Board and Registrar (as the Risk Owner) to maintain an ongoing awareness of related enterprise risk, particularly with regard to files that may have a longer timeline for resolution or where there is greater potential for public relations, media or reputational risk.

(vi) Redevelop and expand whistleblowing policy and program

We recommend that RECO review and expand its current employee whistleblowing policy. At the very least, the policy should provide more levels and pathways of reporting within the organizational structure beyond the CEO and Board Chair, as well as the option for anonymous reporting. RECO may also consider partnering with a third-party whistleblowing service, and/or establishing a quasi-independent ombuds office within RECO, both of which could also handle external whistleblowers.

The introduction of an independent external reporting service could foster a safer and more effective environment for staff to raise concerns or dissent without fear of retaliation. For example, a review of the TSSA's whistleblowing service⁴⁵ shows that it is managed by *Integrity Counts*, a third-party organization that provides a confidential and anonymous reporting system that is also used by other noteworthy organizations. A complainant may file a detailed report and review the status of the report online, or call and report an incident to an Intake Specialist agent. The TSSA also has an Ombuds office that provides a more informal but still relatively independent and confidential way to engage on all types of issues, including

⁴⁴ TRESA, s. 44(1).

⁴⁵ TSSA, "Whistleblowing Service for Concerns About TSSA" (n.d.) <https://www.tssa.org/whistleblowing-service> (accessed 20 October 2025).

reporting misconduct without fear of retaliation.⁴⁶ TSSA states that the Ombuds function is independent of existing TSSA processes and structures (including its management), but reports to the TSSA Vice President and General Counsel, and while independent, it does have the support of and access to all levels of the organization. Notably, both the whistleblowing service and Ombuds office specify that reports can be made by TSSA employees, regulated parties, and members of the public.

In this regard, RECO's whistleblower policy should be revised to include an anonymous mechanism to raise concerns and/or file complaints. We also recommended that the whistleblower function should be handled by a third party or qualified individual (i.e., separate from the CEO and/or Board Chair's roles and functions).

We also recommend that RECO redevelop its external complaints policy and replace it with a comprehensive whistleblowing program and/or quasi-independent ombuds office, both of which could also handle internal reporting. Given the industry connections that exist within RECO, the new policy should highlight the independence of the Registrar in order to provide confidence to the public. In addition, RECO may consider exploring the viability of establishing statutory protections for whistleblowers through the potential amendment of TRESA.

In this regard, we note that the Financial Services Regulatory Authority of Ontario ("FSRA") operates a dedicated whistleblower program that allows individuals or entities to report suspected misconduct within FSRA's regulated sectors.⁴⁷ Whistleblowers may be eligible for protections under the *Financial Services Regulatory Authority of Ontario Act, 2016* ("FSRAO Act"), which protections include confidentiality of identity (subject to narrow exceptions); protection from reprisals such as termination, demotion, or intimidation; and immunity from civil liability for disclosures made in good faith. FSRA provides a secure online submission portal accessible to the public for whistleblower disclosures. Submissions can be made directly by individuals or through a lawyer if anonymity is preferred. A review of the FSRAO Act shows that the CEO of FSRA is expressly granted powers to conduct examinations or investigations for the purpose of enforcing whistleblower protections. FSRA has also published a Whistleblower Guidance document, providing clarity on the whistleblower program, including its limitations and protections.

A detailed, well-publicised, and accessible whistleblower program is likely to encourage early reporting of concerns, especially where the whistleblowers are aware of the process and the protections available to them, and if those protections are comprehensive and provided at a statutory level.

3. THEME III – STRENGTHENING RECO'S CULTURE AND GOVERNANCE PROCESSES

(A) FINDINGS

(i) Opportunity to strengthen culture of transparency and accountability in Registrar's decision-making process

Our interviews generally indicated that the overall culture of the Regulatory Division did not promote robust critique, debate, and speaking up regarding decisions. While various RECO documents highlight the principle of the Registrar's independence, our interviews indicate that the Registrar also appeared to operate in isolation from his own office and other RECO staff, such that there may have been a lack of

⁴⁶ TSSA, "Ombuds" (n.d.) <https://www.tssa.org/ombuds> (accessed 20 October 2025).

⁴⁷ FSRA, "FSRA's Whistle-blower Program" (n.d.) <https://www.fsrao.ca/fsras-whistle-blower-program> (accessed 20 October 2025).

understanding of the Registrar's processes and an unwillingness by the Registrar to proactively solicit and genuinely consider input from colleagues.

A common view amongst some interviewees was that the Registrar was “the boss”, that his subordinates served at his pleasure, or that the Registrar was a “client,” all of which appears to reflect a culture in which the Registrar was somewhat isolated within the RECO staff, including that of his own office. It is concerning that any RECO staff member would have the impression that RECO existed to serve the Regulatory Division (as further addressed at 4(A)(i) herein). Notwithstanding one's interpretation of the principle of Board non-interference with Registrar independence, such isolation and insularity *within* RECO staff and the Regulatory Division appears to have no basis in RECO's regulatory structure.

Moreover, some interviewees described their understanding that the Registrar's decision-making authority is intended to be delegated by the Registrar to members of their team. Several interviewees stated that, given the number of applications and files, there is no way that the Registrar can assert the same level of authority over every application or file regardless of the level of risk associated with the application or file.

While many interviewees described engaging in fruitful, collaborative discussions within their respective division of RECO, several interviewees described a hesitation to speak up and/or engage in robust debate with the Regulatory Division. In particular, several interviewees stated that the Registrar was not a proponent of engaging in robust debate regarding his exercise of his decision-making power. As a result, many interviewees stated that they had little to no insight into the Registrar's decision-making process including what, if any, insight the Registrar relied upon when exercising his decision-making powers. Further, many interviewees described a lack of communication between the “corporate” and “regulatory” divisions of RECO. As a result, RECO's corporate division did not have insight into the operations of the regulatory division. To the extent that there was communication between the corporate and regulatory divisions, many interviewees described such communications as limited in scope and content as well as lacking insight and transparency.

Several interviewees stated that they could not identify or were not familiar with any checks and balances that exist within RECO to keep the Registrar accountable with respect to the exercise of statutory decision-making powers. In particular, several interviews indicated that there was no discussion of the Registrar's files during management meetings. In addition, interviewees were generally unable to point to a document that describes the processes that the Registrar follows when making a decision. In the context of the iPro Matters, we note that the Registrar did not disclose any details of the matter to the Board between May 19, 2025 and August 10, 2025, and provided only limited information to the CEO. In particular, our interviews indicated that the Registrar specifically requested the CEO to not inform the Board about the Undertaking Agreement until after it was executed. Such actions appear to be indicative of a decision maker who does not wish to be transparent or questioned about a specific decision until the decision is final and cannot be changed.

(ii) Opportunity to strengthen governance training and continuous improvement approach across organization

From our interviews with Board members, it was clear that they brought diverse and deep skills and experience, including regulatory experience, to RECO. Staff members also demonstrated deep skills and experience. In light of our recommendations that RECO implement more robust policies for regulatory oversight and communication, we recommend that once those policies have been implemented, RECO require that all Board and staff members receive formal training in those policies.

(B) RECOMMENDATIONS

(i) Enhance culture of transparency and accountability, particularly within the Regulatory Division

We recommend that RECO explore practical ways in which a culture of transparency and accountability can be developed and strengthened within RECO, and particularly the Regulatory Division. In this regard, the Board should ensure that it appoints a Registrar who understands and actively promotes these values within the Regulatory Division. Given the importance of organizational leadership, the words and actions of the Board, CEO, Registrar, and other senior leaders in modelling humility, acting transparently, connecting with subordinates, and encouraging dialogue will also be essential. Specifically, this may include more frequent points of interaction between the Board, senior management, and middle management (e.g., the deputies, staff directors, and managers of RECO's various departments), as well as clear actions taken by the Board and senior management to solicit feedback and input from subordinates. In addition, RECO may seek to utilize structured training, team-building activities, and other similar programs to develop the necessary culture over time.

(ii) Strengthen formalized governance training and continuous improvement approach across organization

We recommend that RECO develop formalized governance training programs, or otherwise improves its currently available training programs, by taking into consideration the various recommendations that were surfaced directly from the interview phase.

Several interviewees recommended that RECO implement a formalized training program for staff, as well as strengthen the orientation program for Board members.

With respect to staff training, RECO should develop a continuous improvement and learning approach to key areas of compliance, internal controls, code of conduct and safe reporting. We understand staff annual training and policy sign offs are currently limited to IT-related policies.

4. THEME IV – STRENGTHENING AND CLARIFYING CONSUMER PROTECTION MANDATE, RESOURCES, AND REGULATORY TOOLS

(A) FINDINGS

(i) Breadth of and emphasis on consumer protection mandate requires clarity and focus

RECO's mission statement is, "As Ontario's regulator, our role is to protect consumers by ensuring that real estate agents and brokerages in Ontario understand and follow the law."⁴⁸ Specifically, the RECO website identifies the following key areas of RECO's work:

We protect consumers

⁴⁸ RECO, "What we do" (n.d.) <https://reco.on.ca/about/what-we-do>.

As Ontario's regulator, we ensure that real estate agents and brokerages follow the law. We investigate complaints and take necessary actions to safeguard consumer interests.

We provide oversight

As an independent authority, we hold real estate agents and brokerages accountable, make unbiased decisions to protect the public, and maintain trust in the real estate services market.

We educate and support

We help consumers understand their rights and responsibilities when buying or selling real estate, enabling them to make informed and confident decisions throughout the process.

We set educational requirements

We establish educational requirements for real estate agents, including pre-registration, post-registration, broker, and continuing education programs, to provide them with the knowledge needed to remain compliant with the law and effectively serve consumers.⁴⁹

It is explicit that RECO's consumer protection mandate is achieved through effective regulation of service providers so that they understand and follow the law. However, the Registrar's response in the iPro Matters, and specifically the Undertaking Agreement, generally prioritized the objective of *obtaining funds to mitigate a trust shortfall* over any other action. While the elimination of a shortfall is an important activity and arguably within RECO's mandate of ensuring that registrants follow the law, this prioritization appears to have minimized the importance of clear accountability and penalties for flagrant violations of the law, which were clearly absent in the iPro Matters, as reflected in the allowance for voluntary termination of registration, the waiving of the right to further administrative action and provincial offence prosecution, the lack of other regulatory tools utilized, and the generally collaborative and trusting approach towards registrants who had committed serious violations.

With respect to the handling of the iPro Matters, there appears to have been a lack of clarity in the scope of RECO's consumer protection mandate: In collaborating with the offenders and prioritizing shortfall elimination to protect some consumers and agents directly affected by the iPro Matters, the Registrar may have neglected RECO's mandate to protect all consumers through clear accountability and enforcement of ethical standards to maintain trust in the sector. While we note that the Undertaking Agreement did not foreclose the possibility of criminal prosecution, there was also no guarantee that such prosecution would proceed or be successful. A key aspect of RECO's stated work is *oversight* – to hold real estate agents and brokerages accountable, make unbiased decisions to protect the public, and maintain trust in the real estate services market. This was not the outcome of the Registrar's response in the iPro Matters.

Our interviews also revealed that there appears to be an unclear understanding or clarity regarding the meaning of RECO's consumer protection mandate. Interviewees generally identified RECO's consumer protection mandate as including the protection of the public; however, RECO's role with respect to the recovery of any funds, whether trust, commission, or otherwise, was not clearly defined or understood. Moreover, while many interviewees identified consumer protection as one of RECO's core values, and defined this mandate as RECO's obligation to ensure that there is a level playing field within the industry, our interview phase also surfaced an unclear understanding of who RECO serves. In particular, RECO's mandate was described in one instance as the protection of both consumers and registrants, which does not reflect RECO's actual mission statement. Several interviewees also described overhearing colleagues indicating that they serve the Regulatory Division and/or identify the Regulatory Division as the individual's

⁴⁹ *Ibid.*

client. The interviewees that described overhearing such discussions expressed concern regarding the lack of clarity within RECO regarding RECO's purpose and mandate.

In addition, our interviews surfaced an unclear understanding regarding who exactly is a RECO stakeholder. While all interviewees within a certain group identified consumers as a key stakeholder, some interviewees identified and/or expressed a lack of clarity or certainty regarding whether the following are stakeholders: registrants, other Ontario real estate organizations, and the Ministry. Further, some seemed to identify the "registrant" as the focus of RECO's objectives (i.e., to make sure that the registrants are educated, qualified, and acting responsibly and legally).

Our interview discussions also indicated that there is an opportunity for RECO to more clearly communicate the scope of RECO's consumer protection mandate to consumers and the public broadly.

(ii) Regulatory efficacy hampered by insufficient or misallocated resources, and resulting lack of innovation or reform

Our interviews surfaced the general concern of whether RECO has adequate staffing to effectively regulate the sector. Several interviewees noted that RECO's inspection and investigation-related resources are insufficient given the size of RECO's registrant base. For example, one interviewee noted that in the past, RECO used to have 160 employees to regulate 60,000 registrants, whereas now it must regulate 114,000 registrants with the capacity of only 180 employees (in approximate numbers). Another example is that RECO does not have a "data team" to support current and future needs with respect to the use and analysis of data that RECO currently has, is planning to collect, or is in need of collecting. In this regard, two specific forms of data collection are currently unavailable: (1) There is currently no requirement on registrants to proactively report trust account reconciliation and other related information on a regular basis; and (2) there is a lack of regular inspection of registrants' general/operating financial accounts.

There also appears to be a lack of resources allocated to developing a consistent risk assessment strategy, file management protocol, and escalation protocol. While some interviewees described risk assessment strategies that are utilized in different departments, staff members were unable to describe or identify a consistent risk assessment strategy or protocol that is utilized across RECO. As a result, several interviewees expressed concern regarding the length of time that it takes for files to be processed and handled. Interviewees also stated that RECO does not currently utilize a risk-based escalation protocol. Accordingly, RECO does not appear to differentiate between the length of time required to process a file or the level of escalation required based on the level of risk associated with the file.

Further, several interviewees stated that RECO does not have an internal alert mechanism that issues reminders regarding the processing of files and/or ensures that files do not "fall through the cracks." Specifically, there are too many independently maintained spreadsheets and an absence of real-time dashboards to support RECO management and leadership.

While we note that RECO's mission involves ensuring that registrants *understand* the law, and that RECO's work involves setting educational requirements, our interviews also surfaced the concern that RECO may be allocating too many resources to the area of education delivery, or to areas that are more tangential to regulatory action, to the detriment of actual enforcement and the direct regulation of registrants.

(iii) Lack of clarity regarding commission trust accounts

Our Review indicated that RECO personnel may have lacked clarity regarding enforcement for misconduct related to commission trust accounts (e.g., how procedures for addressing shortfalls in commission funds may be different from consumer funds), as well as the overall regulation of commission funds and related trust accounts in the sector. This issue was a particular feature of the iPro Matters, given the combination of consumer and commission funds that were in question.

Based on our review of the relevant provisions in TRESA⁵⁰ and its regulations,⁵¹ there is no legislative distinction between different types of trust monies and accounts, such that all money that comes into a brokerage's hands in trust for other persons in connection with the brokerage's business must be deposited into one trust account (unless authorized by the Registrar to have more than one), which would appear to cover money held in trust for both consumers and agents. However, it appears that the practice of brokers maintaining separate commission trust accounts has developed in the sector, which may be causing uncertainty regarding how these "secondary" accounts, and related misconduct, should be regulated.

(B) RECOMMENDATIONS

Many of the recommendations below address more general aspects of RECO's operations, but have been made because of the likelihood that they could have impacted and improved RECO's response in the iPro Matters by clarifying RECO's regulatory priorities, increasing the available data, improving the available enforcement tools, or increasing overall preparedness and resources, all of which could have better informed and supported the Registrar's decision-making process.

We understand RECO is already taking steps to implement most of these recommendations.

(i) Clarify definition and understanding of consumer protection mandate

Within the context of our findings at 4(A)(i) herein, we recommend that RECO review its mandate to develop a clear understanding of various potential approaches to, and interpretations of, the concept of consumer protection and its related regulatory goals (e.g., considering whether trust fund recovery and registrant punishment are equally relevant to consumer protection, as illustrated in the iPro Matters). Through this process, we also recommend that RECO develops guidelines to help the Board, CEO, and Regulatory Division to weigh and prioritize these different regulatory goals when deciding on its approach to enforcement in any given case, or generally how to allocate limited resources. This should also include the act of clearly identifying who is and is not a RECO stakeholder (e.g. consumers, registrants, various Ontario real estate organizations, and the Ministry) and the specific interests of those stakeholders, and clarifying RECO's obligations towards those stakeholders.

(ii) Conduct assessment of RECO's total resource needs and resource allocation between different departments within RECO

We recommend RECO re-examine its structure and resourcing, particularly with respect to the inspections and investigations teams, to allow for increased frequency in brokerage monitoring and broader utilization of the regulatory tools available to RECO. In engaging in such re-examination, RECO should review and consider the resourcing and staffing of comparable regulators in other provinces across Canada to

⁵⁰ TRESA, s. 27.

⁵¹ *General*, O. Reg. 567/05, ss. 14-15.

determine whether larger enforcement teams may be warranted to handle the volume of regulatory matters that fall within RECO's purview.

(iii) Ensure that data management systems meet current and future needs

We recommend that RECO ensure that its database meets its regulatory needs, which should be done in the context of the desired future state of RECO and all new initiatives that it plans to undertake. Specifically, RECO should explore the development and deployment of new data management systems with real-time dashboards and alerts that would improve the effectiveness of its regulatory and enforcement activities, and also provide better reporting to all relevant leaders and stakeholders.

(iv) Develop organization-wide risk assessment protocol

We recommend that RECO develop an organization-wide risk assessment protocol that provides clear guidance and criteria for identifying and categorizing various matters with the appropriate level of risk, and attaching corresponding standards for referral, escalation, timelines, and other requirements. In particular, RECO should include a category on regulatory enforcement risk assessment.

In this regard, several interviewees recommended that RECO develop and utilize a common language to understand and evaluate risk throughout RECO, and rely upon this shared understanding to set expectations regarding how files are handled, including, without limitation, the length of time it takes for a file to be processed within RECO. Interviewees recommended a risk-based rating system, in which lower-risk files would require a lower level of escalation and more flexibility in timelines for resolution, whereas higher-risk files would require higher levels of escalation and quicker resolution.

(v) Clarify regulatory approach to commission trust accounts

We recommend that RECO clarify the appropriate regulatory and enforcement approach to commission funds and trust accounts, both internally and, if appropriate, in consultation with the Ministry and other industry organizations.

(vi) Enhance overall registrant oversight, particularly regarding trust accounts

We recommend that RECO require all real estate brokerages, of a specified threshold of revenues or transactions, to provide trust reconciliations annually to RECO that are verified by an independent third party such as an auditor or professional chartered accountant.

In addition, we recommend that RECO assess the benefits and impact of requiring similar reporting of general operating accounts to allow the Registrar to better understand the financial health of brokerages. Such data could be key considerations for developing a risk-based model for conducting audit and inspection activities. We note that several interviewees also emphasized the importance of RECO conducting more frequent audits and inspections, and conducting them without prior notice to registrants.

(vii) Explore potential longer-term reform regarding insurance and trust accounts

We recommend that RECO explore potential reform regarding the following areas:

- Insurance program to better meet the demands of current brokerages, including by reviewing existing coverages to ensure they meet the need of emerging risks.

- Alternative models for trust accounts to address broader systemic issues, such as a consolidated provincial entity that holds all professional trust accounts, whether just for real estate, or potentially other professional bodies who hold trust accounts.
- Additional safeguards, beyond current statutory trust account requirements, to reduce the risk of fraud or misappropriation of trust funds, including for instance:
 - Requirement that trust accounts be maintained at financial institutions that allow RECO to conduct real-time monitoring, and under specific circumstances, to receive automated alerts and even direct access to accounts.
 - Supplementing RECO's regular audits and inspections with unannounced inspections of trust records and bank confirmations.
 - Requirement that brokerages change audit firms after a certain number of years to prevent complacency or inappropriate relationship building.

NEXT STEPS

We recognize that RECO is already addressing the key issues that impacted and shaped its response in the iPro Matters, and exploring broader changes to help prevent trust account shortfalls and serious misconduct altogether. RECO should continue that work and should further implement the recommendations set out in this Report.

* * * * *

We would be pleased to discuss this Report at your convenience.

APPENDIX A – QUALIFICATIONS AND ASSUMPTIONS

1. This Report has been prepared exclusively in connection with the Engagement and for no other purpose and should be read in that context.
2. This Report should not be regarded, or relied on, as being comprehensive or equivalent to a formal legal opinion concerning any matter referred to herein. It should not be treated as substitute for specific legal advice concerning individual situations or concerns or as a complete summary of any documents reviewed.
3. The terms of this Report cannot be varied without our prior written consent.
4. The accuracy of this Report is dependent on the Review Material provided and the information shared with us during our interviews being true, complete, accurate, and not misleading. We have not sought to verify independently the accuracy or completeness of this information. Our Review was not designed, nor is this Report intended, to reveal any fraud, misrepresentation, or other misconduct (including any criminal offence).
5. The Review Material and the questions asked during our interview process may not comprise all the documents and information that ought to have been supplied to Dentons for purposes of our Review or that have been requested by Dentons for the purpose of our Review.
6. Our Report is, except where we rely on searches of public offices, limited to and based upon conclusions drawn from the Review Material provided and the interview process described in our Report. As a result, we are not able to warrant the accuracy or completeness of such information.
7. This Report does not address the following matters relating to RECO:
 - a. legal, regulatory, or organizational issues unrelated to our Engagement, including with regard to the governance documents, employee matters, books and record maintenance, operational, logistics, procurement, finance and accounting matters; and
 - b. any issues arising in relation to laws other than those of Ontario, Canada

SCHEDULE 1 – TIMELINE OF EVENTS

The following is a summary of the key dates identified by Dentons in relation to the iPro Matters between April 2025 and August 2025.

April 2, 2025	RECO sends a Notification of Inspection to iPro. Inspection is scheduled to occur on April 30, 2025.
April 15, 2025	iPro responds to advise RECO that the required documents will be couriered to RECO's offices on April 16, 2025.
April 16, 2025	RECO receives documents from iPro in response to Notification of Inspection. iPro asks that RECO's inspection be delayed, giving the reason of iPro's attendance at the Toronto Regional Real Estate Board's RealtorQuest Trade Show. The inspection of iPro is rescheduled for May 20, 2025.
May 13, 2025	Mr. Colucci emails RECO requesting a cancellation of the scheduled inspection due to the pending sale of iPro to another brokerage, which Mr. Colucci advises will result in RECO terminating its registration at the end of June 2025. RECO responds and advises Mr. Colucci that the inspection will occur as scheduled.
May 19, 2025	RECO receives two letters from Mr. Colucci's lawyer. The first letter, addressed to the Registrar and a member of RECO's inspections team, requests postponement of the audit scheduled for May 20, 2025 "pending urgent negotiations of a legal issue with RECO." The second letter, ⁵² addressed to a lawyer in RECO's legal team, discloses a shortfall of \$6.5 million in iPro's trust account, and a further shortfall of \$3.5 million in iPro's commission funds. The letter further discloses that iPro has received a purchase offer from Ms. Terry who has offered to purchase iPro's assets for \$10.5 million. The letter was subsequently forwarded by a member of RECO's legal team to a member of RECO's inspections team, who then further forwarded the letter to the Registrar. Upon reviewing the letter from Mr. Colucci's lawyer, the Registrar indicates that this situation would be a good one for an undertaking agreement. Specifically, the letter from Mr. Colucci's lawyer was emailed to the Registrar at 7:08 p.m., and the Registrar responded at 7:29 p.m. stating " <i>This would be a good one to get an undertaking to resign and never reapply.</i> " On the same day, the Registrar advises the CEO that he is dealing with a matter concerning a former RECO board member named "Rui."
May 20, 2025	RECO initially advises iPro that the inspection will not be conducted, but subsequently confirms that the inspection will occur. The inspection is rescheduled for May 21, 2025.
May 21, 2025	RECO conducts inspection on-site at iPro. Mariana Alves, Office Administrator for iPro and sister of Mr. Alves, is appointed as iPro's brokerage representative. RECO requests documents from iPro in connection with the inspection.

⁵² This letter was marked "Without Prejudice" and accordingly no further particulars have been included in this report.

May 22, 2025	RECO continues and concludes its on-site inspection at iPro.
May 23, 2025	RECO receives the following anonymous complaint: <i>"I want to highlight an important incident regarding Rui and Fidelle. We are fully aware that they have breached the trust fund at Ipro Realty, and it's crucial that this matter is addressed"</i> (the " Anonymous Complaint ").
May 27, 2025	The Anonymous Complaint is processed by RECO's complaints team and forwarded to RECO's inspections team. The Anonymous Complaint is subsequently referred by the inspections team to the Registrar and various members of the Registrar's team and RECO's legal team.
May 28, 2025	Last meeting of the former RECO Board. The Registrar attends the meeting and provides a report on regulatory matters, but does not mention or refer to iPro in the Registrar's written report or orally.
May 29, 2025	RECO annual general meeting and first meeting of new RECO Board.
June 5, 2025	An in-person meeting is held at RECO's offices between the Registrar, various members of the Registrar's team, RECO's legal team, Mr. Colucci and his lawyer, and Mr. Alves.
June 9, 2025	RECO's inspections team prepares a memorandum summarizing its findings from the on-site visits and subsequent documentary disclosure from iPro. The inspection process concludes (as noted above, the in-person inspection concluded on May 22, 2025).
June 11, 2025	RECO's inspections team presents the results of its inspection at iPro to members of the Regulatory Division and RECO's litigation team.
June 12, 2025	RECO receives a letter from Ms. Terry, in which Ms. Terry explains that she is aware of the trust account issues at iPro, provides a description of the structure of the proposed transaction, and explains that Ms. Terry is investing in the "goodwill of the company."
June 26, 2025	RECO learns from iPro that the sale agreement between iPro and Ms. Terry may not proceed.
July 2, 2025	iPro advises RECO of a potential deal with another brokerage to acquire iPro.
July 9, 2025	iPro advises RECO that the other brokerage is no longer proceeding with an acquisition of iPro's assets, and that Ms. Terry is now willing to pay only \$3 million to acquire iPro's assets.
July 21, 2025	RECO's Deputy of Compliance (the " Deputy Registrar ") sends an email to members of RECO's inspections, investigations, registrations, client service, insurance, legal and stakeholder relations teams inviting them to a kick-off meeting to discuss activities and readiness for the wind-up of iPro's operations.
July 22, 2025	The Deputy Registrar holds kick-off meeting to discuss impending wind-up of iPro operations. iCloud submits its new brokerage application and supporting documents to RECO.

July 23, 2025	RECO reviews iCloud's application and requests additional outstanding documents.
July 29, 2025	RECO's senior management team requests that the employee handling the iCloud registration application expedite the iCloud application review. RECO receives a letter from their insurer that it cannot commit to a course of action without further information, but identifying that from a common sense perspective it made sense that the sale of iPro's assets conclude and the \$3 million be deposited into the trust account. Meeting of the RECO Board's Audit, Risk & Insurance Committee. There is no mention of the iPro Matter during the meeting.
August 5, 2025	iCloud provides outstanding documents to RECO.
August 8, 2025	The Undertaking Agreement is executed between RECO and iPro. iCloud is registered as a brokerage with RECO.
August 10, 2025	The Registrar has a call with the Board Chair and the CEO to advise that an Undertaking Agreement has been reached. The Registrar provides a high-level summary of the iPro situation. This is the first time the Board Chair learns of the situation with iPro. The Board Chair understands from the Registrar that he wishes to notify the RECO Board at the same time as the public is notified, which the Board Chair understands at the time to be within the Registrar's purview.
August 13, 2025	The CEO sends an email to the RECO Board notifying it of the Undertaking Agreement, the circumstances that gave rise to its execution, and the transaction between iPro and iCloud. This was the first time that the RECO Board members, other than the Board Chair, learned of the iPro Matter. The email does not provide details of the terms of the Undertaking Agreement. RECO briefs Ministry staff on the Undertaking Agreement, the circumstances that gave rise to its execution, and the transaction between iPro and iCloud.
August 14, 2025	RECO publishes a news release on its website advising of its agreement with iPro to shut down its brokerage after a "significant shortfall" was identified in iPro's accounts following a scheduled inspection. iPro publishes its announcement regarding its closure and transfer of operations to iCloud. iPro also sends an invitation to its brokers for a special meeting; the invitation advises that "<i>after nearly 45 incredible years, Fedele & Rui are (semi) Retiring.</i>" The meeting, held the same day, advises participants that iPro has been sold to a wealthy private financier and will be rebranded as iCloud. RECO notifies the Peel Regional Police's fraud unit that it wishes to report serious fraud allegations related to iPro.
August 18, 2025	RECO provides the Peel Regional Police with a memorandum outlining the information requested by the Peel Regional Police.

August 19, 2025	iPro's registration with RECO is terminated, along with the registration of Mr. Alves and Mr. Colucci.
August 20, 2025	RECO resumes its attendance at iPro's site to inspect and collect documents.
August 22, 2025	Mr. Richer, the Registrar departs from RECO.
August 24, 2025	Freeze order request to freeze iPro's accounts is delivered to iPro's bank by RECO.
August 25, 2025	RECO places a freeze order on iPro's accounts.

Dentons understands that additional inspections, on-site visits and document collection processes initiated by RECO recommenced on August 20, 2025 and have continued at iPro throughout the end of August 2025 and early September 2025. RECO also commenced an application against iPro and related individuals and entities in the Ontario Superior Court on September 11, 2025, and received an order from the court freezing the assets of those individuals and entities on September 22, 2025. These inspections, on-site visits and court proceedings fall outside of the scope of Dentons' mandate, and accordingly have not been addressed in this Report.

SCHEDULE 2 – DOCUMENTS REVIEWED AND FINDINGS

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
Legislation and Governmental Orders				
1.	<i>Safety and Consumer Statutes Administration Act, 1996</i> (“SCSAA”)	Last amended 2020-12-08	Statute enabling creation and general government oversight of Designated Administrative Authority (“DAA”)	The Minister may amend an administrative agreement, appoint an administrator to take control of the DAA, or require changes to the DAA’s purposes. Under s. 13.7, the Minister may only exercise such powers if, among various conditions, it is necessary to prevent serious harm to public safety or to the interests of the public or consumers.
2.	<i>General</i> , O Reg 187/09	Last amended 2023-01-30	Specifies the provisions of legislation that have been designated, along with the corresponding DAAs	None noted
3.	<i>Trust in Real Estate Services Act, 2002</i> (“TRESA”)	Last amended 2020-12-08	Designated legislation governing RECO	Under Part II, a statutory director and registrar shall be appointed by the board, with options for appointing one or more deputies, who perform such duties as are assigned by the director or registrar, and act as director or registrar in their absence. Only one deputy may act as director or registrar at a time. The two positions (including deputies) cannot be held by the same person. While the registrar has broad powers over registrants including inspection (and eventually, administrative penalties), the director’s powers are specific to appointing investigators, ordering asset freezes, and applications to court in cases of non-compliance. Under s. 20, there is broad discretion to exercise powers “as the registrar considers appropriate,” including the catch-all power to “[t]ake further action in accordance with this Act.” Under s. 21, the discipline committee is established with a wide range of powers, and decisions may be appealed by both registrar and registrant to the LAT. Decisions of the DC are required to be publicly available, and are published on RECO’s website. Under s. 44(1), a person who obtains information in the course of exercising a power or carrying out a duty related to the administration of this Act or the regulations shall preserve secrecy with respect to the information and shall not communicate the information to any person.
4.	<i>General</i> , O Reg 567/05	Last amended 2023-07-28	General regulation that expands and builds upon various requirements enacted in TRESA	Subsection 27(1) provides that if an attempt to mediate or resolve a complaint under TRESA clause 19(1)(c) is resolved to the satisfaction of the registrar, the registrar shall prepare a written summary of the complaint and the result of the complaint and shall make the summary available to the public.
5.	<i>Delegation of Regulation-making Authority to the Minister</i> , O Reg 568/05	2005-11-04	Allows the Minister to make certain regulations that are within Lieutenant Governor in Council’s purview	None noted
6.	<i>Educational Requirements, Insurance, Records and Other Matters</i> , O Reg 579/05	Last amended 2023-07-28	Educational, record-keeping, and other requirements for registrants	None noted
7.	<i>Delegation of Regulation-making Authority to the Board of the Administrative Authority</i> , O Reg 581/05	2005-11-10	Allows the RECO board to make regulations that are within the Minister’s purview	None noted
8.	<i>Personal Real Estate Corporations</i> , O Reg 536/20	Last amended 2022-04-19	Criteria for personal real estate corporations that may be exempt from registration	None noted

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
9.	<i>Discipline Committee</i> , O Reg 367/22	Last amended 2022-04-19	Framework for the discipline committee responsible for overseeing disciplinary hearings under TRESA	Sections 2 and 7 only require one member of the minimum 5-member discipline committee, and any minimum 3-member discipline committee panel, to never have had any industry ties. There are no composition requirements for a 1-member panel.
10.	<i>Code of Ethics</i> , O Reg 365/22	Last amended 2022-04-19	Code of ethics for all registrants	None noted
11.	Minister's Orders	2024-01-02	5 orders relating to the appointment of RECO board members and creation of advisory council	None noted
12.	<i>Good Government Act, 2009</i>	2009-12-15	Amendments to numerous statutes, including <i>Real Estate and Business Brokers Act, 2002</i> ("REBBA")	Amended subsection 3(3) of REBBA by removing "under the supervision of the Director" from various statutes under the purview of the Ministry of Consumer Services, thereby removing the requirement of formal supervision for the RECO registrar.
13.	Bill 212, Good Government Act, 2009 – Debates and Progress	2009	Legislative Assembly of Ontario – Hansard transcripts	Legislative Assembly debates indicated concerns from the opposition about the removal of the REBBA registrar accountability measure, but revealed no rationale for the amendment itself.
Administrative Agreement and Constatng Documents				
14.	Administrative Agreement ("Agreement")	Last amended 2024	Governing DAA agreement, further to SCSAA and TRESA	Section 4 establishes ministerial and board-level accountability relationships. Subsection 5(12) provides that the Minister shall not interfere with the independent exercise of the statutory functions fulfilled by the Administrative Authority's registrar or deputy registrars, inspectors, investigators, statutory director or deputy directors, and other officers exercising statutory and regulatory duties. Subsection 8(9) provides that the Administrative Authority acknowledges that the director and registrar under the Act and any deputy or deputies thereof exercise statutory duties which require independent decision-making and, for that purpose, the Administrative Authority agrees that the Board shall not interfere with the independent exercise of these statutory responsibilities but may review the manner in which those responsibilities are carried out, consistent with the Board's corporate and regulatory governance responsibilities. Subsections 5(16) and (19) require RECO to maintain: (i) an up-to-date written policies and procedures manual for each functional area of its business, and (ii) appropriate performance measurements, governance, and financial management processes with sound internal controls to conduct the Administrative Authority's operations effectively and efficiently. Subsection 8(7) requires that the statutory director cannot hold a position in the Administrative Authority that is subordinate to the registrar or deputy registrar. Under s. 9, the Board shall be responsible for reviewing the adequacy, effectiveness, and implementation of RECO's consumer protection framework, as part of its regulatory governance: Schedule "C" includes an extensive section on avoiding conflicts of interest for the Board. Schedule "H" includes an Information Sharing Protocol for RECO regarding disclosures to the Ministry.
15.	Articles of Amendment	2024-07-08	Articles of the corporation	None noted
16.	By-law No. 1	2024-05-30	General by-law of the corporation	Section 1.7 addresses Execution of Instruments and provides that contracts, documents or any instruments in writing requiring the signature of the Corporation may be signed by a) any two directors; or b) the Chief Executive Officer. Section 1.17 provides that the position and functions of the Registrar under TRESA cannot be exercised by the Board or any member or members of the Board. The Registrar appointed under TRESA, if any, shall be appointed by the Board as the chief registration or licensing officer... No member of the Corporation or any director of the Corporation shall interfere with the independent exercise of the statutory duties

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
				and functions of the Registrar or the Deputy Registrar(s), if any, under TRESA which require independent decision-making, so as to ensure that the provisions of SCSAA and the Agreement are complied with fully. Section 4.5 establishes the position of the CEO and provides that they shall supervise the day-to-day operations and administration of the Corporation.
Board-Level Policies				
17.	Policy on Corporate Policy	2025-05-28	Policy to (i) provide for a consistent process of initiation, review, revision, restatement and revocation of Board Policy so as to improve decision-making processes and increase utilization of and familiarity with Board Policy, (ii) enhance the accessibility of Board Policy within RECO and, where relevant, for members of the public, and (iii) generate consistency, ease of interpretation, and understanding in the creation, review, revision and use of Board Policy	Article VI provides that the Board or, with the approval of the Board, any Committee may direct the Administrator, through the CEO, to develop in draft a new Board Policy to address such matters as the Board or the Committee may identify in such direction.
18.	Policy on Board Governance	2024-09	Elements of Board governance	Under article VI, section 5, the Board delegates management and operations to the CEO. Under subsection 7(v), the Board's regulatory governance functions are restated from the Agreement. Article VII requires that development of a Board Governance Manual that provides Directors with clear direction on how to govern RECO to the highest possible standard.
19.	Governance Manual	2024-07	Manual to support the Board and each of its members to efficiently and effectively steward RECO	"RECO's Mandate" (p. 9) states that while the Board retains the responsibility generally to oversee the processes by which the registrar/deputy registrars and director/deputy directors carry out their statutory responsibilities, the actual exercise of their duties is to be done independent of Board oversight and interference. This is stipulated in s. 8(9) of the Administrative Agreement. "What Does the Board Do?" (p. 10) states that although the Discipline Committee, Appeals Committee, registrar/deputy registrars and statutory director/deputy directors are appointed by the Board, the Board is prohibited from supervising, overseeing or interfering in their work. The section restates the Board's regulatory governance functions (p .12), and it appears that this is done primarily or solely through reports from the registrar and other members of management.
20.	Policy on Director Recruitment	Unknown	Process for the recruitment of the Sector and Non-Sector Directors to the Board	None noted
21.	Policy on Director Orientation and Development	2020-12-10	Program of orientation for new Directors, and professional development generally for the Board	None noted
22.	Policy on Appointment of the Chair & Vice-Chair	2024-01-15	Mechanism for the appointment of the Chair and Vice-Chair of the Board of Directors	None noted
23.	Policy on Committees of the Board of Directors	2025-04-09	Establishment and operation of standing committees and ad hoc committees of the Board	None noted
24.	Audit, Risk, Finance & Insurance Committee – Terms of Reference	2024-09	Committee to assist in financial oversight, sustainability planning, enterprise risk management and information technology governance	None noted

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
25.	Governance, People & Culture Committee – Terms of Reference	2024-09-19	Committee to assist in developing and implementing an effective approach to corporate governance	One of the committee's main purposes is to assist the Board in ensuring that RECO develops and implements an effective approach to corporate governance, enabling the business and affairs of RECO to be directed, implemented and managed to meet its mandate and its strategic and business planning goals and objectives.
26.	Nominations Committee – Terms of Reference	2024-12-05	Committee to make recommendations for Board and committee vacancies	None noted
27.	Strategy & Organizational Performance Committee – Terms of Reference	2024-09-19	Committee to assist in developing and implementing an effective organizational strategic plan	None noted
28.	Policy on Board Remuneration	2024-05-30	Basis on which the directors of the Board and Board committees are compensated	None noted
29.	Policy on Remuneration for Statutory and other Non-Board Committees or Councils	Unknown (web version)	Basis on which members of committees/councils outside the Board are compensated	None noted
30.	Conflict of Interest Policy – Director [Schedule “C”]	2024	Binding Code of Conduct to govern the conduct of the Board	See Administrative Agreement.
31.	Conflict of Interest Policy – Committee, Task Force, Working Group and Advisory Group Members	2015-12-15	Conflict of interests relating to RECO committees (or similar entities) appointed by the Board or CEO	None noted
32.	Policy on Social Media for RECO Board of Directors, Committee/Advisory Group Members and Volunteers	Unknown (web version)	Guidelines for Board, Committee, and Advisory Group members, and volunteers when engaging in social media activities	None noted
33.	Policy on Delegation of Authorities	2025-02-27	Delegation of Board authorities, approval authorities, and signing authorities to CEO	Pursuant to paragraph 4.5(f) of the Bylaw, the Board delegates to the CEO full authority to supervise the day-to-day operations and administration of RECO.
34.	Policy on Board, Committee & Other Assessments	2025-05-28	Contribute to good governance and the effective oversight of RECO's operations by its Board through the conduct of assessments	The policy refers to conducting assessments of Board and committee performance against “accepted governance standards.”
35.	Oath of Confidentiality	Unknown	Confidentiality oath declared and signed by Board members	This document emphasizes TRESA s. 44 and places a direct oath on an incoming Board member, confirming that confidentiality extends beyond their tenure on the Board.
Non-Board or General Policies				
36.	Policy on Total Compensation Philosophy	2023-09-21	The philosophy to attract, motivate and retain employees who possess, or are able to develop, the expertise required	None noted

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
37.	Policy on Reimbursement of Expenses	Unknown (web version)	Basis and procedures on which Members, Volunteers and Employees are reimbursed	None noted
38.	Conflict of Interest Policy – Employees	2025-01	Conflicts of interests relating to RECO employees	Defines "Conflict of interest" to include any actual, potential or <i>perceived</i> conflict between the employee's work duties at RECO and the employee's personal interest. Establishes responsibilities for all employees, including: to act in a manner which will withstand the closest public scrutiny and exercise proper judgment in all aspects of the employee's work duties at RECO; and to be on the alert for any conflict of interest between the employee's work duties at RECO and the employee's personal interest and promptly disclose in writing to RECO any conflict of interest in accordance with the procedures set out in this Conflict of Interest Policy.
39.	Policy on Sub-Delegation of Authorities	2019-12-03	Sub-delegation of authorities otherwise vested in CEO pursuant to Policy on Delegation of Authorities	None noted
40.	Policy on CEO Performance Evaluation	2022-12-08	Performance standards and objectives for CEO, oversight of that performance, and professional development plans	None noted
41.	Policy on Hours of Work	2019-12-03	Matters related to attendance, hours of work, overtime and office closures	None noted
42.	Policy on Corporate Compliance	2022-07-21	Policy to (i) foster a culture of compliance at RECO, (ii) enhance the oversight function of the Board, (iii) assist the Board in meeting its fiduciary responsibilities, (iv) assist RECO employees in meeting their employment responsibilities, (v) protect RECO, its employees and members of its Board, (vi) prevent, detect and remediate violations of Legislation, Policy and Contracts by, for or on behalf of RECO, and (vii) establish the processes by which the purposes of this Policy will be met	The policy establishes a framework for identifying RECO's Compliance Obligations under "Legislation, a Policy, or a Contract" (as defined in the Policy), organizing them under a Compliance Register, and requiring an annual Compliance Statement from the relevant Compliance Owner (i.e. employee responsible for the Compliance Obligation).
43.	Policy on Organizational Planning & Performance	2023-09	Integrated planning at RECO, including strategic planning and business planning, and measurement of organizational performance	None noted
44.	Policy on Financial Reserves	2024-12-05	Creation, maintenance and reporting of financial reserves, and the sources of funds for financial reserves	None noted
45.	Internal Audit Charter	2021-12-09	Purpose, accountability, authority, and responsibilities of internal audit activities	Under article II, the purpose of the audit is to assist management in determining whether RECO's network of governance, risk management, and control processes, are adequate and functioning in a manner to ensure: 1) Risks are appropriately identified and managed; 2) Interaction with various governance groups occurs as needed; 3) Significant financial, managerial, and operating information is accurate, reliable, and timely; 4) Employees' actions comply with policies, standards, procedures, and applicable laws and regulations; 5) Interactions and arrangements with third parties, including external parties, comply with policies, standards, procedures, and applicable laws and regulations; 6) Resources and assets are acquired economically, used efficiently, and adequately protected; 7) Operations and initiatives are conducted to deliver results that are consistent with established objectives and goals; 8) Quality and continuous improvement are fostered in RECO's control processes; and, 9) Legislative or regulatory compliance issues affecting RECO are recognized and addressed appropriately.

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
46.	Policy on External Audit	2025-05-28	Review of the external audit function for financial statements	None noted
47.	Policy on Enterprise Risk & Innovation Management	2019-09-26	Program to identify, assess, communicate and manage potential risks and assess new opportunities	The policy establishes a Risk Register with various Risks, for which Risk Owners (i.e. employees managing a particular risk) provide Risk Mitigation Reports.
48.	Quarterly Risk Report – Q3 2025	2025-09-10	Update of RECO's Key Risks, including any recent material changes, prior to quarterly Board Meetings	There is a key risk category of "Legal, Regulatory and Policy Compliance" assigned to the Risk Owner of the Director, Litigation that addresses the risk that the organization is in actual or perceived contravention of laws, regulations, policies of the Corporation or accepted practices of a regulatory regime.
49.	Crisis Management & Business Continuity Plan	2022-12	Plan to support RECO during crises and incidents affecting capacity to pursue its business objective	None noted
50.	Information Technology Security Incident Response Plan	2025-05-28	Roadmap to effectively respond to and manage any information technology security incidents	None noted
51.	Procurement Policy	Unknown (web version)	Requirements to support the efficient, timely and cost-effective procurement of goods and services	None noted
52.	Statement of Investment Policy	2024-12-05	Outline considerations for the prudent investment of Funds	None noted
53.	Employee Handbook	2024-04	Handbook answering key questions employees may have concerning RECO and its policies	Section 1.4 is a Whistleblower Policy, which is to encourage RECO employees to raise concerns regarding any actual, potential or perceived wrongdoing relating to or involving the business and operation of RECO. Concerns are reported directly to the CEO, except for concerns regarding the CEO, which are reported to the Board Chair.
54.	Discipline Committee Rules of Practice (TRESA 2002)	2025-05-12	Practices and procedures of matters before the Discipline Committee for TRESA matters	Rule 5 requires parties to review the composition of a panel and make any objection to the selection, but the committee is not required to accept the objection.
55.	Discipline and Appeals Committees Rules of Practice (REBBA 2002)	2015-03-02	Practices and procedures of matters before the Discipline and Appeals Committees for REBBA matters	Rule 5 requires parties to review the composition of a panel and make any objection to the selection, but the committees are not required to accept the objection.
56.	Public Notice Policy – Regulatory Activity	2007-07-17	Policy on publishing enforcement decisions in accordance with REBBA	None noted
57.	Organizational Chart	2025-05-27	Comprehensive organizational chart with all personnel	Registrar and Office of the Registrar report directly to the CEO.
58.	About RECO's complaint process	Unknown	Public overview of the process for handling complaints and offences	RECO encourages compliance, ensures complaint outcomes are proportionate and effective, and protects the future public interest. When addressing the conduct or noncompliance of a real estate agent or brokerage, RECO considers two additional factors that might escalate the course of action: the extent of risk presented to the public; and, the presence of any prior history of misconduct by the agent or brokerage. There is a flow chart that sets out how RECO (i.e. the registrar) handles complaints, including identifying four categories of complaint: (1) Misunderstanding between parties, (2) Minor offences, (3) More serious offences, and (4) Most serious offences, which is further defined as "Breaches of TRESA or very serious misconduct." The section on "Pursue prosecution" states that most often, provincial offences prosecutions relate to matters involving trading in real estate unlawfully.

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
59.	Risk-Based Inspection Standard Operation Procedure	2023-12	Guide for applying a risk-based framework to establishing brokerage risk ratings and to scheduling of inspections that support the successful delivery and administration of the Audit & Inspection Program	Section 6.2 provides that that inspections may be escalated to the Registration, Complaints, or Investigations Programs. The Inspectors do not refer matters directly for investigation but rather investigations are initiated by the leadership of one of the enforcement program owners.
60.	Audit & Inspection Program Standard Operating Procedure	2023-12	Outlines RECO's audit and inspection process	Section 6.1.4 identifies "misappropriation of trust funds" under the classification of "Significant Concerns Requiring Immediate Action."
61.	Investigations Program Standard Operating Procedure	2023-12	To inform investigators about RECO's investigative process and guide that process	Section 1.3 establishes the mandate for investigations: Not all allegations of misconduct require investigation. Investigations are conducted when there are allegations of more concerning misconduct by a registrant involving a contravention of REBBA, TRESA, or an associated regulation. The purpose of an investigation, and subsequent investigative report, is to provide sufficient evidence and facts to enable the Registrar to make a decision on whether to pursue prosecution of an allegation of misconduct. The Registrar and Deputy Registrar also have general supervision over investigators, including reviewing conflicts of interest, investigation plans, and progress reports.
Publications & Reports				
62.	Annual Report 2024	Unknown	RECO annual report	RECO's mission: As Ontario's regulator, our role is to protect consumers by ensuring that real estate agents and brokerages in Ontario understand and follow the law.
63.	Business Plan 2025	Unknown	RECO annual business plan	None noted
64.	Innovative & Progressive – Strategic Plan 2024-2027	Unknown	RECO three-year strategic plan	None noted
65.	Value-for-Money Audit	2022-11	General audit by the Office of the Auditor General of Ontario ("OAGO")	Under section 4.5, the OAGO addresses findings and recommendations related to RECO's regulatory powers, specifically investigations and discipline committee.
66.	Follow-Up on the 2022 Performance Audit	2024-08-19 (approx.)	Follow-up report by the OAGO on the implementation progress of its 2022 "Value-for-Money" audit	As of August 19, 2024, RECO had fully implemented 86% of the recommendations that were specifically directed toward it alone.
67.	Implementation Plan on the Auditor General of Ontario's Value for Money Audit Recommendations	2024-11-30	RECO's independent update on its implementation of the OAGO audit	None noted
Board Minutes				
68.	Minutes - Strategy & Organizational Performance Committee	2025-05-08	Committee meeting minutes	None noted
69.	Governance, People & Culture Committee Meeting Minutes	2025-05-13	Committee meeting minutes	None noted

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
70.	Minutes – Board of Directors Meeting	2025-05-28	Board meeting minutes	Under the Regulatory Report (Item 10), the Registrar provided an update on the OREA exam misconduct matter and responded to questions posed by the Board.
71.	Minutes – Board of Directors Meeting	2025-05-29	Board meeting minutes	None noted
72.	Minutes – Board of Directors	2025-08-28	Board meeting minutes	None noted
Enforcement Decisions				
73.	Registrar's Administrative Actions (317 documents)	2019-09-04 to 2025-08-22	Summaries of Registrar's proposals and other administrative actions, relating to approximately 256 registrants or applicants	Of the approximately 256 registrants or applicants, only 15 cases were identified as explicitly relating to some type of misconduct regarding trust accounts, or fund misuse or misappropriation. Of these cases, 10 resulted in Registrar revocation, 3 resulted in termination of registration via agreement, and 2 resulted in voluntary conditions. The 2 cases with voluntary conditions appear to have involved registrants' duties as brokers of record, and additional repercussions included removal as broker of record and voluntary termination of the related brokerage's registration.
74.	Discipline Committee Decisions (389 documents)	2020-10-16 to 2025-05-29	Reasons for decisions of the Discipline Committee, and related summaries, for approximately 359 registrants	The documents covered approximately 359 registrants, excluding 44 cases listed on RECO's public database that did not include any substantive information. Of these, only 9 cases were identified as explicitly related to some type of misconduct regarding trust accounts, or fund misuse or misappropriation. All penalties involved a combination of fines and mandatory ethics courses.
75.	Provincial Offence Convictions (33 documents)	2021-04-01 to 2025-05-08	Summaries of provincial offence convictions of 28 registrants	Of the 28 registrants, 11 cases were explicitly related to some type of misconduct regarding trust accounts, or fund misuse or misappropriation. 9 of these cases resulted in fines (including one that further required restitution), while 2 involved brokers of record failing to ensure that the brokerage complied with TRESA, and who were given suspended sentences.
76.	Undertaking Agreement	2025-08-08	Undertaking Agreement between RECO, iPro Realty Ltd., Fedele Colucci, and Rui Alves	Mr. Alves, Mr. Colucci and iPro will cancel their registration with RECO no later than August 19, 2025 by providing notice of their cancellation in writing and, if they fail to do so, they direct RECO to cancel their registrations on August 20, 2025; Mr. Alves, Mr. Colucci and iPro agree that any money owing now or in the future to Mr. Alves or Mr. Colucci shall not be paid to them; Mr. Alves, Mr. Colucci and iPro undertake to immediately deposit all funds received under any agreement with iCloud to iPro's trust accounts, to be applied to iPro's trust shortfalls; Mr. Alves, Mr. Colucci and iPro agree that all funds held at the execution of the Undertaking Agreement, including any financial institution accounts in the name of Hippo Holdings Corporation ("Hippo Holdings"), shall immediately be transferred to iPro's trust accounts, to be applied to iPro's trust shortfalls; Mr. Alves, Mr. Colucci and iPro undertake to terminate all client representation agreements at the earliest practicable opportunity and further agree to facilitate the sharing or transfer of information to a new brokerage of the client's choice; Mr. Alves, Mr. Colucci and iPro agree to provide the Registrar, no later than August 12, 2025, with a comprehensive list of all of iPro's liabilities, the May 2025 and June 2025 reconciliations of all accounts maintained by iPro, the May 2025 and June 2025 official financial institution statements for all accounts maintained by iPro, a list of all pending trades with details regarding the timeline for concluding the trade, a report detailing the total gross remuneration outstanding to each salesperson and broker within iPro, and a report detailing the total gross remuneration owing to each salesperson and broker within iPro for completed trades; Mr. Alves, Mr. Colucci and iPro undertake to hire a broker under TRESA on or before August 11, 2025 to assume the responsibilities and obligations of the broker of record for iPro to wind-up iPro's operations, with the wind-up to commence no later than August 19, 2025; Mr. Alves, Mr. Colucci and iPro undertake to hire an Ontario Certified Public Accountant (the "CPA") who is in good standing with CPA Ontario to oversee and conduct the proper, effective and efficient execution of iPro's wind-up;

No.	Document Name	Date	Subject Matter	Notable Provisions / Findings
				Mr. Alves, Mr. Colucci and iPro undertake not to seek, at any future time, registration under TRESA or any successor legislation; Effective the date of the cancellation of their registration, it is agreed that neither Mr. Alves nor Mr. Colucci shall, in any manner, trade in real estate subject to the exceptions under section 5 of TRESA; Mr. Alves, Mr. Colucci and iPro undertake to cooperate fully with any inquiry or investigation surrounding the past conduct and operation of iPro, and to provide RECO, through counsel, a full account of the financial issues affecting iPro; RECO agrees and undertakes to not request of the Court that Provincial Offences Act charges be filed against Mr. Alves and Mr. Colucci and to not take any further administrative action against Mr. Alves and Mr. Colucci; Mr. Alves, Mr. Colucci and iPro each understand that the Undertaking Agreement is not confidential and the information of the circumstances surrounding the iPro wind-up may be disclosed to the public on RECO's website or in any other place as may be required by law, at the sole discretion of the Registrar; and Mr. Alves and Mr. Colucci agree not to make representations inconsistent with the Undertaking Agreement. The agreement was signed by Joseph Richer on behalf of RECO.

SCHEDULE 3 – CONSUMER PROTECTION PEER ORGANIZATION REVIEW

	<i>RECO</i>	<i>RECA</i>	<i>NSREC</i>	<i>OACIQ</i>	<i>BCFSA</i>	<i>Tarion</i>	<i>OMVIC</i>	<i>TSSA</i>	<i>FSRA</i>
Name	Real Estate Council of Ontario	Real Estate Council of Alberta	Nova Scotia Real Estate Commission	Organisme d'autoréglementation du courtage immobilier du Québec	British Columbia Financial Services Authority	Tarion	Ontario Motor Vehicle Industry Council	Technical Standards and Safety Authority	Financial Services Regulatory Authority of Ontario
Structure	Designated Administrative Authority (or similar)	Designated Administrative Authority (or similar)	Designated Administrative Authority (or similar)	Designated Administrative Authority (or similar)	Crown Corporation	Designated Administrative Authority (or similar)	Designated Administrative Authority (or similar)	Designated Administrative Authority (or similar)	Crown Corporation
Industry	Real estate trading	Real estate trading	Real estate trading	Real estate trading	Financial services (including real estate trading)	Real estate warranties	Automotive sales	Public safety	Financial services (excluding real estate trading)
Core Function	Professional licensing, compliance enforcement, educational oversight	Professional licensing, compliance enforcement, educational oversight	Professional licensing, compliance enforcement, educational oversight	Professional licensing, compliance enforcement, educational oversight	Market conduct oversight, compliance enforcement	Administration of new home warranty program, compliance enforcement, dispute resolution, educational oversight	Professional registration, compliance enforcement, educational oversight	Administration and enforcement of technical standards, compliance enforcement, educational oversight	Professional licensing, market oversight, compliance enforcement
Governing Statute	<i>Safety and Consumer Statutes Administration Act, 1996</i> <i>Trust in Real Estate Services Act, 2002</i>	<i>Real Estate Act</i>	<i>Real Estate Trading Act</i>	<i>Real Estate Brokerage Act</i>	<i>Financial Services Authority Act</i> <i>Real Estate Services Act</i>	<i>Ontario New Home Warranties Plan Act</i>	<i>Safety and Consumer Statutes Administration Act, 1996</i> <i>Motor Vehicle Dealers Act, 2002</i> <i>Consumer Protection Act, 2002</i>	<i>Technical Standards and Safety Act, 2000</i>	<i>Financial Services Regulatory Authority of Ontario Act, 2016</i> <i>Financial Services Tribunal Act, 2017</i>
Board Composition	Nine (9) Members: Ministerial (max 4) Sector (max 3) Non-Sector (remaining)	Seven (7) Members: Ministerial – public members (not licensees) (3) Industry Council appointees (4)	Ten (10) Members: Ministerial – public members (3) Association appointments (licensees) (3) Elected licensees (3) Commercial appointment (1) Registrar (ex-officio, non-voting)	Twelve (12) Members: Ministerial – not licensees (6) Sector (elected) (6)	Two (2) to eleven (11) Members appointed by the Lieutenant Governor in Council, who also appoints Chair and Vice Chair	Twelve (12) Members: Ministerial (max 6) Sector (max 4) Member-elected (remaining)	Nine (9) Members: Ministerial (3) Sector (3) Non-Sector (3)	Thirteen (13) Members: Ministerial (6) Elected (7) No more than 4 directors may have work experience in TSSA's regulated sectors	Three (3) to eleven (11) Members appointed by Lieutenant Governor in Council, on the recommendation of the Minister of Finance

	<i>RECO</i>	<i>RECA</i>	<i>NSREC</i>	<i>OACIQ</i>	<i>BCFSA</i>	<i>Tarion</i>	<i>OMVIC</i>	<i>TSSA</i>	<i>FSRA</i>
Key Regulatory Roles	Registrar (and deputies) Statutory Director (and deputies) Discipline Committee	Registrar Executive Director Industry Councils	Registrar Licensing Committee Complaints Review Committee Discipline Committee	Syndic (and assistant syndics; similar to registrar) Syndic Review Committee Discipline Committee	Superintendent of Real Estate (and any delegates; similar to registrar) Hearing Officer	Registrar (and deputies)	Registrar (and deputies) Statutory Director (and deputies) Discipline Committee	Statutory Directors Inspectors Investigators Assessors	CEO (and any delegates; similar to registrar)
Position of Registrar (or similar) in Organization	Registrar reports to CEO (who is Statutory Director)	Registrar reports to Executive Director and is accountable to Board	Registrar is Executive Director	Syndic appears to be separate from executive leadership	Superintendent of Real Estate is CEO	Registrar is President/CEO	Registrar is CEO	Statutory Directors are separate from executive leadership	N/A
Direct Oversight of Registrar (or similar)	Licensing decisions appealable to Licence Appeal Tribunal Minister, Board, and corporation members prohibited from interfering with independence of Registrar, but Board may review manner in which Registrar responsibilities are carried out, consistent with corporate and regulatory governance responsibilities CEO sits above Registrar in organizational chart	Registrar decisions appealable to Hearing Panel, and further appealable to Appeal Panel (both panels have min. 3 members) Registrar reports to Executive Director and is accountable to Board	Licensing decisions appealable to Licensing Committee If Registrar investigates and has reason to believe there is non-compliance, must refer matter to Discipline Committee (min. 5 members) If Registrar and licensee wish to enter into a settlement agreement, or if Registrar dismisses a complaint, must refer matter to Complaints Review Committee (min. 3 members) for approval	If Syndic has grounds to believe that an offence has been committed, investigates the matter and, if warranted, files a complaint with Discipline Committee (min. 3 members) If Syndic chooses not to file a complaint, must give written reasons to complainant, who may appeal to Syndic Review Committee	Complainants may seek judicial review of discipline decisions and also contact BC Ombudsperson Licensees may appeal discipline decisions to Financial Services Tribunal Hearing Officers are designated by Superintendent	Warranty enrolment and claim decisions appealable to Licence Appeal Tribunal Minister and Board prohibited from interfering with Registrar independence, but Board may review manner in which Registrar responsibilities are carried out, consistent with corporate and regulatory governance responsibilities	Registration decisions appealable to Licence Appeal Tribunal Minister and Board prohibited from interfering with Registrar independence, but Board may review manner in which Registrar responsibilities are carried out, consistent with corporate and regulatory governance responsibilities	Directors' decisions appealable to Divisional Court Administrative penalties and orders appealable to an appeal body prescribed by Minister or Licence Appeal Tribunal Minister, TSSA Board, President, CEO, and Chief Safety and Risk Officer prohibited from interfering with independent exercise of statutory functions fulfilled by TSSA's directors, inspectors, investigators or assessors, and other officers	Orders and decisions from CEO appealable to Financial Services Tribunal CEO is appointed by the Board and is not a member of the Board
Publication of Decisions	Required	Required	Required	Published	May Publish	Not published	Required	Not published	Required
Government Oversight	Minister of Public and Business Service Delivery and Procurement	Minister of Service Alberta and Red Tape Reduction	Minister of Service Nova Scotia Commission must provide Minister with an annual report	Minister of Finance	Minister of Finance (BC) Publishes annual mandate letter outlining	Minister of Public and Business Service Delivery and Procurement	Minister of Public and Business Service Delivery and Procurement	Minister of Public and Business Service Delivery and Procurement	Minister of Finance May approve, reject or return FSRA by-laws

	<i>RECO</i>	<i>RECA</i>	<i>NSREC</i>	<i>OACIQ</i>	<i>BCFSA</i>	<i>Tarion</i>	<i>OMVIC</i>	<i>TSSA</i>	<i>FSRA</i>
	Power to give directions and require reviews Auditor General may conduct audits Appoints some Board members May appoint administrator to assume full control	Must approve most bylaw and rule changes Appoints some Board members May dismiss Board or Industry Councils	Appoints minority of directors	May inspect OACIQ's affairs and issue binding orders May issue provisional orders without notice May take over OACIQ's powers if public protection is at risk May initiate formal investigations and seek court injunctions Approves OACIQ regulations	policies and expectations Lieutenant Governor in Council (BC) May appoint public administrator	May revoke Tarion's designation as the Corporation Unilaterally amend administrative agreement Make orders prevailing over Tarion's constating documents Adjust board composition May appoint and instruct public administrator	Power to give directions and require reviews Auditor General may conduct audits Appoints some Board members May appoint administrator to assume full control	May adjust board composition May require TSSA to establish advisory councils May issue policy directions to TSSA May appoint administrator to assume full control	May appoint someone to examine FSRA's financial or accounting procedures May assess FSRA for expenses incurred May direct FSRA to study any matter under or affecting legislation
Complaints About the Regulator	Complaints regarding regulatory decisions to Registrar Complaints regarding general customer services to Senior Management Group Information on website	Complaint policy with 3-stage process for complaints about services received from RECA (directly with staff, CEO, Board) – Information on website	Nova Scotia Office of the Ombudsman	OACIQ Ombudsman	British Columbia Ombudsperson	Complaint policy with three ways of making complaints: via website; calling customer service; emailing customer service – Information on website New Home Ombuds Office (internal but independent office that reports to Board)	Complaint policy with 2-step process before submitting a formal complaint to the Complaints Officer – Information on website	Third-party whistleblower service available for both internal and external complaints	Dedicated Whistleblower Program Internal and external complaints via online portal General consumer complaints via website Ontario Ombudsman

Interviewee	1	2	3	4	5	6	7	8	9
Group 2 – I									
Group 3 – A									
Group 3 – B									
Group 3 – C									
Group 3 – D									
Group 3 – E									
Group 3 – F									

Legend (Summary)	
No Material Issue Identified	Concern – Requires attention
Concern – Resolution in progress	Concern – Requires immediate attention
Concern – Confident regarding path forward	Topic not addressed

Legend (Interview Themes)		
1 – Definition of Scope of Registrar's Decision-Making Powers	4 – Level of Clarity and Understanding of the Scope of the Registrar's Independence	7 – RECO's Orientation and Training (Organizational-Level and Board-Level)
2 – Level of Oversight over the Registrar	5 – RECO's Organizational Culture	8 – Level of Understanding of Consumer Protection Mandate
3 – Scope and understanding of RECO's Policies and Procedures	6 – Culture of Transparency within the Regulatory Division	9 – Scope of RECO's Resources (including sufficiency of number of staff)

SCHEDULE 5 – CONSOLIDATED RECOMMENDATIONS

1. Develop internal policies and guidelines regarding Registrar's exercise of their regulatory decision-making powers
2. Reorganize Regulatory Division with more direct oversight from Statutory Director
3. Establish a regulatory action leadership team and a compliance review team
4. Assess benefits and impact of modifying Registrar's powers via potential TRESA amendments
5. Explore appropriate mechanism to ensure all Registrar agreements are subject to an appropriate secondary review prior to execution
6. Explore appropriate mechanism to inform and report matters to the Ministry
7. Amend all relevant RECO constating documents and policies to clarify principle of non-interference with Registrar independence
8. Establish policy on management's duty to report matters to the Board
9. Expand quarterly Risk Mitigation Reports to include Registrar's regulatory activities
10. Redevelop and expand whistleblowing policy and program
11. Enhance culture of transparency and accountability, particularly within the Regulatory Division
12. Strengthen formalized governance training and continuous improvement approach across organization
13. Clarify definition and understanding of consumer protection mandate
14. Conduct assessment of RECO's total resource needs and resource allocation between different departments within RECO
15. Ensure that data management systems meet current and future needs
16. Develop organization-wide risk assessment protocol
17. Clarify regulatory approach to commission trust accounts
18. Enhance overall registrant oversight, particularly regarding trust accounts
19. Explore potential longer-term reform regarding insurance and trust accounts