

IN THE MATTER OF THE REAL ESTATE ACT, R.S.A. 2000 c. R-5

AND IN THE MATTER OF Thomas Michael Bales, formerly an associate broker with J. J. Barnicke Edmonton Ltd. and currently broker registered with Aquinas Corporation

INTRODUCTION

1. The Executive Director of the Real Estate Council of Alberta conducted an investigation into whether the conduct of Thomas Michael Bales (“**Mr. Bales**”) formerly an associate broker with J. J. Barnicke Edmonton Ltd. and currently broker registered with Aquinas Corporation, is deserving of sanction and whether he breached the requirements of the *Real Estate Act*, RSA 2000, c. R-5 (the “**Act**”) or the Rules prescribed pursuant thereto (the “**Rules**”) or the Code of Conduct prescribed pursuant thereto (the “**Code of Conduct**”) in force October 1, 1999, through October 1, 2006.
2. The Executive Director and Mr. Bales hereby agree to resolve all matters against him on the terms and conditions set out herein.

AGREED STATEMENT OF FACTS

3. Mr. Bales has no prior complaint history.
4. On June 27, 2000, Mr. Bales was registered as broker for the brokerage named Balecor Limited. The brokerage license was terminated on September 3, 2001.
5. On October 13, 2000, Mr. Bales was registered as an associate broker with J.J. Barnicke Edmonton Ltd. (“**Barnicke**”) and continued to be registered with Barnicke through to December 6, 2004.
6. In 2002, Morrison Centre Developments Ltd. (“**MCDL**”) owned a property at 9914 Morrison Street and 10102 to 10116 MacDonald Avenue in Fort McMurray, Alberta (property referred to as “**Morrison Centre**”).
7. MCDL at this time had 5 directors: S.H., A.B., L.L., A.N., and R.W. A.B. ceased as director on May 1, 2003. There were 5 corporate shareholders each holding 20%. Each of these corporate shareholders were controlled by one of the 5 MCDL Directors. When A.B. ceased as Director of MCDL his corporate shareholder sold its shares to S.H.’s corporate shareholder which then held 40% while the remaining shareholders held 20% each.
8. In February or March of 2002, MCDL entered into a Listing Agreement with Barnicke. The list price for the Morrison Centre was \$3,250,000.

9. The Listing between MCDL and Barnicke expired at some time between July 2003 and February or March of 2004. The date of expiry is uncertain.
10. T.W. was an associate registered with Barnicke. T.W. was initially the associate with Barnicke acting for MCDL.

Offer 1 - Bond Street Properties Inc. (buyer) / MCDL (seller)

11. On **March 21, 2002**, Mr. Bales prepared an offer on behalf of **Bond Street Properties Inc.** to purchase the Morrison Centre for \$3,350,000.00.
12. This offer was communicated to MCDL by T.W. The Offer was not accepted and a counter offer was made by MCDL.
13. On March 28, 2002, A.B. advised T.W. as follows:

Further to our telephone conversation this morning and your advice that you have spoken to S.H., who you say has agreed to counter offer at \$3,950,000. You asked me to obtain the concurrence of the other shareholders/directors. I have now spoken to L.L., R.W. and A.N.. We have all agreed and I am authorized on behalf of L.L., R.W.,A.N. and myself to counter at \$3,950,000. ...

Offer 2 - Bond Street Properties Inc. (buyer) / MCDL (seller)

14. Mr. Bales advised officers for Bond Street Properties Inc., M.K. and M.Y. to make a counter offer in a fax dated April 1, 2002:

Enclosed please find the counter letter from the Vendor on the Morrison Center offer. The fellow I am working with on this deal [T.W. of Barnicke] will be in Fort McMurray on Wed., April 6th to see the property and look into the market up there.

I suggest that we respond to the counter after I have had a chance to discuss the market with T.W. from our office. In the meantime please start looking at the numbers and thinking about a counter response.

[emphasis added]

15. On **April 4, 2002**, Mr. Bales prepared an offer on behalf of **Bond Street Properties Inc.** to purchase the Morrison Centre for \$3,650,000.
16. This offer was not accepted and a counter offer of \$3,900,000 was made by MCDL.

Offer 3 - Bond Street Properties Inc. (buyer) / MCDL (seller)

17. On April 18, 2002, Mr. Bales prepared a draft purchase contract for sale of Morrison Centre for \$3,800,000 between Bond Street Properties Inc. and MCDL. On that date Mr. Bales faxed the draft offer to S.H., shareholder for MCDL for signing prior to having the offer signed by Bond Street Properties Inc.

18. S.H. signed and Mr. Bales forwarded the draft contract by fax of April 18, 2002, to A.B., acting secretary for MCDL, to have the other shareholders sign and advised:
 - ... I will have the Purchaser sign the offer once all of you have done so and will arrange to get you a fully executed copy back for your records.
 - On behalf of T.W. and myself we look forward to a successful conclusion to this deal.
19. This draft was signed by the MCDL shareholders and then provided to M.K. who also signed the contract on April 19, 2002.

Offer 4 - Bond Street Properties Inc. (buyer) / MCDL (seller)

20. In June or July of 2002, a major tenant of Morrison Centre gave notice that it would not renew its lease. By letter dated July 9, 2002, Bond Street Properties Inc. gave notice to Mr. Bales that it would pursue the contract with MCDL (Offer 3) only on new terms. A request for an extension of the time for waiver of Buyer's conditions was also made.
21. MCDL did not agree to extend the time for waiver of the Buyer's condition and Offer 3 lapsed after July 15, 2002.
22. On **July 17, 2002**, Mr. Bales prepared an offer on behalf of **Bond Street Properties Inc.** to purchase the Morrison Centre for \$3,800,000.
23. This offer was not accepted.
24. Mr. Bales did not obtain consent to act as dual agent in writing from either Bond Street Properties Inc. or MCDL prior to or at any time during the course of Bales on behalf of Barnicke acting for both parties.
25. Following this Mr. Bales continued to seek buyers for Morrison Centre.

Offer 5 - NTN Developments Inc. (buyer) / MCDL (seller)

26. Mr. Bales began advising the officer for **NTN Developments Inc.**, B.N. both on price and how to structure an offer to purchase Morrison Centre in April of 2003.
27. On April 1, 2003 Mr. Bales disclosed to B.N., S.H.'s objective to obtain a net price of \$4,000,000.00.
28. Mr. Bales also continued to communicate with S.H.
29. On April 2, 2003, by fax Mr. Bales asked S.H. to review a draft offer. Mr. Bales had drafted the offer on instructions from NTN Developments Inc. and asked S.H. to deal with the MCDL shareholders with respect to the offer:

... I will count on you to present this deal to your other partners because I believe it is more efficient to handle this through as few people as possible.

30. On April 9, 2003, Mr. Bales presented by fax to S.H. an offer Mr. Bales drafted on behalf of **NTN Developments Inc.**. The offer price was \$4,100,000. The offer was subject to the shareholder approval by April 23, 2003.
31. This offer was presented to the shareholders and was rejected and a counter offer made by MCDL.
32. Mr. Bales counseled NTN Developments Inc. on making a counter offer.
33. On April 14, 2003, by fax Mr. Bales provided the information of NTN Developments Inc.'s counter offer to S.H. for presentation to the MCDL shareholders at a meeting on April 23, 2003.
34. The counter offer was then sent to K.W, lawyer representing MCDL who advised that the shareholders would provide a response on April 20th.
35. In his letter of May 12, 2003, expressing concerns about the offer, lawyer for MCDL, K.W., advised Mr. Bales as follows:

You should note that my client has also expressed concern to me with respect to the circumstances surrounding negotiation and execution of the Offer to Sell by S.H. Though S.H. is a director of Morrison Centre Developments Ltd. he is not its managing director and nor is he an officer of the company. I am instructed by Morrison Centre Developments Ltd. to advise you as the dual agent in this matter that S.H. does not have authority to negotiate the purchase and sale of the assets of Morrison Centre Developments Ltd. nor does he have the authority on his own to execute documents on behalf of Morrison Centre Developments Ltd. I am instructed to advise you that further correspondence respecting the purchase and sale of the assets of Morrison Centre Developments Lt. through your office should be addressed through our office and until the Board of Directors of Morrison Centre resolves otherwise, all contract for the purchase and sale of assets are to be executed by the duly appointed officers of Morrison Centre, Dr. A.N. (president) and Dr. L.L. (Secretary).

36. Mr. Bales did not obtain consent to act as dual agent in writing from either NTN Developments Inc. or MCDL prior to or at any time during the course of Mr. Bales on behalf of Barnicke acting for both parties.
37. This offer was formally rejected on May 20, 2003. In his letter on behalf of MCDL rejecting the offer, counsel for MCDL, K.W., stated:

Morrison Centre Developments is prepared to consider any reasonable offer to purchase the lands and buildings that does not include vendor take back financing.

Offer 6 - NTN Developments Inc. (buyer) / Double H. Holdings Ltd. (seller)

38. On May 15, 2003, Mr. Bales provided a draft contract that would see S.H.'s company, **Double H. Holdings Ltd.**, which held 40% of the shares in MCDL, acquire the interests of the other shareholders of MCDL such that S.H.'s company would become sole shareholder of MCDL. This was in furtherance of a subsequent proposed sale of Morrison Centre to NTN Developments Inc. Mr. Bales also provided the draft purchase of shares to the lawyer representing S.H., N.S..
39. On **May 21, 2003**, Mr. Bales, prepared an offer on behalf of **NTN Developments Inc.** to purchase Morrison Centre from Double H. Holdings Ltd.. Mr. Bales had the offer signed by the officer for NTN Developments Inc., B.N..
40. The draft offer was not conditional on Double H. Holdings Ltd. acquiring all shares of MCDL yet stated "**5. The Vendor represents and warrants that to the best of its knowledge: (a) The Vendor is the owner of the Land and has the power to dispose of the same free and clear of all financial encumbrances.**"
41. N.S., lawyer for S.H., advised Mr. Bales to redraft the offer from NTN Developments Inc. with MCDL as seller given the proposed plan to have Double H. Holdings Ltd. become sole shareholder of MCDL.

Offer 7 - NTN Developments Inc. (buyer) / MCDL (seller)

42. On **May 22, 2003**, Mr. Bales, prepared an offer on behalf of **NTN Developments Inc.** to purchase Morrison Centre from MCDL for \$4,600,000.
43. This offer was conditional on Double H. Holdings Ltd. acquiring all shares of MCDL which was provided for at paragraph 22 as follows:

This Offer to Purchase is subject to the Vendor obtaining 100% control of the shares of Morrison Centre Developments Ltd. in a corresponding deal. Condition removal of this Vendor's condition is to run concurrently with the condition removal of the share purchase transaction.
44. This was confusing as MCDL was the vendor and was not the party which was to obtain control of all shares of MCDL.
45. This offer was signed by the officer for NTN Developments Inc. and by S.H. on behalf of MCDL.
46. On May 27, 2003, counsel for S.H., N.S., advised Mr. Bales "... that the solicitor for the "remaining shareholders" of the Morrison Centre has confirmed that he has instructions to offer the remaining shares to Double H. so as to allow the above transaction to close. My instructions are to waive the condition regarding the shares once we have the signed offers."

Offer 8 - Woodbridge Shopping Centre (1996) Ltd. (buyer) / Morrison Centre Partnership Inc. (seller)

47. Also on **May 22, 2003**, Mr. Bales, prepared an offer on behalf of **Woodbridge Shopping Centre (1996) Ltd. or nominee company**, a company for which B.N. was also an officer. This offer was to purchase Morrison Centre from a party identified as "**Morrison Centre Partnership Inc.**" at a price of \$4,500,000.
48. Paragraph 11 of this contract made the Vendor responsible for the commission of Barnicke for sale of Morrison Centre.
49. Morrison Centre Partnership Inc. was at no time an existing company and the officer signing acceptance for this party was not identified nor was the signature legible.

Offer 9 - Woodbridge Shopping Centre (1996) Ltd. (buyer) / 664044 Alberta Ltd. (seller)

50. Also on **May 22, 2003**, Mr. Bales, prepared an offer on behalf of **Woodbridge Shopping Centre (1996) Ltd.**, to purchase Morrison Centre from **664044 Alberta Ltd.** for a price of \$4,500,000.
51. N.B. is the sole director and shareholder of 664044 Alberta Ltd. N.B. is the wife of V.B. who is an accountant and associate of B.N.
52. On June 5, 2003, by fax, Mr. Bales provided information concerning Morrison Centre to V.B.
53. 664044 Alberta Ltd. was not an owner of Morrison Centre and there was no purchase contract or assignment of a purchase contract existing that gave 664044 Alberta Ltd. an interest in Morrison Centre.
54. On June 16, 2003, Mr. Bales received information that the HVAC equipment for Morrison Centre was reaching the end of its 'life expectancy'. Mr. Bales obtained information about the cost of replacement.
55. Mr. Bales recommended to Woodbridge Shopping Centre (1996) Ltd. that it seek a price reduction as a result of this information.
56. On July 4, 2003, Mr. Bales again received advice that the HVAC equipment at Morrison Centre was at the end of its life expectancy was further advised that this was a factor in the value of the property.
57. Mr. Bales provided this information about the HVAC to B.N. and requested instructions on an adjustment of purchase price.

58. On July 28, 2003, as a result of the concern over the HVAC equipment the date for waiver of conditions for the purchase contract between NTN Developments Inc. and MCDL was extended by agreement to August 8, 2003.
59. Mr. Bales did not obtain consent to act as dual agent for Woodbridge Shopping Centre (1996) Ltd. and 664044 Alberta Ltd.

Offer 10 – NTN Developments Inc. Amendment Agreement

60. On **August 6, 2003**, Mr. Bales, acting on behalf of **NTN Developments Inc.**, prepared an Amendment Agreement to its offer to purchase dated May 22, 2003, between NTN Development Inc. and MCDL reducing the price from \$4,060,000 to \$3,950,000. This price reduction was related to the expected cost of replacing the HVAC equipment.
61. This Amendment was signed by an officer for NTN Developments Inc.
62. On August 6, 2003, Mr. Bales presented this Amendment Agreement to S.H. for his signature. Mr. Bales further counseled only S.H. about the buyer's intentions with the land:

S.H., I believe this is the best route for you to go because I believe that the Purchaser will be into the development of the excess lands within the first year and by doing it this way you will not have to provide them the whole 2 years interest free [on the vendor take back mortgage]. In other words they will redeem the Preferred Shares and effectively pay you out.

63. This Amendment was forwarded to legal counsel MCDL, K.W., who had not been provided with the original May 22, 2003, contract between NTN Developments Inc. and MCDL signed by S.H.. K.W. in a letter dated August 11, 2003, to N.S., counsel for S.H., expressed concern over the existence of an executed contract with MCDL as seller signed by S.H..
64. At some time in August of 2003, B.N., and NTN Developments Inc. learned they would be unable to obtain financing and the May 22, 2003 contract terminated by condition.
65. Mr. Bales continued to market Morrison Centre.

Offer 11 - 719488 Alberta Ltd. (buyer) / MCDL (seller)

66. On **August 21, 2003**, Mr. Bales prepared an offer on behalf of "**719488 Alberta Ltd. and or Nominee Company**" to purchase the Morrison Centre from MCDL for a price of \$4,250,000. The Buyer was identified as "719488 Alberta Ltd. And or Nominee Company".

67. Mr. Bales is a majority shareholder of 719488 Alberta Ltd. and one of two directors.
68. As a result of acting for MCDL previously Mr. Bales was aware that MCDL directors desired a net proceeds from the sale of \$4,000,000. Mr. Bales made the offer by 719488 Alberta Ltd. based on this information.
69. Attached to this offer was a Consultancy Agreement between MCDL and Balecor Limited which was identified as the "Consultant". Pursuant to this Agreement Mr. Bales performed services such as
70. Balecor Limited is the same company as 719488 Alberta Ltd. The name of 719488 Alberta Ltd. was changed to Balecor Limited on February 5, 1997.
71. The Consultancy Agreement required the Seller, MCDL to pay to Balecor Limited (719488 Alberta Ltd.) \$150,000 on closing of the transaction.
72. Mr. Bales intended at this time to trade Morrison Centre to another party and was having discussions with an officer of Bond Street Properties Inc., M.K., about Bond Street Properties Inc. purchasing Morrison Centre from Balecor Limited (719488 Alberta Ltd.).
73. Mr. Bales did not disclose in writing prior to entering into negotiations with MCDL to purchase Morrison Centre, or at any time, that he was a shareholder in 719488 Alberta Ltd. and that 719488 Alberta Ltd. was Balecor Limited.
74. This offer was accepted by MCDL on August 26, 2003.

Offer 12 - Bond Street Properties Inc. (buyer) / 719488 Alberta Ltd. (seller)

75. On November 21, 2003, Mr. Bales prepared an offer on behalf of **Bond Street Properties Inc.** "and/or Nominee" to purchase Morrison Centre from "719488 Alberta Ltd." for \$4,250,000.
76. This agreement also contains an obligation on the part of 719488 Alberta Ltd. to pay a commission of 2% of the purchase price to Barnicke.
77. Mr. Bales did not disclose in writing to Bond Street Properties Inc. the interest he had in Morrison Centre through the August 21, 2003, purchase contract being the director and officer of 719488 Alberta Ltd. prior to entering into any negotiations with Bond Street Properties Inc.
78. This offer was signed by Bond Street Properties Inc. officer M.K. and was accepted by Mr. Bales on behalf of the Seller the same day. The offer was made unconditional on November 21, 2003.

79. Also on November 21, 2003, Mr. Bales signed, and had signed by M.K., a Memorandum of Agreement setting out additional terms regarding financing. This Memorandum stated as follows:

That Bales is acting in the capacity of Vendor and Realtor in the subject sales transaction.

80. Mr. Bales did not confirm with Bond Street Properties Inc. that it was a customer and that no agency relationship existed. On the basis of the prior agency the officer for Bond Street Properties Inc., M.K., believed that Mr. Bales was acting as agent for Bond Street Properties Inc.
81. Following this Mr. Bales conducted negotiations with MCDL to obtain a reduction in price because of the age of the HVAC equipment.
82. Mr. Bales disclosed to MCDL that 719488 Alberta Ltd. was reselling Morrison Centre, however during the course of negotiating a reduction of purchase price Mr. Bales misled counsel for MCDL to believe that he was negotiating as agent for the party purchasing Morrison Centre from 719488 Alberta Ltd. Mr. Bales made this misrepresentation during a phone call on November 21, 2003, and in a written correspondence of November 25, 2003, Mr. Bales stated as follows:

... K.W. [counsel for MCDL] **as expressed to you I have been able to reduce the price reduction being sought from \$250,000 to \$100,000** to compensate for the age and condition of the roof and mechanical components of the building and for lease documentation still not in place.

My argument is that the Vendor will have some interest differential to absorb in paying out the Royal Trust mortgage and that they are also providing the Purchaser with some spare parts in inventory for the 25 year old mechanical systems. Hence I was able to reduce the price differential by \$150,000 in your clients favour.
[emphasis added]

83. K.W., counsel for MCDL, on receipt of this correspondence wrote to his clients at MCDL as follows:

... Mr. Bales advised me on Friday, November 21, 2003 that the purchasers were seeking a reduction in the purchase price of \$250,000.00. He advised that he thought this was unreasonable and has had extensive discussions with them over the past few days. The end result is that the purchasers are now seeking a reduction in the purchase price of \$100,000.00. Please refer to Mr. Bales fax memo of November 25, 2003 which sets out the position of the purchasers. ...”

84. On December 3, 2003, the contract between 719488 Alberta Ltd. and MCDL was amended by these two parties changing the purchase price from \$4,250,000 to \$4,150,000.
85. Mr. Bales waived conditions for 719488 Alberta Ltd. as Seller on December 3, 2003.

86. Mr. Bales did not inform Bond Street Properties Inc. of the price reduction.
87. In January or February of 2004, prior to closing of these two related transactions, Mr. Bales assigned the purchase of Morrison Centre by 719488 Alberta Ltd. to Times 3 Developments Ltd.
88. Times 3 Developments Ltd. was registered on December 17, 2003, and Mr. Bales was sole director of this company.
89. Title to Morrison Centre was transferred to Time 3 Developments Ltd. on June 4, 2004 and then transferred to Bond Street Properties Inc. following on the same day.
90. Upon closing Mr. Bales received a net of \$69,550 through the Consulting Agreement and \$29,719.6 from proceeds of purchase and sale. These amounts were received directly from the parties to these transactions.
91. Upon closing a commission was paid to Barnicke of \$90,950. Of this amount, \$38,250 was credited to the benefit of Mr. Bales pursuant to the agreement between Barnicke and Mr. Bales.

CONCLUSION

92. By reason of the matters described herein, it is agreed that Mr. Bales' conduct is deserving of sanction as follows:
 - (a) Failed to obtain consent to dual agency in writing prior to acting for two parties to a transaction contrary to **Code 3(b)**:
 - Mr. Bales was acting as agent for **Bond Street Properties Inc.** and was agent for **MCDL** pursuant to the listing agreement with Barnicke.
 - Mr. Bales failed to obtain written consent to his acting as dual agent prior to doing so (Paragraphs 8 through 25).
 - Mr. Bales was acting as agent for **NTN Developments Inc.** and acting as agent for **MCDL** pursuant to the listing agreement with Barnicke.
 - Mr. Bales failed to obtain written consent to his acting as dual agent prior to doing so (Paragraphs 8 and 26 through 46).
 - Mr. Bales was acting as agent for **Woodbridge Shopping Centre (1996) Ltd.** and **664044 Alberta Ltd.**
 - Mr. Bales failed to obtain written consent to his acting as dual agent prior to doing so (Paragraphs 50 through 59).
 - (b) Failed to render competent service by participating in the creation of a contract that the member knows or ought to know is not legally binding or is confusing contrary to **Code 6(c)**:

- Mr. Bales drafted a contract where MCDL was to obtain 100% of its own shares which was not the intended agreement (Paragraphs 42 through 44).
- Drafted a purchase contract with a party, “Morrison Centre Partnership Inc.” that is not a valid or existing party thereby making the contract confusing and not legally binding (paragraphs 47 and 49).
- Mr. Bales obtained an executed contract whereby 664044 Alberta Ltd. was obligated to provide title of the Morrison Centre when 664044 Alberta Ltd. had no concurrent or subsisting interest in Morrison Centre (Paragraphs 50 through 53).
- Mr. Bales used a prior name of Balecor Limited on the contract with MCDL yet used the name Balecor Limited in the Consultancy Agreement.
- Mr. Bales knew that the company had changed names to Balecor in 1997.
- This misuse of proper names is confusing and does not demonstrate competent practice (Paragraphs 66 through 70).
- Mr. Bales used a prior name of Balecor Limited on the contract with Bond Street Properties Inc.
- Mr. Bales knew that the company had changed names to Balecor Limited in 1997 (Paragraph 70 and 75).

(c) Failed to fulfill a fiduciary duty to his client by using confidential information obtained from a client for personal gain contrary to **Code 2(f)**:

- Mr. Bales obtained knowledge of the price that MCDL wanted to obtain which was known to him as a result of his being in agency with MCDL.
- Mr. Bales entered into a transaction with MCDL and obtained a profit from the purchase and resale of Morrison Centre by using his knowledge of the purchase price (Paragraphs 68, 90).

(d) Failed to act fairly, honestly and with integrity when dealing with non-clients contrary to **Code 7(b)**:

- Mr. Bales referred to his role in the transaction with Bond Street Properties Inc. as “Realtor”.
- M.K. relied on the representation that Mr. Bales was acting as “Realtor” and on past conduct by Mr. Bales which included drafting the contract between Bond Street Properties Inc. and 719488 Alberta Ltd. and drafting past contracts and past advice on how to acquire Morrison Property, to believe that Mr. Bales was acting as his agent in the transaction with 719488 Alberta Ltd.
- Mr. Bales made no effort to dispel M.K. of that belief and his reference to acting as “Realtor” mislead M.K. such that the obligation to pay commission to Barnicke would be justified.
- Mr. Bales obtained a price reduction from MCDL yet did not inform M.K. of this (Paragraph 75 through 81 and 90).

- Mr. Bales made representations to counsel for MCDL to lead counsel to believe that the eventual purchaser of Morrison Centre, Bond Street Properties Inc., was seeking a reduction in the purchase price when this was not true (Paragraph 81 through 84).
- (e) Accepted a commission or other remuneration, directly or indirectly, for a trade or dealing from a person other than the brokerage he was registered to contrary to **Rule 24(c)**:
- \$69,550 in remuneration was paid to the benefit of Balecor Limited of which Mr. Bales was a shareholder and beneficiary (69, 71 through 90).

SETTLEMENT TERMS

93. In settlement of the foregoing contraventions, it is agreed that fines for the contraventions are as follows:

		Fine
(a)	Code 3(b)	\$2000.00
(b)	Code 6(c)	\$1500.00
(c)	Code 2(f)	\$2500.00
(d)	Code 7(b)	\$4500.00
(e)	Code 23(c)	\$1500.00
	Total Fines	\$12,000.00

94. Costs of the investigation will be paid by Mr. Bales in the amount of **\$1000.00**.
95. Mr. Bales further agrees that he will within 6 months of ratification of this agreement complete **Representation Relationships in section 3 of the REAP**, or a similar course at the discretion of the Executive Director if that course is not available.
96. Mr. Bales acknowledges that he has been given an opportunity to seek the advice of legal counsel and acknowledges that he is agreeing to the terms of settlement of his own free will.
97. Mr. Bales is aware that a copy of this Consent Agreement will be placed on his file and may be reviewed and considered in any future disciplinary proceedings.
98. Mr. Bales is aware the Real Estate Council of Alberta may publish the contents of this Consent Agreement.
99. Mr. Bales hereby waives any rights he may have under the Act or otherwise to a review, hearing, appeal or other judicial proceeding involving the matter referred to herein.

These settlement terms are intended to resolve all matters described herein and, subject to the approval of the hearing Panel, the Executive Director will take no further action under the Act or before the courts in this regard.

IN WITNESS WHEREOF the undersigned agrees and accepts the terms and conditions of this settlement this 5th day of November, 2010.

Signed in the presence of)	
)	
<u>G.M.</u>)	
Witness)	<u>Thomas Michael Bales</u>

The Executive Director recommends to the Hearing Panel the proposed terms of settlement based on the Agreed Statement of Facts.

AFFIDAVIT OF EXECUTION

CANADA) I, G.M. of
))
) the city of Edmonton,
PROVINCE OF ALBERTA))
) in the Province of Alberta,
TO WIT:))
) MAKE OATH AND SAY THAT:

1. I was personally present and did see Thomas Michael Bales, named in the attached Consent Agreement, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed at the city of Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.
3. I know the said party and he is in my belief of the full age of eighteen years.

Sworn before me at the city of)
))
Edmonton,))
))
in the Province of Alberta,))
))
this 11th day of Nov., 2010) G.M.
))
))
))
D.M.)
A Commissioner for Oaths in and)
for the Province of Alberta.)