



PROHIBITION – FRAUDULENT OR UNLAWFUL ACTIVITY

Summary: An industry member must not participate in fraudulent or unlawful activities in connection with the provision of services or in any dealings. [See: *Real Estate Act Rules s.42(b)*]

In an effort to strive for professionalism, an industry member's integrity must be safeguarded at all times. The participation in fraudulent, intentionally deceptive or unlawful activities, including criminal activities, in the course of providing services to the public lowers not only the particular industry member's personal integrity but also negatively affects the integrity of the real estate and mortgage industries as a whole.

The following is a list of examples of activities that would be considered a breach of section 42(b) of the *Real Estate Act Rules*:

- absconding with a client's trust monies or theft of personal property of a client.
- forging a signature of a client or third party to a real estate or mortgage transaction.
- participating in a fraudulent real estate investment scheme.
- causing physical harm, attempting to cause physical harm or uttering threats to clients or other industry members (e.g. sexual assault, verbal abuse).
- knowingly or recklessly participating in money laundering schemes.
- knowingly permitting the use of property in the industry member's charge for unlawful purposes and/or participating in such activity (e.g. marijuana grow-op).
- providing property management services to a landlord with respect to an illegal suite.
- unauthorized or illegal entry upon property (trespass) or causing willful damage to a property.
- failure to comply with interest rate disclosures required by the *Fair Trading Act*.
- brokering a mortgage transaction involving criminal rates of interest.
- encouraging and/or participating in a scheme whereby a client falsifies his financial information or a real estate appraisal in order to obtain a mortgage loan from a lender.
- knowingly submitting to lenders, on behalf of clients, falsified "gift" letters from friends or relatives of a client.
- knowingly submitting false property information to lenders in order to procure a mortgage, e.g. manipulating appraised values, false rental revenues or false purchase contracts.
- obtaining a non-refundable application fee from a client who lacks credit worthiness with the broker's assurance that the mortgage approval will be a "sure thing."
- omitting relevant property information for the purposes of manipulating an appraisal report.
- failing to comply with landlord notice procedures, or to account for a tenant's security deposit, as required by the *Residential Tenancies Act*.
- driving a vehicle with clients present when under the influence of alcohol or without valid insurance.