



THE MANITOBA
SECURITIES
COMMISSION

IN THE MATTER OF: THE REAL ESTATE BROKERS ACT and THE
MORTGAGE BROKERS ACT

-and-

IN THE MATTER OF: DAVID JOSEPH DOUGLAS, GERALDINE ANNE
DOUGLAS and 4111699 MANITOBA LTD. o/a
HOMELIFE VILLAGE REALTY

**STATEMENT OF ALLEGATIONS OF STAFF OF
THE MANITOBA SECURITIES COMMISSION**

STAFF OF THE MANITOBA SECURITIES COMMISSION ("Commission") ALLEGE
THAT:

A. REGISTRATION

1. David Joseph Douglas ("David Douglas") is a resident of the City of Winnipeg, in the Province of Manitoba.
2. Geraldine Anne Douglas ("Geraldine Douglas") is a resident of the City of Winnipeg in the Province of Manitoba.
3. 4111699 Manitoba Ltd. is a company incorporated pursuant to laws of the Province of Manitoba and operates under the name Homelife Village Realty ("Homelife Village Realty").
4. 5127662 Manitoba Ltd. is a company incorporated pursuant to the laws of the Province of Manitoba and operated under the name Abacus Mortgage Group ("Abacus").
5. David Douglas' registration history under *The Real Estate Brokers Act* ("REBA") and *The Mortgage Brokers Act* ("MBA") is as follows:

Under REBA:

Salesman

October 18, 1994 – January 4, 1995
January 9, 1995 – May 18, 2000

NRS Prime Realty Ltd.
Homelife/Properties Inc.

Authorized Official

May 18, 2000 – March 19, 2014

Homelife Village Realty
(4111699 Manitoba Ltd. o/a)**Under MBA:**Authorized Official

July 4, 2011 – November 4, 2011

Abacus Mortgage Group
(5127662 Manitoba Ltd. o/a)

6. Geraldine Douglas' registration history under REBA and the MBA is as follows:

Under REBA:Salesman

March 21, 1997 – March 21, 1998

April 16, 1998 – May 23, 2000

May 23, 2000 – December 18, 2000

Homelife/Properties Inc.

Homelife/Properties Inc.

Homelife Village Realty
(4111699 Manitoba Ltd. o/a)Authorized Official

December 18, 2000 – March 19, 2014

Homelife Village Realty
(4111699 Manitoba Ltd. o/a)**Under MBA:**Salesperson

July 4, 2011 – November 4, 2011

Abacus Mortgage Group
(5127662 Manitoba Ltd. o/a)Authorized Official

November 4, 2011 – May 31, 2013

Abacus Mortgage Group
(5127662 Manitoba Ltd. o/a)

7. Abacus' registration history under the MBA is as follows:

July 4, 2011 – May 31, 2013

Restricted Mortgage Broker

8. Homelife Village Realty's registration history under REBA is as follows:

May 18, 2000 – March 19, 2014

Real Estate Broker

9. On March 19, 2014, the registration of Homelife Village Realty, David

Douglas and Geraldine Douglas under REBA was suspended.

B. DETAILS

183 Ash Street

1. On or about December 29, 2011, 5995583 Manitoba Ltd. a company of which David Douglas was a Director, became the registered owner of 183 Ash Street, Winnipeg, Manitoba. ("Ash Street").
2. In or about January, 2012, David Douglas listed Ash Street for sale with Coldwell Banker. The selling agent was Mark Riddell. ("Riddell")
3. David Douglas instructed Riddell that a condition of any sale of Ash Street was that a prospective purchaser would be required to enter into a renovation agreement with David Douglas or one of his companies, to renovate the home on Ash Street.
4. Riddell was unable to find a prospective purchaser who would be interested in purchasing Ash Street and entering into a renovation contract with David Douglas.
5. David Douglas referred T.H. to Riddell as a prospective purchaser who would be willing to purchase Ash Street subject to entering into a renovation contract with David Douglas or one of his companies.
6. All discussions for the purchase of Ash Street and renovation contract took place between David Douglas and T.H.
7. T.H. understood he was purchasing Ash Street from David Douglas with the intention of renovating the property and selling it at a profit. The renovations were to be completed by 4456786 Manitoba Ltd. operating as "Naked Design Homes", a company of which David Douglas was a director.
8. On David Douglas's instructions, an Offer to Purchase between 5995583 Manitoba Ltd. as seller, and T.H. as buyer was prepared by Riddell. T.H. and David Douglas (on behalf of 5995583 Manitoba Ltd.) signed the Offer to Purchase for Ash Street on or about February 12, 2012.
9. The Offer to Purchase for Ash Street had a purchase price of \$335,000.00 with a possession date of February 21, 2012. The Offer to Purchase Ash Street also provided, in part, that part of the purchase price was to be paid by the proceeds of a new mortgage in the amount of \$300,000.00, a deposit of \$1,000 and cash before possession of \$34,000.00.
10. Pursuant to an agreement made between T.H. and David Douglas, the

financing for the purchase of Ash Street was to be provided by 5995583 Manitoba Ltd.

11. T.H. paid the \$1,000.00 deposit as required by the Offer to Purchase for Ash Street.
 12. T.H. further entered into a loan agreement with 5995583 Manitoba Ltd. which provided, in part, that 5995583 Manitoba Ltd. was to remain the registered owner of Ash Street until such time T.H. paid all the monies owing to 5995583 Manitoba Ltd. under the loan agreement.
 13. T.H. was advised by David Douglas that it would take six months to renovate Ash Street at which time it could be sold at a profit.
 14. As part of the transaction arranged with David Douglas, T.H. agreed to have the renovations at Ash Street be done by Naked Design Homes.
 15. In connection with the \$34,000.00 payment under the Offer to Purchase for Ash Street, David Douglas advised T.H. that he would lend this money to T.H. with the understanding it would be paid from the sale of Ash Street after the completion of the renovations.
 16. David Douglas advised T.H. the costs of the renovations to Ash Street would be \$150,000.00.
 17. T.H. arranged a new mortgage against a separate residence he owned with A.Z. to, finance part of the cost of the renovations to Ash Street. The sum of \$95,000.00 was forwarded to David Douglas, on or about March 17, 2012, to be applied toward the renovations to Ash Street.
 18. T.H. and A.Z., on the advice of David Douglas, opened self-directed RRSP plans to provide further monies to fund the renovations at Ash Street. \$48,000.00 was advanced from these self-directed RRSP plans and, unbeknownst to T.H. and A.Z., was used to finance the purchase of 146 Eugenie Street referred to in these allegations.
 19. Renovations to Ash Street commenced but were never completed by David Douglas or Naked Design Homes.
 20. Unbeknownst to T.H., David Douglas approached E.N. in or about August, 2012 to place 5995583 Manitoba Ltd.'s interest in Ash Street and the loan agreement with T.H. in the name of E.N.
 21. E.N. and 5995583 Manitoba Ltd. entered into an agreement whereby E.N. agreed she would hold 5995583 Manitoba Ltd.'s interest as lender in the loan agreement with T.H. and would also hold 5995583 Manitoba Ltd.'s interest in Ash Street for 5995583 Manitoba Ltd.
 22. David Douglas requested E.N. enter into the above arrangement as
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David Douglas and/ or his companies had too many properties and mortgages in their names. E.N. agreed to do so as a favour to David Douglas. David Douglas was not a party to this agreement.

23. As part of this arrangement, David Douglas arranged for E.N. to take out a mortgage in the amount of \$449,017.50 with the Royal Bank of Canada ("RBC").
24. The agreement between E.N. and 5995583 Manitoba Ltd. provided in part that:
 - 5995583 Manitoba Ltd. agreed that it was solely responsible to make all payments under the lender's mortgage with the Royal Bank and that 5995583 Manitoba Ltd. agreed to make all such payments indemnify E.N. from all payments owing to the Royal Bank.
 - Under the agreement with 5995583 Manitoba Ltd. E.N. also, in part, agreed to hold title in Ash Street on behalf of 5995583 Manitoba Ltd. and further agreed upon request went to transfer title back to 5995583 Manitoba Ltd.
25. On or about September 25, 2012, David Douglas prepared an Offer to Purchase between 5995583 Manitoba Ltd. and E.N. with E.N. as a buyer and 5995583 Manitoba Ltd. as seller.
26. Homelife Village Realty was listed as both the listing broker and selling broker on the Offer to Purchase between E.N. and 5995583 Manitoba Ltd. David Douglas was the listing and selling sales person named in this Offer to Purchase.
27. The Offer to Purchase between E.N. and 5995583 Manitoba Ltd. provided, in part, for a purchase price of \$460,000.00 to be paid with a deposit of \$23,000.00 and a mortgage of \$437,000.00. Possession date under the Offer to Purchase was October 28, 2012.
28. All information for E.N.'s mortgage application to RBC was provided by David Douglas to RBC including E.N.'s financial information.
29. Based on the information provided by David Douglas, RBC approved a mortgage for E.N. in the amount of \$449,017.50.
30. David Douglas advised RBC that E.N. would be living at Ash Street. This information was not true.
31. David Douglas when submitting information to RBC did not disclose to RBC the trust agreement between E.N. and 5995583 Manitoba Ltd. David Douglas also did not disclose to RBC that T.H. had an interest in Ash Street.

32. All of RBC's dealings prior to the mortgage approval for E.N. were with David Douglas.
33. The transaction contemplated by the Offer to Purchase between E.N. and 5995583 Manitoba Ltd. took place and the title of Ash Street was transferred to E.N.
34. Mortgage proceeds in the amount of \$449,017.50 under the RBC mortgage to E. N. were advanced. The sum of \$436,347.81, was forwarded to 5995583 Manitoba Ltd.'s lawyer on or about November 5, 2012. E.N. was responsible to pay the mortgage in favour of RBC.
35. Subsequent to the mortgage proceeds being advanced to 5995583 Manitoba Ltd., the following mortgages registered against Ash Street were discharged.
 - Mortgage #4166763/1 from 5995583 Manitoba Ltd. to Canada Western Trust for \$227,000.00.
 - Mortgage #4166764/1 from 5995583 Manitoba Ltd. to Canada Trust for \$50,000.00.
 - Mortgage #4180612/1 from 5995583 Manitoba Ltd. to Patrick Huberdeau for \$18,000.00.
36. David Douglas was listed as a covenantor on all mortgages discharged on Ash Street.
37. RBC would not have approved the mortgage to E.N. had they known of the trust agreement between 5995583 Manitoba Ltd. and E.N., that E.N. was not living at Ash Street, and that T.H. had an interest in Ash Street.
38. In or about March, 2013 David Douglas advised T.H. and A.Z. that monthly payments under the loan agreement between T.H. and 5995583 Manitoba Ltd. were to start and consisted of:
 - Principle and Interest \$2,508.00
 - Property Tax \$380.00
 - Insurance \$147.00
 - Total \$3,035.00 each month starting March 1, 2013
39. T.H. and A.Z. made payments of \$3,035.00 to 5995583 Manitoba Ltd. in March, April, and May 2013 as requested by David Douglas.
40. On or about August 26, 2013 a Notice of Exercising Power of Sale was registered by RBC against Ash Street. The Notice of Exercising Power of Sale provided, in part, that a default in the payment of principle and interest under the mortgage occurred on the 30th day of March, 2013.

Installments of \$8,769.32 as of the 22nd day of July, 2013 had not been paid.

41. The Notice of Exercising Power of Sale also provided, in part that property taxes plus accrued interest and penalties in the amount of \$1,524.07 have not been paid to RBC as required by the mortgage.
42. 5995583 Manitoba Ltd. was not making payments to RBC as required under the trust agreement with E. N. E.N. remained obligated to pay the indebtedness to RBC as required by the mortgage.
43. Payments made by T. H. and A. Z. were not applied to the RBC mortgage.
44. David Douglas and Naked Design Homes did not complete the renovations to Ash Street as agreed between T. H. and David Douglas and Naked Design Homes. David Douglas refused and/or neglected to complete the renovations and/or allow T.H. and A.Z. to complete the renovations on their own.
45. David Douglas and 5995583 Manitoba Ltd. did not transfer title to Ash Street to T.H.
46. T.H. and A.Z. have lost all monies advanced to David Douglas and 5995583 Manitoba Ltd. for the purchase and renovation to Ash Street.
47. The foregoing transactions were conducted while Geraldine Douglas was the authorized official of Homelife Village Realty and responsible for the oversight of business conducted by Homelife Village Realty and David Douglas.

146 Eugenie Street

1. In or about August, 2009 Carey Hildebrand ("Hildebrand"), a business associate of David Douglas, purchased 146 Eugenie Street ("Eugenie Property") for \$115,000.00.
2. Hildebrand entered into two mortgages totaling \$59,000.00 which were registered against the Eugenie Property. One of these mortgages was a \$42,000.00 mortgage with a holding company (6408819 Manitoba Inc.) owned in part by Hildebrand's solicitor.
3. Hildebrand subsequently entered into a mortgage with Sun Mortgage Corporation for \$225,000.00. The mortgage was registered as a first mortgage against the Eugenie Property.
4. In or about the fall of 2012, David Douglas approached E.N. to request she take title of the Eugenie Property. David Douglas asked that she do so because he and or his companies were on too many titles. E.N.

agreed to do so.

5. An Offer to Purchase with E.N. as buyer and Hildebrand as seller for the Eugenie Property was prepared by David Douglas who was listed as the selling and listing agent.
6. The Offer to Purchase for the Eugenie Property was signed by Hildebrand and E.N. in November, 2012. The Offer to Purchase provided, in part, for a possession date of December 18, 2012 with a purchase price of \$300,000.00 payable by the net proceeds of a new mortgage not to exceed \$225,000.00 and \$75,000.00 to be paid by the possession date.
7. A second Offer to Purchase for the Eugenie Property was prepared by David Douglas for E.N and Hildebrand. The second Offer to Purchase provided , in part, for a possession date of January 15, 2013 with a purchase price of \$300,000.00 payable by a deposit of \$20,000.00, the net proceeds of a new mortgage not to exceed \$255,625.00 and assumption of a existing mortgage in the amount of \$24,375.00.
8. It was agreed between David Douglas and E.N. that David Douglas would be providing the down payment and would make all payments under the mortgage to be arranged to finance the purchase of the Eugenie Property.
9. David Douglas contacted Sun Mortgage Corporation to arrange a mortgage for E.N. David Douglas prepared and provided Sun Mortgage Corporation a mortgage application and provided other documents in support of the mortgage application to Sun Mortgage Corporation.
10. All communication for E.N.'s mortgage application to Sun Mortgage Corporation was done by David Douglas. Sun Mortgage Corporation dealt with David Douglas exclusively in connection E.N.'s mortgage application.
11. Documentation forwarded by David Douglas to Sun Mortgage Corporation included documents on Abacus forms showing David Douglas as agent for Abacus. These documents were forwarded to Sun Mortgage Corporation on or about November 22, 2012.
12. On the mortgage application form prepared by David Douglas, David Douglas disclosed E.N.'s salary as \$120,000.00 annually. This information was not true.
13. The mortgage application form prepared by and submitted by David Douglas did not disclose E.N.'s mortgage indebtedness to RBC.
14. David Douglas also represented to Sun Mortgage Corporation that

E.N. was buying the Eugenie Property as a primary residence. This was not true.

15. David Douglas also forwarded Sun Mortgage Corporation a stale dated credit bureau check for E.N. which did not disclose the RBC mortgage entered into by E.N. Sun Mortgage was not aware of E.N.'s liability to RBC when it approved a mortgage to E.N.
16. On the basis of the information provided by David Douglas, Sun Mortgage Corporation approved a mortgage to E.N. in the amount of \$225,000.00. The transaction under the Offer to Purchase between E.N. and Hildebrand was completed and the title to the Eugenie Property was transferred to E.N.
17. As part of the arrangement with David Douglas, the mortgage to 6408819 Manitoba Inc. remained on Eugenie Property. In addition, a third mortgage to Olympia Trust Company as trustee of RRSP plans for T.H. and A.Z. was registered against the Eugenie Property. E.N. did not receive the funds from this mortgage and T.H. and A.Z. were unaware why the mortgage was registered against Eugenie Street.
18. David Douglas, as part of the agreement with E.N., agreed to make payments for all mortgages registered against Eugenie Property.
19. Sun Mortgage Corporation stopped receiving payments under its mortgage in or about May, 2013.
20. On or about October 25, 2013, 6408819 Manitoba Ltd. registered a Notice of Power of Exercising Sale against the Eugenie Property.
21. Sun Mortgage Corporation would not have approved the mortgage to E.N. had they known of E.N.'s indebtedness to RBC, that her income was overstated and that she was not purchasing the Eugenie Property as a primary residence.
22. The transaction for the Eugenie Property occurred while Geraldine Douglas was an authorized official of Homelife Village Realty and of Abacus.
23. A mortgage brokerage fee in the amount of \$2,250.00 was paid to Abacus.

86 Ellesmere Avenue

1. In 2003, D.D. purchased 86 Ellesmere Avenue ("Ellesmere Property") for \$35,000.00 and used it as a rental property.
 2. In July, 2012, D.D. agreed to sell David Douglas the Ellesmere Property for \$95,000.00. An Offer to Purchase between D.D. as seller
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and 5995583 Manitoba Ltd. as buyer was prepared. David Douglas was both the selling and listing salesperson on the Offer to Purchase. Homelife Village Realty was both the listing and selling broker.

3. The Offer to Purchase between 5995583 Manitoba Ltd. and D.D. was signed on or about July 12, 2012. This Offer to Purchase provided, in part, for:
 - a) A possession date of July 27, 2012.
 - b) A purchase price of \$95,000 to be paid by the net proceeds of a mortgage in the amount of \$71,250.
 - c) The seller agreed to provide a loan to the purchaser in the amount of \$23,750 interest only, rate to be 12% return with the term of the loan being 90 days.
4. David Douglas and 5995583 Manitoba Ltd. never completed the purchase of the Ellesmere Property notwithstanding repeated requests by D.D. to do so.
5. In or about July, 2012, David Douglas began discussions with S.Y.C. in connection with S.Y.C. purchasing the Ellesmere Property from 5995583 Manitoba Ltd.
6. The transaction contemplated provided that S.Y.C. would purchase the Ellesmere Property and renovate the home on the Ellesmere Property and to subsequently sell the Ellesmere Property at a profit.
7. An Offer to Purchase between 5995583 Manitoba Ltd. as seller and S.Y.C. as buyer was prepared and signed by S.Y.C. on or about July 17, 2012.
8. The Offer to Purchase between 599583 Manitoba Ltd. and S.Y.C. had David Douglas listed as both the listing and selling salesperson and Homelife Village Realty listed as both the selling and listing broker.
9. David Douglas represented to S.Y.C. that he owned the Ellesmere Property. At the time the Offer to Purchase prepared neither David Douglas or 5995583 Manitoba Ltd. owned the Ellesmere Property.
10. The Offer to Purchase signed by S.Y.C. on or about July 17, 2012 provided, in part:
 - A possession date of August 1, 2012.
 - A purchase price of \$104,000.00 be paid with net proceeds of a new mortgage in the amount of \$104,000.00.

11. David Douglas indicated to S.Y.C. that he would arrange mortgage financing for S.Y.C. Geraldine Douglas advised S.Y.C. that he qualified for mortgage financing to purchase the Ellesmere Property.
12. The Ellesmere Property Offer to Purchase was also subject to S.Y.C. entering into a renovation contract with Naked Design Homes.
13. David Douglas represented to S.Y.C. that he owned Naked Design Homes.
14. Drawings and plans were prepared by Naked Design Homes for the renovations at the Ellesmere Property.
15. S.Y.C. entered into a renovation contract with Naked Design Homes for the renovations at the Ellesmere Property. The renovation contract provided, in part, that S.Y.C. was to pay a deposit of \$46,500.00 and that work was to commence on or before August 1, 2012.
16. David Douglas requested S.Y.C. to pay to Naked Design Homes a deposit of \$46,500.00. Pursuant to instructions from David Douglas, S.Y.C. provided David Douglas a cheque payable to 4456786 Manitoba Ltd. for \$46,500.00. This cheque was given to David Douglas and was cashed on or about July 18, 2012.
17. Neither 5995583 Manitoba Ltd. nor David Douglas ever completed the sale of the Ellesmere Property to S.Y.C.
18. Renovations were never commenced on the Ellesmere Property pursuant to the renovation contract between Naked Design Homes and S.Y.C.
19. S.Y.C. has requested from David Douglas return of the \$46,500.00 deposit and David Douglas has refused and/or neglected to give this money back to S.Y.C.
20. Geraldine Douglas was an authorized official of Homelife Village Realty when the Offer of Purchase was between D.D. and 5995583 Manitoba Ltd. was entered into it. Geraldine Douglas was also an authorized official of Homelife Village Realty when the Offer to Purchase the Ellesmere Property was entered into between S.Y.C. and 5995583 Manitoba Ltd.
21. In addition to approaching S.Y.C. to purchase the Ellesmere Property and enter into a renovation contract, David Douglas also approached E.S. to purchase the Ellesmere Property and enter into a renovation contract with one of David Douglas' companies to do a renovation to the building on the Ellesmere Property.
22. Prior to approaching E.S. to purchase and renovate the Ellesmere

Property, David Douglas offered to sell E.S. a vacant lot located at 241 Roseberry Street. ("Roseberry Property").

23. The purchase price for the vacant lot on Roseberry was \$85,000.00 with a possession date of March 22, 2012. E.S. was to pay a \$1,000.00 deposit with the remaining \$84,000.00 to be financed by 5498318 Manitoba Ltd. a company of which David Douglas and Carey Hildebrand were directors.
24. An Offer to Purchase was entered into between E.S. and 5498318 Manitoba Ltd., a company of which David Douglas and Carey Hildebrand were directors, to purchase the Roseberry Property. David Douglas was both the listing and selling salesperson under the Offer to Purchase and Homelife Village Realty was both the listing and selling broker under the Offer to Purchase.
25. E.S. provided a \$1,000.00 deposit to David Douglas for the purchase of Roseberry Property. This cheque was never cashed nor deposited in trust in accordance with REBA and regulations thereto.
26. As a condition to the Offer of Purchase for the Roseberry Property, E.S. was to enter into a renovation contract with OHF Construction to build a home on the Roseberry Property. OHF Construction was a business name used by David Douglas for a renovation company he operated.
27. The renovation contract to build a home on the Roseberry Property was for a fixed price of \$200,000.00 and provided that E.S. was to provide a deposit in the amount of \$49,000.00 to OHF Construction.
28. E.S. provided David Douglas a cheque payable to OHF Construction for \$49,000.00 on or about March 3, 2012. The cheque was made payable to OHF Construction at the request of David Douglas.
29. David Douglas advised E.S., in or about March, 2012 that construction on the home on the Roseberry Property was to be completed in approximately 6 months time.
30. Construction of the home on the Roseberry Property never commenced. E.S. questioned David Douglas on numerous occasions between in or about March to July 2012 why the construction had not started.
31. In or about June or July, 2012 David Douglas contacted E.S. and indicated the financial numbers on the Roseberry Property sale and renovation did not work and construction would not commence. David Douglas indicated to E.S. that he could do a transaction with E.S. on the Ellesmere Property.

32. E.S. was at all times willing to complete the transaction involving the purchase and renovation of the Roseberry Property.
33. When David Douglas told E.S. he could do a renovation project with E.S. on the Ellesmere Property, he indicated that the \$49,000.00 previously provided by E.S. could be applied to the Ellesmere Property renovations.
34. David Douglas represented to E.S. that he owned the Ellesmere Property.
35. E.S. was willing to consider entering into a transaction to purchase the Ellesmere Property and agreed to do a renovation project on the Ellesmere Property, E.S. was also prepared to agree that the \$49,000.00 previously provided could be applied to the Ellesmere Property.
36. E.S. asked David Douglas to prepare an Offer to Purchase for the Ellesmere Property. Notwithstanding David Douglas agreed to do so, David Douglas never prepared an Offer to Purchase as requested by E.S.
37. On several occasions between July to October, 2012, E.S. requested David Douglas prepare an Offer to Purchase for the Ellesmere Property. David Douglas assured E.S. he would do so but never provided E.S. with an Offer to Purchase as requested.
38. As a result of David Douglas refusing and/or neglecting to prepare an Offer to Purchase for the Ellesmere Property, E.S. requested return of the \$49,000.00 previously provided.
39. Notwithstanding numerous promises to pay the \$49,000.00 to E.S., David Douglas refused to do so.
40. In or about January, 2013, E.S. spoke with D.D. and was advised that David Douglas could not do renovations to the Ellesmere Property as David Douglas did not own the Ellesmere Property.

Abacus and the MBA

1. On or about May 28, 2013, Commission Staff received an Application for Renewal of Registration from Abacus under the MBA.
2. On June 14, 2013 Staff advised Geraldine Douglas that it intended to conduct an audit of Abacus on June 18, 2013 pursuant to the MBA. Geraldine Douglas was also advised by Staff to provide details of the bank accounts maintained by Abacus by no later than 4:00 p.m., June 17, 2013. Geraldine Douglas did not provide the documents as requested by Staff.

3. Staff attended the Abacus business office on June 18, 2013. Staff was advised by David Douglas due to prior commitments that June 20, 2013 would be a preferable day to complete the audit of Abacus. David Douglas further advised Staff both he and Geraldine Douglas would be present on June 20, 2013.
 4. On June 18, 2013 Staff provided David Douglas with a list of records required by staff for the audit of Abacus. David Douglas advised Staff on June 19, 2013 that the Abacus business office had closed and the records were in storage and not available until after that weekend.
 5. Staff attended the business office of Abacus on June 20, 2013 to commence the audit of Abacus. Abacus records were not available for review. David Douglas advised that the records for Abacus were in storage at Kenaston Self-Storage and would not be available until Monday, June 24, 2013.
 6. On June 24, 2013 Staff attended the business office of Abacus and David Douglas advised Staff the records of Abacus had not been retrieved over the weekend because of a funeral. David Douglas confirmed with Staff these records would be retrieved from storage and would be available on June 26th for Staff to review.
 7. On June 26, 2013 Staff attended the business office of Abacus and was advised by David Douglas the Abacus records had not been retrieved from storage as previously indicated. Staff requested they be able to attend the storage facility to confirm the existence the books and records being stored but David Douglas denied Staff access to the storage facility.
 8. David Douglas advised Staff on June 26, 2013 that due to appointments and July 1 being a holiday that Abacus records would not be available until July 3, 2013. David Douglas confirmed that Abacus books, records and files would be available for Staff to review on July 3, 2013.
 9. On July 3, 2013 Staff attended the office of Abacus to commence the compliance audit. Staff were provided two boxes of Abacus mortgage transaction document folders but the requested bank records of Abacus were not included.
 10. David Douglas neglected and/or refused on July 3, 2013 to provide bank account records as requested by Staff to review.
 11. On July 3, 2013 Staff requested a summary of Abacus' brokerage mortgage transactions for the period June 1, 2011 to May 31, 2013
 12. Staff's findings on July 3, 2013 include David Douglas being involved in several mortgage transactions while he was not a licensed registered
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mortgage broker or salesperson under the MBA.

13. At all material times Geraldine Douglas was the authorized official of Abacus and responsible for supervising the business operations of Abacus.

REBA Registration

1. On May 19, 2013, as a result of complaints and information received by Commission Staff, the Registrar imposed conditions on Homelife Village Realty's registration under REBA. These conditions included:

The registration of 4111699 Manitoba Ltd. o/a Home Village Realty is conditional upon an independent accountant, whose name must be provided to the Registrar, providing written confirmation to the Registrar that a review of the broker's trust account/records has been completed and that there are no exceptions or that any noted exceptions are accompanied with a duly noted explanation.

The requirements for reporting are as follows:

Period	Due Date
June 30/13	July 15/13
August 31/13	September 15/13
October 13/13	November 15/13
December 31/13	January 15/14
February 28/14	March 15/14
April 30/14	June 15/14

Additional Reports can be requested at such other or further times as directed by the Registrar.

2. On May 31, 2013, the Registrar further amended the registration of Homelife Village Realty under REBA to include the following condition:

Addition of Condition – The registration of 4111699 Manitoba Ltd. o/a Homelife Village Realty ("Homelife") under The Real Estate Brokers Act (Manitoba) is subject to the following conditions: 1. Geraldine Douglas must be the sole signing authority on Homelife's trust account. 2. David Douglas shall not accept for deposit or receive trust money or otherwise deal with trust money in connection with a trade or transaction in real estate with the exception of cases when dealing with another listing broker and delivering a deposit cheque payable to the listing broker.

3. Neither David Douglas, Geraldine Douglas or Homelife Village Realty filed with the Registrar the report due March 15, 2014, as required under the condition to Homelife Village Realty's registration.

4. On March 19, 2014, the Registrar suspended the registration of David Douglas, Geraldine Douglas and Homelife Village Realty.

C. ALLEGATIONS

1. Staff of the Commission alleges that David Douglas:
 - (a) Acted as a mortgage broker under the MBA while he was not registered to do so;
 - (b) Withheld and refused to produce records and bank accounts as requested by Staff contrary to section 37 of the MBA and as a result, pursuant to section 42(7) of REBA committed a fraud under REBA;
 - (c) Committed a fraudulent act under the MBA and /or REBA by intentionally omitting to disclose to RBC the existence of the trust agreement between E.N. and 5995583 Manitoba Ltd.;
 - (d) Committed a fraudulent act under the MBA and/or REBA by intentionally omitting to disclose to RBC of T.H.'s interest in Ash Street;
 - (e) Committed a fraudulent act under the MBA and/or REBA by intentionally misrepresenting to RBC that E.N. was purchasing Ash Street as a primary residence when he knew this was not true;
 - (f) Committed a fraudulent act under the MBA and/or REBA by intentionally misrepresenting to Sun Mortgage Corporation E.N.'s income in the mortgage application to Sun Mortgage Corporation;
 - (g) Committed a fraudulent act under the MBA and /or REBA by intentionally omitting to disclose a material fact to Sun Mortgage Corporation namely E.N.'s liability to RBC on her mortgage application;
 - (h) Committed a fraudulent act under the MBA and/or REBA by intentionally misrepresenting to Sun Mortgage Corporation that E.N. was purchasing the Eugenie Property as a primary residence when this was not true;
 - (i) Committed a fraudulent act under the MBA and/or REBA by providing Sun Mortgage Corporation a credit bureau check that did not disclose E.N.'s liability to RBC;
 - (j) Committed a fraudulent act under REBA by representing to S.Y.C. that he owned the Ellesmere Property when that was not true;
 - (k) Committed a fraudulent act under REBA by representing to E.S. that he owned the Ellesmere Property when that was not true;
 - (l) Committed a fraudulent act under REBA by entering into an Offer to

Purchase for 5995583 Manitoba Ltd. to sell the Ellesmere Property to S.Y.C. when he knew 5995583 Manitoba Ltd. did not own the Ellesmere Property;

- (m) Engaged in a fraudulent act under REBA by engaging in a course of conduct with T.H. and A.Z. to obtain money by wrongful or dishonest dealing;
- (n) Engaged in a fraudulent act under REBA against E.N. by engaging in a course of conduct or business to obtain money by wrongful or dishonest dealing;
- (o) Committed a fraudulent act under REBA as against E.S. and S.Y.C. by engaging in a course of conduct or business to obtain money by wrongful or dishonest dealing.
- (p) That the conduct of David Douglas, as set forth in these allegations is contrary to the public interest;

and that due to these allegations, it is in the public interest that the registration of David Douglas under REBA be cancelled and that under the MBA he be ordered to pay a fine and that the exemptions in subsection 3(1) of the MBA not apply to David Douglas.

2. As against Geraldine Douglas;

- (a) That she, as authorized official of Abacus and Homelife Village Realty, failed to supervise or adequately supervise transactions and business being conducted at Abacus and Homelife Village Realty;
- (b) Refused and/or failed to produce books and bank records as requested by Staff contrary to s. 37 of the MBA and as a result pursuant to s.42(7) of REBA committed a fraud under REBA;
- (c) The conduct of Geraldine Douglas, as set forth in these allegations, is contrary to the public interest;


and that due to these allegations, it is in the public interest her registration under the REBA be cancelled and that under the MBA she be required to pay a fine and that the exemptions in subsection 3(1) of the MBA not apply to Geraldine Douglas.

3. As against Homelife Village Realty;

- (a) Due to the matters set forth in these allegations, it is in the public interest that the registration of Homelife Village Realty under the REBA be cancelled or suspended.

4. Such further and other matters as counsel may advise that the Commission may permit.

DATED at the City of Winnipeg, in Manitoba this 24th day of March, 2014.


Director

TO: DAVID JOSEPH DOUGLAS

AND TO: GERALDINE ANNE DOUGLAS

AND TO: 4111699 MANITOBA LTD. operating as HOMELIFE VILLAGE REALTY