

CITATION: Babaeian (Re), 2024 BCSRE 18

Date: 2024-03-19

File # INC4887

BC FINANCIAL SERVICES AUTHORITY

IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*

SBC 2004, c 42 as amended

AND

IN THE MATTER OF

SOROUSH BABAEIAN

(147009)

AND

ROYALTY GROUP REALTY INC

(X029111)

CONSENT ORDER

[This Order has been redacted before publication.]

RESPONDENTS: Soroush Babaeian, Managing Broker, Royalty Group Realty Inc

Royalty Group Realty Inc

DATE OF CONSENT
ORDER: March 19, 2024

COUNSEL: Elizabeth Janzen, Legal Counsel for the BC Financial Services Authority

PROCEEDINGS:

On March 19, 2024, the Superintendent of Real Estate (the "Superintendent"), or the Superintendent's authorized delegate, of the BC Financial Services Authority ("BCFSA") accepted the Consent Order Proposal (the "Proposal") submitted by Soroush Babaeian ("S. Babaeian") on their own behalf and on behalf of Royalty Group Realty Inc.

WHEREAS the Proposal, a copy of which is attached hereto, has been executed by S. Babaeian and Royalty Group Realty Inc.

NOW THEREFORE, having made the findings proposed in the attached Proposal, and found that S. Babaeian and Royalty Group Realty Inc. committed professional misconduct within the meaning of section 35(1)(a) of the *Real Estate Services Act* ("RESA") and sections 75, 6(2)(b), 28(1)(a) and 28(1)(b) of the *Real Estate Services Rules* (the "Rules"), pursuant to section 43 of the RESA the Superintendent orders that:

1. S. Babaeian and Royalty Group Realty Inc. are jointly and severally to pay a discipline penalty to BCFSA in the amount of \$20,000 if the Accountant's Report is filed within 30 days of the date of this Order, payable on the date the Accountant's Report is filed.
2. S. Babaeian and Royalty Group Realty Inc. are jointly and severally liable to pay enforcement expenses to BCFSA in the amount of \$3,000, payable within 30 days of the date of this Order.
3. Royalty Group Realty Inc's licence will be cancelled if it does not file its Accountant's Report for the fiscal year ended December 31, 2022 within 30 days of the date of this Order.
4. S. Babaeian's licence will be cancelled if Royalty Group Realty Inc. does not file its Accountant's Report for the fiscal year ended December 31, 2022 within 30 days of the date of this Order. If S. Babaeian's licence is cancelled, S. Babaeian shall be permitted to continue being licensed as an associate broker or representative.
5. If S. Babaeian's licence is cancelled, before S. Babaeian is permitted to requalify as a managing broker, he must complete the Broker's Licensing Course offered by the Real Estate Division at the Sauder School of Business at the University of British Columbia.

If S. Babaeian and/or Royalty Group Realty Inc. fails to comply with any term of this Order, the Superintendent may suspend or cancel their licences without further notice to them, pursuant to sections 43(3) and 43(4) of the RESA.

Dated this 19th day of March, 2024 at the City of Vancouver, British Columbia.

Superintendent of the BC Financial Services Authority

"Original signed by Jonathan Vandall"

Jonathan Vandall
Delegate of the Superintendent of Real Estate
Province of British Columbia

Attch.

File # INC4887

BC FINANCIAL SERVICES AUTHORITY

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*
SBC 2004, c 42 as amended**

IN THE MATTER OF

**SOROUGH BABAEIAN
(147009)**

AND

**ROYALTY GROUP REALTY INC
(X029111)**

**CONSENT ORDER PROPOSAL BY SOROUGH BABAEIAN
AND ROYALTY GROUP REALTY INC**

BACKGROUND AND FACTS

This Consent Order Proposal (the "Proposal") is made by Soroush Babaeian ("S Babaeian") and Royalty Group Realty Inc (the "Brokerage") to the Superintendent of Real Estate (the "Superintendent") of the BC Financial Services Authority ("BCFSA") pursuant to section 41 of the *Real Estate Services Act* ("RESA").

For the purposes of the Proposal, S Babaeian, the Brokerage, and the Superintendent have agreed upon the following facts:

1. S Babaeian (147009) has been licensed as a managing broker in the trading services category since February 6, 2009, and in the rental property management category since April 29, 2010. He was licensed as a representative in trading services from October 18, 2005 to February 6, 2009.
2. S Babaeian was at all relevant times licensed as a managing broker with the Brokerage. He has been licensed as managing broker of the Brokerage since February 6, 2009.
3. The Brokerage (X029111) has been licensed in trading and rental property management services since April 29, 2010.
4. The Brokerage's fiscal year end for the previous year was December 31, 2022.
5. Under section 75 of the *Real Estate Services Rules* (the "Rules"), the Brokerage must file its required review engagement financial statement, accountant's report and brokerage activity report (the "Accountant's Report") within 120 days after the end of each fiscal year, or by April 30, 2023.
6. On April 18, 2023, a Chartered Professional Accountant emailed BCFSA advising that they had been approached by the Brokerage to prepare the Accountant's Report and sought an extension of the filing deadline to May 31, 2023. A Specialist with the BCFSA Audit Department replied on April 19, 2023, copying S Babaeian, advising that an extension could not be granted and that a late filing would be subject to an administrative penalty for contravention of s. 75 of the Rules.

7. On May 29, 2023, the BCFSA Audit Specialist emailed S Babaeian regarding the outstanding Accountant's Report for the 2022 fiscal year and requested an update as to when BCFSA could expect to receive the filing. She also requested payment of the February 2023 AP, which was due March 30, 2023.
8. S Babaeian responded to the BCFSA Audit Specialist on May 31, 2023, and advised that the delay in filing the Accountant's Report was in part because the Brokerage was in the process of switching accounting firms. He advised that they expected to submit the Accountant's Report very soon and that the February 2023 AP would be paid the next week.
9. The Brokerage to date has not submitted its Accountant's Report for the 2022 fiscal year to BCFSA.
10. A Notice of Discipline Hearing was issued on October 20, 2023, and served on S Babaeian and the Brokerage.
11. On May 14, 2019, a Notice of Administrative Penalty in the amount of \$2,500 was issued against the Brokerage for filing its Accounting Report relating to the 2018 fiscal year seven days past the filing deadline, contrary to what was then section 7-7 of the Council Rules (the "May 2019 AP").
12. The May 2019 AP was paid on June 13, 2019.
13. As a result of an audit conducted by BCFSA in October 2022, on February 27, 2023, a Notice of Administrative Penalty in the amount of \$3,000 was issued against the Brokerage for contravening section 79 of the Rules (accounting entries not recorded on a timely basis and inaccurate general ledgers), section 80(c) of the Rules (late bank reconciliations), and section 81(b) of the Rules (late trust liability and asset reconciliations) (the "February 2023 AP").
14. The February 2023 AP remains unpaid.
16. On July 25, 2023, an administrative penalty in the amount of \$3,000 was issued to S Babaeian for failure to respond to an inquiry made by the Superintendent, contrary to section 21 of the Rules (the "July 2023 AP").
17. The July 2023 AP was paid on August 4, 2023.

PROPOSED FINDINGS OF MISCONDUCT

For the sole purposes of the Proposal and based on the Facts outlined herein, S Babaeian and the Brokerage propose the following findings of misconduct be made by the Superintendent:

1. Royalty Group Realty Inc (the "Brokerage") committed professional misconduct within the meaning of section 35(1)(a) of the RESA by breaching the Rules, s 75 when it failed to file its required review engagement financial statement, accountant's report, and brokerage activity report for the year ended December 31, 2022, by April 30, 2023; and
2. S Babaeian, while the managing broker of the Brokerage, committed professional misconduct within the meaning of section 35(1)(a) of the RESA by breaching the RESA, s 6(2)(b) and Rules, s 28(1)(a) and (b) when he failed to ensure the Brokerage complied with the Rules in contravening the Rules, s 75 as alleged at paragraph 1.

PROPOSED ORDERS

Based on the facts herein and the Proposed Findings of Misconduct, S Babaeian and the Brokerage propose that the Notice of Discipline Hearing in this matter be resolved through the following Orders being made by the Superintendent, pursuant to section 43 of the RESA:

1. Soroush Babaeian and Royalty Group Realty Inc be jointly and severally liable to pay a discipline penalty to BCFSa in the amount of \$20,000 if the Accountant's Report is filed within 30 days of the date of this Order, payable on the date the Accountant's Report is filed.
2. Soroush Babaeian and Royalty Group Realty Inc be jointly and severally liable to pay enforcement expenses to BCFSa in the amount of \$3,000, payable within 30 days of the date of this Order.
3. Royalty Group Realty Inc's licence be cancelled if it does not file its Accountant's Report for the fiscal year ended December 31, 2022 within 30 days of the date of this Order.
4. Soroush Babaeian's licence be cancelled if Royalty Group Realty Inc. does not file its Accountant's Report for the fiscal year ended December 31, 2022 within 30 days of the date of this Order. If Soroush Babaeian's licence is cancelled, Soroush Babaeian shall be permitted to continue being licensed as an associate broker or representative.
5. If Soroush Babaeian's licence is cancelled, before Soroush Babaeian is permitted to requalify as a managing broker, he must complete the Broker's Licensing Course offered by the Real Estate Division at the Sauder School of Business at the University of British Columbia.
6. If either Soroush Babaeian or Royalty Group Realty Inc fails to comply with any of the terms of the Order set out above, the Superintendent may suspend or cancel their licence without further notice to them.

ACKNOWLEDGEMENTS AND WAIVER OF APPEAL RIGHT

1. S Babaeian and the Brokerage acknowledge and understand that the Superintendent may accept or reject the Proposal. If the Proposal is rejected by the Superintendent, the matter may be referred to a disciplinary hearing.
2. S Babaeian and the Brokerage acknowledge that they have been urged and given the opportunity to seek and obtain independent legal advice with respect to the disciplinary process, the allegations contained in the Notice of Discipline Hearing, and the execution and submission of the Proposal to the Superintendent; and, that they have obtained independent legal advice or has chosen not to do so, and that they are making the Proposal with full knowledge of the contents and the consequences if the Proposal is accepted.
3. S Babaeian and the Brokerage acknowledge and are aware that BCFSa will publish the Proposal and the Consent Order or summaries thereof on BCFSa's website, on CanLII, a website for legal research and in such other places and by such other means as BCFSa in its sole discretion deems appropriate.
4. S Babaeian and the Brokerage hereby waive their right to appeal pursuant to section 54 of the RESA.
5. If the Proposal is accepted and/or relied upon by the Superintendent, S Babaeian and the Brokerage will not make any public statement(s) inconsistent with the Proposal and its contents.

- Nothing in this section is intended to restrict S Babaeian and the Brokerage from making full answer and defence to any civil or criminal proceeding(s).
6. S Babaeian and the Brokerage acknowledge and are aware that the Superintendent is not bound to accept any application for relicensing or renewal of their licence. S Babaeian and the Brokerage must always satisfy the Superintendent that they meet the requirements for a licence in section 10 of the RESA, and any Rules, regulations or other instruments made pursuant to the RESA.
 7. The Proposal and its contents are made by S Babaeian and the Brokerage for the sole purpose of resolving the Notice of Discipline Hearing in this matter and do not constitute an admission of civil liability. Pursuant to section 41(5) of the RESA, the Proposal and its contents may not be used without the consent of S Babaeian and the Brokerage in any civil proceeding with respect to the matter.

"Original signed by Soroush Babaeian"

**SOROUSH BABAEIAN, Managing Broker for
ROYALTY GROUP REALTY INC**

Dated 18 day of March, 2024

"Original signed by Soroush Babaeian"

**SOROUSH BABAEIAN, Authorized Signatory
for ROYALTY GROUP REALTY INC**

Dated 18 day of March, 2024