

REAL ESTATE COUNCIL OF ALBERTA

NOTICE OF ADMINISTRATIVE PENALTY

To: C.B. Cornerstone Investments Inc.
410 Carleton Avenue, Ste 203
Burnaby BC V5C 6P6

And to: Robert Reynolds, Director
C.B. Cornerstone Investments Inc.
410 Carleton Avenue Ste 203
Burnaby BC T5C 6P6

In accordance with Section 83 and the Bylaws of the *Real Estate Act* (hereinafter the "Act"), the Executive Director of the Real Estate Council of Alberta is of the opinion that C. B. Cornerstone Investments Inc. and Robert Reynolds have contravened s.17(a) and s.17(c) of the Act, and hereby assesses an Administrative Penalty in the amount of **\$5,000**. The evidence giving rise to the Executive Director's decision is as follows:

C.B. Cornerstone Investments Inc. (hereafter "CBCI") is an extra-provincial corporation registered in Alberta. Robert Reynolds (hereafter "Reynolds") is a director and shareholder of CBCI. CBCI and Reynolds are not presently, and never have been, authorized to trade in real estate by the Real Estate Council of Alberta. In or around December, 2001, CBCI and Reynolds commenced the performance of property management activities for between 35 to 50 persons (hereafter "unit owners") who, individually, owned and held title to numerous units located within four (4) condominium complexes in the City of Edmonton. These units were tenant occupied, as many of the unit owners resided in the Province of British Columbia.

CBCI and Reynolds entered into verbal property management agreements with unit owners, charged a fee to some unit owners, and provided unit owners with periodic accounting statements.

The property management activities of CBCI and Reynolds, on behalf of the unit owners, included the following:

- representing themselves as the "landlord" or "landlord's agent" to tenants
- holding rental income and tenant security deposits
- paying for advertisements to locate tenants
- hiring individuals to screen tenants, negotiate leases, collect rents, and perform general maintenance tasks

In accordance with section 39 and 83 of the Act and Part 4 of the Bylaws of the Act the Executive Director believes CBCI contravened s.17(a) of the Act and hereby assesses an Administrative Penalty in the amount of **\$5,000** to C.B. Cornerstone Investments Inc. and Robert Reynolds jointly and severally.

Payment of this Administrative Penalty shall be accepted by the Executive Director as complete satisfaction of the amount of the penalty and no further proceedings under Part 6 of the Act will be taken against you in respect of the contravention. A person who pays an Administrative Penalty may not be charged under the Act with an offence in respect of those contraventions.

This sum of **\$5,000** is payable to the Real Estate Council of Alberta within thirty (30) days of the date of issuance of this Notice of Administrative Penalty. If you fail to pay the amount set out in this notice, the Executive Director may commence legal action against you to recover the amount owing in respect of the Administrative Penalty as a debt due to the Real Estate Council of Alberta.

If you dispute this Notice of Administrative Penalty, in accordance with section 35 of the Bylaws, you may appeal it to a Hearing Panel. You will be given a full opportunity consistent with procedural fairness and natural justice to present evidence before the Hearing Panel and make representations in relation to the contravention.

If you have any questions in regard to this Notice of Administrative Penalty, please contact Leanne Boon, Case Officer, at the Real Estate Council of Alberta 1-403-228-2954.

DATED this 2ND day of **November, 2004**.

REAL ESTATE COUNCIL OF ALBERTA

Per: "Bob Myroniuk"
Bob Myroniuk
Executive Director