

CITATION: Luo (Re), 2024 BCSRE 67

Date: 2024-10-01

File # 20-878

BC FINANCIAL SERVICES AUTHORITY

IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*

SBC 2004, c 42 as amended

AND

IN THE MATTER OF

JIN LUO

(161895)

AND

JIN LUO PERSONAL REAL ESTATE CORPORATION

(161895PC)

CONSENT ORDER

[This Order has been redacted before publication.]

RESPONDENTS: Jin Luo, Trading Representative, Green Team Realty Inc, while licensed with
City Realty Ltd. dba RE/MAX City Realty

Jin Luo Personal Real Estate Corporation

DATE OF CONSENT ORDER: October 1, 2024

COUNSEL: Menka Sull, Legal Counsel for the BC Financial Services Authority
Wanda Simek, Legal Counsel for the Respondents

PROCEEDINGS:

On October 1, 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 Jin Luo, on their own behalf and on behalf of Jin Luo Personal Real Estate Corporation.

WHEREAS the Proposal, a copy of which is attached hereto, has been executed by Jin Luo, on their own behalf and on behalf of Jin Luo Personal Real Estate Corporation.

NOW THEREFORE, having made the findings proposed in the attached Proposal, and in particular having found that Jin Luo and Jin Luo Personal Real Estate Corporation committed professional misconduct within the meaning of section 35(1)(a) of the *Real Estate Services Act* ("RESA") and sections 33,34 and 35(1)(c) of the *Real Estate Services Rules* (the "Rules"), and committed conduct unbecoming a licensee within the meaning of section 35(2) of the RESA, pursuant to section 43 of the RESA the Superintendent orders that:

1. Jin Luo and Jin Luo Personal Real Estate Corporation licences be cancelled;
2. Jin Luo and Jin Luo Personal Real Estate Corporation jointly and severally pay enforcement expenses to BCFSa in the amount of \$5,000 within six (6) months from the date of this Order.

If Jin Luo and/or Jin Luo Personal Real Estate Corporation 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 1st day of October 2024 at the City of Victoria, 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.

BC FINANCIAL SERVICES AUTHORITY

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

AND

IN THE MATTER OF

**JIN LUO
(161895)**

AND

**JIN LUO PERSONAL REAL ESTATE CORPORATION
(161895PC)**

**CONSENT ORDER PROPOSAL BY JIN LUO
AND JIN LUO PERSONAL REAL ESTATE CORPORATION**

BACKGROUND AND FACTS

This Consent Order Proposal (the "Proposal") is made by Jin Luo ("J. Luo") on his own behalf and on behalf of Jin Luo Personal Real Estate Corporation ("Luo PREC") 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, J. Luo on his own behalf and on behalf of Luo PREC and the Superintendent have agreed upon the following facts:

1. J. Luo (161895) has been continually licensed as a trading services representative since May 31, 2011.
2. J. Luo became licensed as Luo PREC on March 7, 2016.
3. J. Luo was at all relevant times licensed as a trading services representative with RE/MAX City Realty.

Background to the Investigation

4. In 2017, the then Financial Institutions Commission of BC ("FICOM") received an anonymous complaint, alleging that Jay Kanth Chaudhary also known as Mike Kumar ("Chaudhary"), had been working with mortgage brokers and real estate agents to secure mortgage funding on behalf of buyers using fraudulent documentation.
5. Chaudhary, who was previously registered as a submortgage broker, had been suspended on October 16, 2008, by the then Acting Registrar of Mortgage Brokers for knowingly submitting false

information to lenders for them to act upon as if that information was genuine (the “Suspension Order”).

6. Chaudhary did not renew his registration following the Suspension Order.
7. On January 30, 2019, the Acting Registrar of Mortgages signed two Orders to Enter Chaudhary’s residences.
8. While searching Chaudhary’s residences, FICOM investigators seized fax machines, cell phones, portable drives, and mortgage files that Chaudhary had been working on.
9. During this search, an Excel spreadsheet entitled “Work Flows 2018” (the “Chaudhary Spreadsheet”) was located on Chaudhary’s computer. The Chaudhary Spreadsheet identified J. Luo as a client of Chaudhary in relation to J. Luo’s purchase of a property located at [Property 1], Vancouver (the “[Property 1] Property”) and mortgage refinancing of a property located at [Property 2], Vancouver (the “[Property 2] Property”).
10. On May 23, 2019, the Acting Registrar of Mortgage Brokers issued a Cease and Desist Order against Chaudhary restraining him from carrying on business as a mortgage broker or submortgage broker, from acting as or holding out as a mortgage broker or submortgage broker in BC, and from conducting any unregistered mortgage broker activity in BC in any capacity.
11. Chaudhary has since acknowledged that he provided unregistered mortgage services to a number of individuals and that he altered documents in order to obtain mortgage financing for his clients. As Chaudhary was not registered, he used the services of registered mortgage brokers to submit the fraudulent mortgage documents he created to major lenders.
12. Chaudhary has also acknowledged charging a commission for the mortgages he secured and then paying a portion of his commission to licensees who referred clients to him.

BCFSA Investigation

13. On October 16, 2018, May 1, 2019, and July 15, 2019, J. Luo attended interviews with FICOM investigators.
14. On June 7, 2019, the then Real Estate Council of BC received a referral from FICOM identifying J. Luo as a client of Chaudhary’s in connection with his unregistered mortgage broker services.
15. On December 28, 2021, J. Luo was informed that he was under investigation by BCFSA pursuant to s. 37(1) of RESA.
16. J. Luo attended a further interview with BCFSA investigators on December 15, 2022.
17. A Notice of Discipline Hearing was issued on October 10, 2023, and served on J. Luo on his own behalf and on behalf of Luo PREC.
18. J. Luo and Luo PREC do not have a discipline history with BCFSA

[Property 1] Mortgage

19. In or around November 26, 2015, J. Luo entered into an agreement for the assigned purchase of [Property 1] for \$2,183,000, in which he represented himself as the buyer.
20. J. Luo used Chaudhary’s services in relation his purchase of [Property 1] and provided financial documents to Chaudhary to support his mortgage application.

21. [Redacted].
22. [Redacted].
23. On December 3, 2015, Mana Erfani ("Erfani"), then a registered mortgage broker with [Brokerage 1], submitted a mortgage application to [Lender 1] on behalf of J. Luo, in relation to his [Property 1] purchase.
24. J. Luo did not know Erfani and did not provide her with financial documents.
25. The [Property 1] mortgage application falsely indicated J. Luo had a savings account balance of \$850,000 and an annual income of \$256,961.
26. On December 12, 2015, J. Luo signed a mortgage commitment letter with [Lender 1] for [amount redacted] in mortgage financing for [Property 1].
27. The [Lender 1] commitment letter provided that financing was conditional on J. Luo verifying that he held \$147,950 in non-registered and \$96,500 in registered mutual funds. J. Luo was also required to demonstrate that the \$764,050 downpayment was available from J. Luo's own resources by providing 30 days of account history.
28. The [Property 1] mortgage application was supported with the following fraudulent documents created by Chaudhary:
 - a. A TD savings account statement indicating J. Luo had a savings account balance between \$895,559.29 on December 3, 2015, and \$897,275.22 as of December 31, 2015.
 - b. Income tax documents indicating J. Luo's net income was \$234,190 in 2013 and \$264,976 in 2014.
29. On January 18, 2016, [Lender 1] registered the mortgage on title to [Property 1].

[Property 2] Refinance

30. J. Luo used Chaudhary's services in relation his refinancing of [Property 2] and provided financial documents to Chaudhary to support his mortgage application.
31. On November 27, 2015, Shane Ballard ("Ballard"), then a registered mortgage broker with [Brokerage 2], submitted a mortgage application to [Lender 2], a division of [Bank 1] ("[Lender 2]"), on behalf of J. Luo seeking [amount redacted] in mortgage refinancing with respect to [Property 2].
32. J. Luo did not know Ballard and did not provide him with financial documents.
33. The mortgage application falsely indicated J. Luo had an annual income of \$256,961, including savings of \$100,000 and investments of \$80,000.
34. On December 2, 2015, J. Luo signed a mortgage commitment letter with [Lender 2] for [amount redacted] in mortgage refinancing for [Property 2].
35. The [Lender 2] commitment letter indicated the mortgage refinancing was conditional on J. Luo providing documentation demonstrating a TD savings account balance of \$100,000 and investments of \$80,000. It also indicated that J. Luo had already provided income tax returns for 2013 and 2014.

36. The [Property 2] mortgage application was supported with the following fraudulent documents created by Chaudhary.
- a. A TD savings account statement indicating J. Luo had a savings account balance of \$98,023.22 as of December 14, 2015.
 - b. Income tax documents indicating J. Luo's net income was \$204,792 in 2013 and \$226,672 in 2014.
37. On January 7, 2016, [Lender 2] registered the mortgage on title to [Property 2].

Chaudhary's Services

38. J. Luo met Chaudhary at an open house.
39. J. Luo did not know Chaudhary's last name, knowing him only ever as "Jay".
40. J. Luo did not take any steps to verify that Chaudhary was registered as a mortgage broker.
41. J. Luo paid Chaudhary \$25,000 to assist him in obtaining the mortgages for [Property 1] and [Property 2].

PROPOSED FINDINGS OF MISCONDUCT

For the sole purposes of the Proposal and based on the Facts outlined herein, J. Luo and Luo PREC propose the following findings of misconduct be made by the Superintendent:

1. J. Luo and Luo PREC committed professional misconduct within the meaning of section 35(1)(a) and conduct unbecoming within the meaning of section 35(2) of the RESA in that:
 - a. J. Luo submitted a mortgage application in December 2015 in relation to his purchase of a property located at [Property 1], Vancouver, for which he represented himself as the buyer
 - i. with falsified income and savings information, contrary to section 35(1)(c) [deceptive dealing] of the RESA and section 33 [duty to act honestly] (formerly section 3-4) of the Rules; and
 - ii. using the services of Chaudhary when he knew or ought to have known that he was not a registered mortgage broker, contrary to section 33 [duty to act honestly] (formerly section 3-4) and section 34 [duty to act with reasonable care and skill] (formerly section 3-4) of the Rules; and
2. J. Luo committed conduct unbecoming within the meaning of section 35(2) of the RESA in that:
 - a. J. Luo submitted a mortgage application in November 2015 in relation to the refinancing of a property located at [Property 2], Vancouver, with falsified income and savings information and using the services of Chaudhary, who he knew or ought to have known was not a registered mortgage broker.

PROPOSED ORDERS

Based on the Facts herein and the Proposed Findings of Misconduct, J. Luo and Luo PREC 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. The licenses of J. Luo and Luo PREC be cancelled;
2. J. Luo and Luo PREC be jointly and severally liable to pay enforcement expenses to BCFSa in the amount of \$5,000 within six (6) months from the date of this Order.

ACKNOWLEDGEMENTS AND WAIVER OF APPEAL RIGHT

1. J. Luo and Luo PREC 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. J. Luo and Luo PREC 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 have 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. J. Luo and Luo PREC 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. J. Luo and Luo PREC 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 J. Luo and Luo PREC will not make any public statement(s) inconsistent with the Proposal and its contents. Nothing in this section is intended to restrict J. Luo or Luo PREC from making full answer and defence to any civil or criminal proceeding(s).
6. The Proposal and its contents are made by J. Luo and Luo PREC for the sole purpose of resolving the Amended 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 J. Luo and Luo PREC in any civil proceeding with respect to the matter.

"Original signed by Jin Luo"

**JIN LUO on his own behalf and on behalf of JIN LUO
PERSONAL REAL ESTATE CORPORATION**

Dated 16 day of September, 2024