Citation: Lalli (Re), 2025 BCRMB 11

Date: 2025-11-03 File No. INV23.027.53391

#### **BC FINANCIAL SERVICES AUTHORITY**

# IN THE MATTER OF THE MORTGAGE BROKERS ACT RSBC 1996, c 313 as amended

# AND IN THE MATTER OF SARABJIT SINGH LALLI (600559)

# **DECISION ON SANCTION**

# [This Decision has been redacted before publication.]

DATE AND PLACE OF HEARING: By written submissions

COUNSEL FOR BCFSA: Laura Forseille

COUNSEL FOR RESPONDENT: Jasmin Dhillon

HEARING OFFICER: Gareth Reeves

# Introduction

- 1. On September 8, 2025, I issued a liability decision indexed as *Lalli (Re)*, 2025 BCRMB 10 (the "**Liability Decision**") following a hearing held on July 14 and 15, 2025 (the "**Liability Hearing**").
- 2. In the Liability Decision, at para 201, I determined that Mr. Lalli had conducted business in a manner contrary to the public interest contrary to section 8(1)(i) of the Mortgage Brokers Act, RSBC 1996, c 313 (the "MBA") when he failed to disclose to [Lender 1] ("[Lender 1]") that the owners of real property at [Property 1], Surrey, BC (the "Property") were in the process of obtaining demolition permits for the Property to proceed with construction of a new single-family home on the Property and that Luxon Homes Ltd ("Luxon"), of which Mr. Lalli and his [family member] were the only directors, was under contract to build that home when he submitted an application for mortgage funding on behalf of the owners of the Property and before the mortgage funds were advanced.
- 3. Because I have found that Mr. Lalli acted contrary to section 8(1)(i), I may make an order under any of sections 8(1)(a)-(d), 8(1.1), or 6(9) of the MBA. Below is my decision regarding the appropriate orders to make in this case.
- 4. BCFSA has sought the following orders against Mr. Lalli:
  - a. Pay an administrative penalty of \$20,000 pursuant to section 8(1.1) of the MBA; and
  - b. Pay a costs award of \$10,497.57 pursuant section 6(9) of the MBA.
- 5. Mr. Lalli submits that I should make an order that includes the following:
  - a. A reprimand;

- b. Remedial education;
- c. A period of enhanced supervision by a "managing broker";
- d. A "significantly reduced administrative penalty".
- 6. Mr. Lalli does not specify what specific course of remedial education I should order, what amount of an administrative penalty would be appropriate, or who would be an appropriate or supportive supervisor for him.

#### Issues

7. The issue before me is what orders I should make under sections 8(1)(a)-(d) and 8(1.1) of the MBA, whether I should order Mr. Lalli to pay costs under section 6(9) of the MBA, and, if I order Mr. Lalli to pay costs, in what amount.

#### **Jurisdiction and Standard of Proof**

- 8. Pursuant to an acting capacity document dated October 3, 2025, the Registrar of Mortgage Brokers (the "Registrar") has designated Hearing Officers of the BCFSA to act in the Registrar's capacity in exercising the statutory powers under sections 6(9) and 8 of the MBA. That document replaced the preceding document dated February 19, 2025, which also delegated those powers to Hearing Officers of the BCFSA.
- 9. The Registrar must also afford procedural fairness to a respondent where a decision may affect his or her rights, privileges or interests. This includes a right to be heard. The Registrar affords every respondent an opportunity to respond to the case against them by providing advance notice of the issues and the evidence, and an opportunity to present evidence and argument. The Registrar must determine facts and decide issues based on evidence. The Registrar may, however, apply its individual expertise and judgment to how it evaluates or assesses evidence.

## **Background and Facts**

- 10. The evidence and information before me consists of 27 exhibits taken from a Book of Documents prepared by BCFSA and from Mr. Lalli's list of documents along with the oral evidence from [Investigator 1], senior investigator with BCFSA, and Mr. Lalli.
- 11. The factual background is set out in the Liability Decision. I will not recite all of that information here. The below includes a summary of the background and of the additional relevant factual information regarding this decision.
- 12. Mr. Lalli is 54. He has 31 years of experience as a firefighter, including eight years as a captain, and some experience as acting battalion chief. Mr. Lalli has worked as a home builder as well.
- 13. In 2021, Mr. Lalli incorporated Luxon with himself and his [family member] as sole directors. Mr. Lalli and his [family member] worked for Luxon with Mr. Lalli doing or arranging much of the early construction and [his family member] doing or arranging the finishing work.
- 14. As Mr. Lalli approached retirement as a firefighter, he decided to become a submortgage broker to take on less physically demanding work and to offer as an "extra service" to his home building clients.
- 15. In December 2021, Mr. Lalli met the registered owners of the Property, [Borrower 1], [Borrower 2], [Borrower 3], and [Borrower 4], being two parents and their sons (the "**Borrowers**"). The Borrowers were considering rebuilding on the Property or finding a new property for one of their sons.

- 16. On December 20, 2021, Mr. Lalli applied for a demolition permit and a building permit for the Property listing Luxon as the builder in the application for the building permit.
- 17. On January 13, 2022, the Borrowers and Luxon executed a new home construction agreement (the "Building Contract"). In the Building Contract, Luxon agreed to build a home on the Property in exchange for payment of its costs plus 10%. Mr. Lalli is named as the project manager for Luxon.
- 18. Mr. Lalli took the pre-registration courses and, on March 31, 2022, Mr. Lalli first became registered as a submortgage broker with Invis Inc. / Invis. ("Invis"). Mr. Lalli received fairly minimal training from Invis that included a few online videos and a meeting at the home of [Mortgage Broker 1], a Regional VP with Invis, to review required deal forms.
- 19. The plan when Mr. Lalli joined Invis was to eventually transfer to Autarky Capital Corp ("Autarky Capital") under Ms. Pavan Aujla, the Designated Individual of Autarky Capital.
- 20. After Mr. Lalli became registered with Invis, he worked under the supervision of Ms. Aujla and received some training, as noted above, from [Mortgage Broker 1]. Ms. Aujla directed Mr. Lalli to [Mortgage Broker 1] and [Mortgage Broker 2] regarding how to put deals together. [Mortgage Broker 1] also directed Mr. Lalli to [Mortgage Broker 2] regarding compliance issues.
- 21. Before Mr. Lalli transferred to Autarky Capital, he began working on the Borrower's mortgage application to [Lender 1] for a refinancing mortgage and home equity line of credit ("HELOC") secured by a mortgage registered against the Property. The structure of the financing and the decision to submit the deal to [Lender 1] were made by Ms. Aujla. During Mr. Lalli's work on the deal, he sent an email on May 20, 2022 to a [Lender 1] representative stating, "Once the client knows how much they are getting, they will be looking at buying a 2nd property with the LOC."
- 22. At some point, Mr. Lalli submitted the Borrower's deal to [Lender 1]. It is not clear when exactly this happened.
- 23. The Borrowers were eventually approved for and received a mortgage in the principal amount of \$690,000 and a \$510,000 HELOC. The amount necessary to refinance the existing mortgage registered against the Property by the Borrowers funded on June 17, 2022.
- 24. On June 27, 2022, Mr. Lalli transferred his submortgage broker registration to Autarky Capital.
- 25. In July and August, 2022, Mr. Lalli made attempts to receive payment for the work he did on the Borrower's deal. During this process, Mr. Lalli was directed to [Mortgage Broker 1] who directed Mr. Lalli to prepare various forms including a Form 10 disclosure. Mr. Lalli prepared that disclosure, but Ms. Aujla told Mr. Lalli he did not need to submit it to [Lender 1].
- 26. At no time, did Mr. Lalli submit a Form 10 disclosure to [Lender 1]. The only disclosure of the fact that he was the director of Luxon, the builder under the Building Contract for possible reconstruction at the Property, to a representative of [Lender 1] was to [Individual 1], a Vice President at [Lender 1], who was not directly involved in the Borrowers' deal and who was not in a position that required him to disclose Mr. Lalli's or Luxon's role. [Individual 1] did not make that disclosure to anyone involved in the Borrowers' deal.
- 27. [Lender 1] did issue payment on the deal, but the cheque for that payment was delivered to Ms. Aujla. It is not clear what happened to the payment after that, but Mr. Lalli did not receive payment from [Lender 1], Invis, or Autarky Capital for his work on the Borrowers' deal.
- 28. On August 15, 2022, Mr. Lalli 's registration with Autarky Capital was terminated. A certificate issued under section 10 of the MBA indicates he was terminated with cause. After August 15, 2022, Mr. Lalli was unregistered until January 24, 2023 when he became registered again with another

- mortgage broker, [Brokerage 1]. Mr. Lalli remains registered there. There is no evidence before me regarding what steps Mr. Lalli took between August 15, 2022 and January 24, 2023 to obtain a new registration.
- 29. Soon after receiving financing from [Lender 1], the Borrowers decided to proceed with reconstruction on the Property. Luxon completed the construction pursuant to the Building Contract and received a profit of approximately \$60,000 for that work.

#### **Submissions**

#### **BCFSA's Submissions**

- 30. BCFSA submits that I should order Mr. Lalli to pay a \$20,000 administrative penalty under section 8(1.1) of the MBA and costs of \$10,497.57 under section 6(9) of the MBA.
- 31. BCFSA relies on the principles underlying and the factors motivating regulatory sanctions as expressed in *Law Society of British Columbia v Ogilvie*, 1999 LSBC 17, *Law Society of British Columbia v Dent*, 2016 LSBC 5 ("*Dent*"), and *Faminoff v Law Society of British Columbia*, 2017 BCCA 373.
- 32. BCFSA relies on one prior case, *Dewshi* (*Re*), 2023 BCRMB 1, in which Ms. Dewshi consented to a \$20,000 administrative penalty and \$15,000 in investigation costs for failing to include her commissions received from lenders on her Form 10 disclosures to borrowers on three files. *Dewshi* (*Re*) is discussed in more detail below. BCFSA submits that Mr. Lalli's conduct is comparable to Ms. Dewshi's because, although Ms. Dewshi's conduct involved three files and Mr. Lalli's involved only one, Ms. Dewshi did provide Form 10 disclosures to the borrowers thus disclosing that a conflict existed, but only leaving them unaware of the specifics of that conflict. BCFSA submits that in Mr. Lalli's case the lender was unaware of the conflict.
- 33. BCFSA acknowledges that Mr. Lalli's conduct only involved one transaction but characterizes it as "serious". BCFSA submits that disclosure of conflicts of interest is "one of the few explicit requirements of the MBA and is subject to substantial criminal penalties" and contraventions of the requirement to disclose conflicts of interest should be considered serious: quoting from the Liability Decision, at para 191.
- 34. BCFSA submits that Mr. Lalli intentionally failed to inform [Lender 1] of the conflict by choosing not to disclose the possibility that the Borrowers would use the funding to reconstruct the home on the Property. BCFSA argues that he failed to make that disclosure because he did not want [Lender 1] to know about the construction and thereby "intentionally obscured" the background to the application. BCFSA characterizes Mr. Lalli's conduct as "borderline fraudulent rather than negligent".
- 35. BCFSA submits that Mr. Lalli's lack of disciplinary history and the fact that the conduct occurred early in his tenure as a submortgage broker should not be considered mitigating. BCFSA submits that Mr. Lalli should have been more cautious regarding compliance as a new registrant and sought out the guidance of [Mortgage Broker 2] instead of relying only on the direction of Ms. Aujla. BCFSA submits that Mr. Lalli's work as a firefighter, including as a captain and battalion chief, should have demonstrated to him "the importance of personal responsibility".
- 36. BCFSA submits that Mr. Lalli has denied personal responsibility and submitted that he also tended to do so at the Liability Hearing. BCFSA submits that Mr. Lalli has not taken any remedial actions nor has he demonstrated a clear understanding of his regulatory obligations despite being terminated by Autarky Capital and facing discipline proceedings for his conduct. BCFSA submits that these factors should be "reflected" in my decision.

- 37. BCFSA submits that Mr. Lalli requires specific deterrence given his continuing work as both a submortgage broker and a home builder and the possibility of future conflicts of interest and Mr. Lalli's ongoing lack of understanding of his regulatory obligations.
- 38. BCFSA submits that general deterrence is also required because many mortgage and submortgage brokers also act as lenders or work in other industries, which makes disclosure of conflicts of interest crucial.
- 39. BCFSA submits that the proposed order would maintain public confidence in the industry by ensuring sufficient specific and general deterrence.
- 40. Regarding costs, BCFSA submits that it was substantially successful, that Mr. Lalli did not agree to an agreed statement of facts, and that BCFSA was required to lead uncontroversial evidence that the parties should have agreed to enter.

#### Mr. Lalli's Submissions

- 41. Mr. Lalli submits that disciplinary orders are not intended to be primarily punitive in nature: Lee (Re), 2025 BCSRE 1, at para 66, and Billie Aaltonen v Registrar of Mortgage Brokers, 2024 BCFST 2, at para 104.
- 42. Mr. Lalli argues the following factors in this case should be considered mitigating:
  - a. Mr. Lalli did not receive a financial benefit:
  - b. Mr. Lalli has no prior disciplinary record;
  - c. Mr. Lalli was a new registrant;
  - d. Mr. Lalli relied on the direction and advice of his supervisor;
  - e. There were issues with Invis's and Autarky Capital's compliance processes;
  - f. Mr. Lalli acted in good faith and did not intend to misconduct himself;
  - g. The misconduct was restricted to a single transaction;
  - h. There was no consumer harm; and
  - Mr. Lalli did not have an independent obligation to make the Form 10 disclosure under section 17.4 of the MBA.
- 43. Mr. Lalli submits that the purposes of regulatory sanctions are public protection, denunciation, rehabilitation, deterrence, education of registrants, and the maintenance of public confidence: citing *Chonn (Re)*, 2021 CanLII 89769 (BC REC); *Siemens (Re)*, 2020 CanLII 63581 (BC REC), at para 25; and *Yang (Re)*, 2021 CanLII 86353 (BC REC), at para 11. He further submits that the principle of proportionality requires that the sanction match the misconduct, the harm that flowed from it, and the respondent's culpability. He submits that I should not overly focus on a single factor or goal and should strive for parity with prior cases. He submits that this balancing requires appropriate consideration of the relevant mitigating factors.
- 44. Mr. Lalli argues that the mitigating factors in this case indicate that the sanction should focus on rehabilitation, education, and enhanced supervision. He submits that a reprimand will achieve specific deterrence and remind Mr. Lalli of his obligations while not being overly punitive. He submits that education will remedy any issues associated with Mr. Lalli's inexperience and lack of training. He submits that enhanced supervision will ensure future compliance and "address his over-reliance on others". He submits that a "significantly reduced administrative penalty" is warranted because of Mr. Lalli's inexperience, his good faith, his transparency regarding his role as builder and broker, his lack of intent to mislead or to withhold information, and his lack of remuneration for the transaction.

# BCFSA's Reply

- 45. BCFSA submits that Mr. Lalli received a financial benefit from the transaction by way of the approximately \$60,000 profit to Luxon under the Building Contract.
- 46. BCFSA submits that Mr. Lalli's reliance on Ms. Aujla's instructions should not be considered mitigating because Mr. Lalli also ignored direct instructions from [Mortgage Broker 2] and Ms. Aujla to defer to [Mortgage Broker 1] on compliance issues and that [Mortgage Broker 1] instructed Mr. Lalli to prepare a Form 10 disclosure. BCFSA submits that Mr. Lalli ignored the direction to defer to [Mortgage Broker 1] because he did not want to make the disclosure or, in the alternative, that his choice not to do so was self-serving in a way that renders this factor not mitigating.
- 47. BCFSA submits that Mr. Lalli's lack of disciplinary history should be considered a neutral factor because he had effectively no opportunity to misconduct himself prior to the transaction at issue.
- 48. Regarding Mr. Lalli's intent to mislead, BCFSA submits that the Liability Decision determined Mr. Lalli "was not candid" with the lender: citing the Liability Decision, at para 138. BCFSA submits that, despite Mr. Lalli's emphasis on the Borrowers' lack of certainty regarding whether they would buy a new property or rebuild on the Property, Mr. Lalli only disclosed one of the two options to [Lender 1]. BCFSA submits that I should infer from this that he intentionally failed to disclose the potential reconstruction, which BCFSA submits is an aggravating factor.

# **Reasons and Findings**

# Applicable Legislation

49. The MBA provides the following, in relevant part:

## Procedure and powers of registrar for inquiry

- 6 ...
  - (9) If the inquiry discloses a contravention of this Act or the regulations or orders or directions of the registrar, the registrar may order the costs to be paid by the person.

# Registrar's orders — registration and compliance

- **8** (1) After giving a person registered under this Act an opportunity to be heard, the registrar may do one or more of the following:
  - (a) suspend the person's registration;
  - (b) cancel the person's registration;
  - (c) order the person to cease a specified activity;
  - (d) order the person to carry out specified actions that the registrar considers necessary to remedy the situation,
  - if, in the opinion of the registrar, any of the following paragraphs apply:
  - (e) the person would be disentitled to registration if the person were an applicant under section 4;
  - (f) the person is in breach of this Act, the regulations or a condition of registration;
  - (g) the person is a party to a mortgage transaction that is harsh and unconscionable or otherwise inequitable;
  - (h) the person has made a statement in a record filed or provided under this Act that, at the time and in the light of the circumstances under which the statement was made, was false or misleading with respect to a material fact or that omitted to

- state a material fact, the omission of which made the statement false or misleading;
- (i) the person has conducted or is conducting business in a manner that is otherwise prejudicial to the public interest;
- (j) the person is in breach of a provision of Part 2 or 5 of the Business Practices and Consumer Protection Act prescribed under section 9.1 (2).
- (1.1) After giving a person registered under this Act an opportunity to be heard, the registrar may order the person to pay an administrative penalty of not more than \$50 000 if, in the opinion of the registrar any of paragraphs (f) to (i) of subsection (1) apply.

#### Discussion: Sanction

- 50. The primary goals of regulatory sanctions are to protect the public and encourage compliance. They are not meant to be only denunciatory or retributive; however they can, in appropriate cases, impose heavy burdens designed to achieve specific deterrence, general deterrence, and protection of the public: *Thow v BC (Securities Commission)*, 2009 BCCA 46, at para 38.
- 51. Regulatory sanctions further these purposes in the following ways:
  - a. they serve to rehabilitate respondents through corrective measures;
  - b. they specifically deter respondents from committing future misconduct;
  - c. they generally deter others from committing future misconduct;
  - d. they educate licensees and other industry participants as well as the public about rules, standards, and their importance; and
  - e. they help to maintain public confidence in the industry by demonstrating that misconduct will be addressed and denouncing it.
- 52. To determine the appropriate sanction, regulators consider the whole of the circumstances, including any mitigating or aggravating factors. In the context of the legal profession, hearing panels have provided useful summaries of the relevant, non-exhaustive factors. In *Dent* at paras 20-23, the panel provided the following summary of the relevant factors, divided into four categories:

# Nature, gravity and consequences of conduct

[20] This would cover the nature of the professional misconduct. Was it severe? Here are some of the aspects of severity: For how long and how many times did the misconduct occur? How did the conduct affect the victim? Did the lawyer obtain any financial gain from the misconduct? What were the consequences for the lawyer? Were there civil or criminal proceedings resulting from the conduct?

## Character and professional conduct record of the respondent

[21] What is the age and experience of the respondent? What is the reputation of the respondent in the community in general and among his fellow lawyers? What is contained in the professional conduct record?

## Acknowledgement of the misconduct and remedial action

[22] Does the respondent admit his or her misconduct? What steps, if any, has the respondent taken to prevent a reoccurrence? Did the respondent take any remedial action to correct the specific misconduct? Generally, can the respondent be rehabilitated? Are there other mitigating circumstances, such

as mental health or addiction, and are they being dealt with by the respondent?

# Public confidence in the legal profession including public confidence in the disciplinary process

- [23] Is there sufficient specific or general deterrent value in the proposed disciplinary action? Generally, will the public have confidence that the proposed disciplinary action is sufficient to maintain the integrity of the legal profession? Specifically, will the public have confidence in the proposed disciplinary action compared to similar cases?
- 53. The above factors are not binding on me, having been decided in the context of the regulation of lawyers, but they do form a useful framework in making my assessment and have been repeatedly cited in a variety disciplinary decisions, including prior decisions by the Registrar. I also highlight that these factors are not exhaustive: I must consider the whole of the matter in determining the appropriate sanction.
- 54. I proceed below by considering the four categories of factors set out in *Dent* and then turning to my decision on the appropriate sanction.

# Nature, Gravity, and Consequence of Conduct

- 55. Starting with the nature of Mr. Lalli's misconduct, I begin with a discussion of the importance of the obligation breached in this case. As noted in the Liability Decision, the obligation to make disclosures of conflicts of interest is a "significant element of the scope of the MBA": at para 191. In addition, I noted in the Liability Decision that disclosures of conflicts of interest are one of the only statutory mechanisms governing how registrants communicate the nature of their relationships with the parties to transactions: at para 192. In my view, the breach of the obligation to provide that disclosure is significant with the regime itself.
- 56. In concluding that the obligation breached in this case is important within the MBA Regime, I reject Mr. Lalli's argument that he did not have an independent obligation to make the disclosure. Although submortgage brokers are not directly obliged under section 17.4 of the MBA to make the required Form 10 disclosure, they nonetheless have a personal statutory obligation to make that disclosure. As I noted in the Liability Decision, submortgage brokers have an "obligation to make the required disclosure to a lender in circumstances where they know or ought to know the ... lender has not received the disclosure": at para 195. Submortgage brokers are independently obliged to make disclosures of conflicts of interest by operation of section 8(1)(i) of the MBA.
- 57. Further, I find that the type of conflict of interest present for Mr. Lalli was significant and would have made him more motivated to put a deal together and have it fund than a submortgage broker without that interest, which in turn put him at risk being partial in the advice he offered or the way he conveyed information. Although Mr. Lalli did not directly receive a benefit from the funding of the mortgage or the HELOC in this case, he clearly stood to substantially increase the likelihood that the Borrowers could proceed with construction and afford to pay Luxon for its services as a builder. Contrary to Mr. Lalli's submissions, he stood to gain a financial benefit from the Borrowers' deal, even leaving aside his commission.
- 58. Regarding Mr. Lalli's commission and although Mr. Lalli did not in fact receive a commission on the deal, Mr. Lalli's work on the file was clearly done in an expectation of receiving a commission. This comports with his attempts in July and August 2022 to secure that commission. Although Mr. Lalli did not actually receive that commission, the work he did on the transaction, including his attempts to complete compliance documents, were done with an aim of receiving compensation for his work on the Borrowers' deal.

- 59. I therefore reject Mr. Lalli's argument that he did not receive a financial benefit and find that he both expected to receive a substantial financial benefit in the form of his commission and the increased likelihood the Borrowers would proceed with the Building Contract and that he actually received a financial benefit from the realization of the possibility that the Borrowers would proceed with the Building Contract. Although a tracing has not been done to track the payment of funds from the Borrowers' HELOC to Luxon, common sense indicates that the Borrowers having access to the HELOC contributed to both the decision to proceed with the Building Contract and their ability to pay Luxon.
- 60. I note also that Mr. Lalli's interest, aside from being substantial in quantum, was also material to the transaction itself. Mr. Lalli's role as builder changed the nature of the financing the Borrowers were seeking from financing to replace the existing mortgage and to apply to a new property to financing that could be used to remove the existing home from the Property and build a new one. That difference in intended use changes the value of the Property by making it vacant for some time and then subject to the risks associated with construction and finally replacing the extant house with a new one. That, in turn, changes the risk taken on by the lender, rendering the lack of disclosure in this case material to the transaction itself.
- 61. I consider Mr. Lalli's substantial financial interest and material interest in the Borrowers' deal to be aggravating but not seriously aggravating. I say this because Mr. Lalli did, by virtue of his misconduct, increase the likelihood that he would receive the above noted substantial financial benefit, but, as discussed below, I do not find that Mr. Lalli was motivated in committing his misconduct by that financial benefit.
- 62. Regarding Mr. Lalli's culpability, I do not accept that Mr. Lalli acted in good faith. In my view, establishing good faith requires more than an absence of malice or bad faith, it requires a demonstration of significant positive steps to act correctly. As I noted in the Liability Decision, at paras 133 to 134, there is no evidence that Mr. Lalli took reasonable steps available to him, knowing his own inexperience, prior to the Borrowers deal funding, to inform himself of his disclosure obligations by either contacting [Mortgage Broker 2] regarding his compliance obligations or searching out publicly available information from his regulator. Although Mr. Lalli did raise some questions with [Mortgage Broker 1], he should have gone further when [Mortgage Broker 1] referred him on to [Mortgage Broker 2]. Given Mr. Lalli's lack of experience and his personal knowledge that the Borrowers might use Luxon to reconstruct the home on the Property, I do not find that it comports with an exercise of good faith for Mr. Lalli to have not made satisfactory inquiries with [Mortgage Broker 2] or not made his own inquiries regarding his obligations.
- 63. That said, I am not convinced that Mr. Lalli's failure to disclose his relationship with Luxon and Luxon's role as builder under the Building Contract was intentional or "borderline fraudulent". The best evidence that I have of this point is Mr. Lalli's May 20, 2022 email to [Lender 1] in which he stated that the Borrowers intended to look for a new property once they had access to the funds to be advanced by [Lender 1]. That email, notably, fails to note the Borrowers' other possible plan to proceed with construction of a new home on the Property. In the context in which that email was sent, being late May 2022 and while Mr. Lalli knew the Building Contract was in place and he had applied for demolition and building permits, that omission is glaring. That said, Mr. Lalli was not directly asked at the hearing why he failed to disclose the possible construction to [Lender 1] in that email and his consistent evidence throughout the hearing was that he was not attempting to hide his role as builder and had disclosed it to both Ms. Aujla and [Individual 1]. I am not convinced, on the evidence before me, that the failure to make the required disclosure in that email was anything more than inadvertent. I find that the omission was misleading when considered in the whole of the circumstances and, at minimum, negligently omitted, but I do not conclude that it was "borderline fraudulent."
- 64. I also consider it relevant to Mr. Lalli's culpability that Ms. Aujla told him it was not necessary to submit the Form 10, after he had prepared it. In my view, the fact that Mr. Lalli's direct superior told

him the disclosure was not necessary carries some weight in diminishing his culpability. I do not consider Ms. Aujla's instructions to eliminate Mr. Lalli's culpability because Mr. Lalli's role as an individual registrant with individual statutory accountability means that he must exercise a degree of personal responsibility, which would include educating himself on his statutory obligations through those available at Invis and through his own inquiries. This is particularly so when [Mortgage Broker 2] had instruct[ed] Mr. Lalli to prepare a Form 10 disclosure. Although Mr. Lalli may have developed a habit of following orders in his role as a firefighter, registrants are directly and personally responsible to comply with their regulatory obligations, including the obligation to not carry on business in a manner contrary to the public interest. This obligation overrides, and must override, any instruction or advice given to Mr. Lalli by his supervisors at Invis: registrants are obliged to comply with their statutory obligations regardless of whether their supervisors do. I also note that Ms. Aujla's advice was given well after funds had already started to be advanced under the loans: that is, after Mr. Lalli had already missed the deadline to make disclosure under section 17.4 of the MBA.

- 65. All of the above being said, I find that Mr. Lalli's culpability is tempered somewhat by the fact that Ms. Aujla told him the disclosure was unnecessary. This advice came from Mr. Lalli's direct supervisor and an individual who had substantial experience in the mortgage industry and therefore likely carried some weight with him personally. It should not have replaced Mr. Lalli's own inquiries or the directions from [Mortgage Broker 2], the individual he was told was the resource for compliance issues at Invis. In my view, Ms. Aujla's advice reduces Mr. Lalli's culpability, in failing to disclose an obvious conflict of interest with no inquiry regarding his obligations, from grossly negligent to careless. I consider that to be slightly more than negligent. I do not consider Mr. Lalli's conduct to be merely inadvertent; his failures to inquire and to follow explicit instructions to contact [Mortgage Broker 2] do not support an inference of mere inadvertence.
- 66. Assessing Mr. Lalli's culpability, I consider it to be akin to the type of culpability that would usually accompany a contravention of the kind at issue here, which I consider to be a neutral factor.
- 67. I accept that the conduct was not a part of a pattern of misconduct. In my view, that is a neutral factor.
- 68. Regarding harm, I accept that there was no harm to the Borrowers in this case. There is no clear harm to [Lender 1] either, though I do accept that [Lender 1] took on a different risk than it might have anticipated in funding the Borrowers' deal. There is no evidence before me that [Lender 1] suffered harm as a result of that. That said, I accept that Mr. Lalli's conduct is of the kind that tends to harm the reputation of the industry. In my view, the lack of candour demonstrated by Mr. Lalli regarding his interests in the Borrowers' Deal corrodes the perceived reliability of the industry generally. On the whole, I consider the issue of harm to be a neutral factor. The type of harm caused by Mr. Lalli's conduct here is of the usual sort that would accompany the misconduct in this case.
- 69. On the whole, I consider Mr. Lalli's breach of a significant statutory obligation which contributed to him receiving a substantial financial benefit through Luxon which arose because of his negligence and careless failure to understand his statutory obligations, but which did not result in any discrete harm, to be serious.

# Respondent's Character and Conduct Record

- 70. Mr. Lalli has no disciplinary record before the Registrar or otherwise, that I am aware of. This has been repeatedly recognized by delegates of the Registrar and the superintendent of Real Estate as a neutral factor, given compliance with the regulatory regime is expected: *Stewart (Re)*, 2024 BCRMB 7, at paras 65 to; *Rohani (Re)*, 2024 BCSRE 31, at paras 52 to 53.
- 71. Mr. Lalli relies on *Jessica Labonte v Registrar of Mortgage Brokers*, 2024 BCFST 1 ("*Labonte*"), Yang (Re), and Ko (Re), 2023 BCSRE 50 for the proposition that a clean disciplinary record is

considered a mitigating factor. Labonte and Ko (Re) do not stand for that proposition. Labonte does indicate that the lack of a disciplinary record could be part of an inference that the registrant does not pose an ongoing risk to the public: paras 176 to 177. In my view, Mr. Lalli's degree of acknowledgement of his misconduct is the most relevant factor in that regard. Although Ko (Re), does note that Ms. Ko did not have a discipline history, that element is not raised as a mitigating factor

- 72. I would place the comments made in Irvine (Re), 2025 BCSRE 59, at para 56 cited by Mr. Lalli in a similar vein as Labonte and Ko (Re), though Mr. Lalli cites it in relation to inadvertence and lack of harm. In that decision, I noted that the respondent's lack of disciplinary record, inadvertent contravention, quick remedial action that prevented harm, and proactive steps to prevent future contraventions constituted mitigating factors. In my view, that paragraph stands for the proposition that those factors considered together, are mitigating. In my view, there is value in both viewing individual factors as mitigating and in considering the whole complex of factors and how they impact each other. Because the Irvine (Re) decision was an administrative penalty review under section 57(4) of the Real Estate Services Act, SBC 2004 ("RESA"), it did not involve a detailed consideration of the individual factors, but a wholistic review of whether the sanction at issue there was appropriate in the circumstances. The approach I take here is to consider each of the factors individually to determine which factors are most relevant when considering the whole of the circumstances. Had that detail of analysis been undertaken in Irvine (Re), it likely would have disclosed that Mr. Irvine's quick remedial action to prevent harm was the major mitigating factor at play and that his lack of disciplinary record tended to inform the fact that his misconduct was inadvertent which was relevant to his culpability. I do not consider Irvine (Re) to be authority for the proposition that a clean disciplinary record, on its own, is a mitigating factor.
- 73. Turning to Yang (Re), that decision does appear to have considered Ms. Yang's record as mitigating: at para 36; however, in my view the trend demonstrated by Stewart (Re) and Rohani (Re) is both more recent and more logical. In my view, regulatory compliance is the starting point that should be expected of registrants generally. To be considered mitigating, a registrant's industry or regulatory record should show that the kind of conduct engaged in is significantly out of character by demonstrating a history of positive influence on the industry beyond mere compliance.
- 74. Regarding Mr. Lalli's position as a new registrant, I have considered Mr. Lalli's reliance on Ms. Aujla's advice above and in my view that accounts to some extent for his status as a new registrant. I also note that Mr. Lalli, as a new registrant had recently taken the required coursework to become registered and should have therefore had a basic understanding of the relatively simple piece of legislation that is the MBA. I also reiterate my comments that "I find that it was incumbent on Mr. Lalli, as a relatively new submortgage broker, to be attentive to any training information he received and to have actively and independently sought out information": Liability Decision, at para 133. I consider the fact that this was Mr. Lalli's first transaction as a submortgage broker and that he was a new registrant to be a neutral factor.
- 75. I have no evidence before me of Mr. Lalli's general character or reputation other than a lengthy career as a firefighter. The conduct itself and Mr. Lalli's degree of culpability as discussed above does not indicate to me that he suffers from a major character flaw that gave rise to the misconduct at hand. I consider Mr. Lalli's character and reputation to be neutral factors.

#### Acknowledgment and Remedial Action

76. Regarding whether Mr. Lalli has acknowledged his misconduct, I noted in the Liability Decision that Mr. Lalli seemed preoccupied with placing blame on Ms. Aujla and on his lack of training by Invis: at para 123. I also found that Mr. Lalli did not seem to understand what a Designated Individual was under the MBA regime or why a Form 10 disclosure was required on the Borrowers' deal: at para 134. In my view, Mr. Lalli's preoccupation with pointing the finger at Invis has continued to some extent in his sanction submissions which attempt to highlight Invis's training and compliance

failures. In my view, Invis's failure to properly train Mr. Lalli is problematic, but it is not substantially mitigating for Mr. Lalli and is largely tempered by Mr. Lalli's own personal statutory obligations as a registered submortgage broker. In my view, Mr. Lalli has not demonstrated that he accepts, has acknowledged, or really understands the nature of his misconduct. In my view, this is aggravating.

- 77. It is arguable that Mr. Lalli attempted to remedy his breach in July and August 2022 when attempting to complete the compliance documents to receive his commission; however, I do not consider these to be remedial efforts that should be considered mitigating for two reasons. First, the efforts were ineffective because they did not result in Mr. Lalli making the required disclosure. Second, Mr. Lalli's failure to properly inquire continued during his remedial efforts when he relied on Ms. Aujla's advice and failed to make his own inquiries regarding the scope and content of his disclosure obligations.
- 78. That said, an order imposing a sufficient specific deterrent effect and providing for appropriate rehabilitative and remedial elements will ensure Mr. Lalli does not misconduct himself again.
- 79. There is no evidence of other mitigating personal circumstances that contributed to Mr. Lalli's misconduct.

### **Public Confidence and Deterrence**

- 80. Next, I discuss the question of public confidence. In the *Dent* framework this category of factors includes a consideration of the adequacy of the specific and general deterrent effect of the proposed orders, the rehabilitative effect of the orders, the impact of the proposed orders on public confidence in the integrity of the industry and registrants, and the relationship between the proposed orders and similar cases. In this section, I discuss specific and general deterrence and public confidence generally. In the next sections, I discuss the case precedents and the appropriate type of order.
- 81. As indicated above, I find that Mr. Lalli requires some specific deterrence. Mr. Lalli has not demonstrated that he understands the nature of his misconduct or why his interests in this case constituted a conflict of interest that required disclosure. In addition, Mr. Lalli's misconduct contributed to him receiving a substantial financial benefit from the Borrowers' deal. In my view, Mr. Lalli should be specifically deterred from such carelessness in the future, where his own substantial financial benefits are at stake. This is particularly so where Mr. Lalli continues to be a submortgage broker and his admitted reason for becoming a submortgage broker was to offer that service to his home building clients.
- 82. In regard to general deterrence, I find that the significance of the requirement to make disclosures of conflict of interests within the regulatory regime militates in favour of a significant sanction that will demonstrate to registrants that they must clearly disclose their interests in those transactions in which they are involved. I agree with BCFSA that the various roles that submortgage brokers take on and the risks that those roles might lead to conflicts of interest increases the need for general deterrence to ensure other registrants make the required disclosures.
- 83. Finally, as regards public confidence in the industry, the conflict of interest in this case is, in my view, obvious and significant. Mortgage brokers and submortgage brokers often take on the role of intermediaries between borrowers and lenders, transferring information and providing advice to either or both of the parties. For the mortgage industry to work, the public, including lenders, must be confident that mortgage brokers and submortgage brokers do not have undisclosed interests in transactions that might impact their advice or their reliability when acting as intermediaries on transactions. The importance of that obligation to the maintenance of public confidence is reflected by the fact that the disclosure obligation is one of the few explicit obligations contained in the MBA. I therefore find that the maintenance of public confidence in the industry requires a substantial regulatory response.

# **Previous Orders**

- 84. When determining the appropriate sanction, I must also consider previous sanctions ordered by the Registrar. The Registrar's prior orders are not binding on me, but consistency helps ensure public confidence in the industry and the disciplinary process and helps ensure appropriate general deterrence.
- 85. In *Dewshi (Re)*, Ms. Dewshi consented to an administrative penalty of \$20,000 and \$15,000 in investigation costs for failing to adequately complete Form 10s in accordance with the prescribed requirements and, in particular, failing to disclose the amount of commission she would be paid. Ms. Dewshi had been a submortgage broker for seven-and-a-half years before the contravening conduct began. Prior to the contravening conduct Ms. Dewshi had been the subject of a compliance audit that identified deficiencies in her mortgage files, including the failure to properly complete Form 10s. Ms. Dewshi received a warning letter for that conduct on October 4, 2019. In a following investigation, staff of the Registrar reviewed all of Ms. Dewshi's deals between October 2019 and January 2021, which consisted of three deals. Ms. Dewshi had not adequately completed Form 10s on all three deals by failing to include the legal description of the subject property and failing to disclose her commissions received from lenders to borrowers. Ms. Dewshi had been the subject of a prior consent order under RESA in June 2016 for failing to disclose required information.
- 86. In my view, the misconduct in *Dewshi (Re)* is, on the whole, worse than Mr. Lalli's. Ms. Dewshi had received prior warning regarding her obligation to complete Form 10s; whereas, Mr. Lalli had not received such a warning from his regulator. Ms. Dewshi had a prior disciplinary order regarding disclosure issues under RESA; whereas, Mr. Lalli has no such similar disciplinary history. Ms. Dewshi was experienced; whereas, Mr. Lalli was not. Ms. Dewshi's conduct involved three files; whereas, Mr. Lalli's conduct involved one.
- 87. That said, there are a few ways in which Mr. Lalli's conduct is more serious than Ms. Dewshi's. First, Mr. Lalli received a substantial financial benefit from the Borrowers' deal, which went undisclosed; whereas, Ms. Dewshi appears to have largely failed to disclose commissions only. Second, Mr. Lalli's failure to disclose also included a failure to disclose matters that were material to the transaction itself; whereas, Ms. Dewshi does not appear to have failed to make such disclosures. Third, Mr. Lalli failed to provide a Form 10 at all, though he prepared one; whereas, Ms. Dewshi did provide the Form 10 disclosures but failed to adequately complete them. Fourth, Mr. Lalli has not acknowledged his misconduct; whereas, Ms. Dewshi admitted her misconduct in a consent order.
- 88. I also note that *Dewshi (Re)* is a consent order. Consent Orders are sometimes the result of negotiations, motivations, and compromises on the facts that are not reflected in the final order. I therefore treat consent orders with a degree of caution.
- 89. Mr. Lalli does not rely on any particular decision to support the orders he proposes. He does rely on various decisions, many of which are discussed above, regarding the appropriate principles that I should apply when determining the appropriate sanction. I discuss those principles below.

# **Sanction Decision**

90. Public protection and encouraging compliance are the primary goals of regulatory sanctions. Regulatory sanctions should not be purely retributive or denunciatory, though denunciation may contribute to general deterrence and maintenance of public confidence. Even if they impose a significant burden on an individual, that burden should be imposed to achieve specific deterrence and general deterrence, rehabilitate the respondent, protect the public, and enhance public

confidence in the process, the industry, and the regulator: *Thow v BC (Securities Commission)*, at para 38.

- 91. I agree with Mr. Lalli's submission that the sanction imposed should be proportional to the misconduct and should not unduly emphasize only one of the following goals: specific deterrence, general deterrence, or public confidence in the industry.
- 92. I do not consider this matter serious enough to warrant a suspension, but I do think it necessitates a monetary penalty as opposed to a reprimand or merely rehabilitative orders for the following reasons.
- 93. In my view, a monetary penalty is necessary in this case to ensure that Mr. Lalli does not misconduct himself in a similar fashion in the future; in other words, for the purposes of specific deterrence. I am particularly concerned in this case that Mr. Lalli's mortgage business is intended to compliment his passion for home building, which indicates that this conflict of interest will arise again in the future. I am also concerned that Mr. Lalli did not appear to truly appreciate that he was in a conflict of interest regarding his interests as one of the principals of Luxon and his role as a submortgage broker. Within the context of the MBA those conflicts are tolerated, so long as they are clearly disclosed when required; however, given the large sums of money that Mr. Lalli may receive for his home building work his incentives do not align to motivate him to make the disclosure. In my view, Mr. Lalli should be motivated to make the disclosure in each case in writing. A monetary penalty will reinforce that incentive.
- 94. A monetary penalty is also necessary to achieve general deterrence given my comments above regarding the various roles that submortgage brokers may have. Submortgage brokers must be generally deterred from failing to make disclosures of their related interests, particularly where those interests are both material and substantial.
- 95. For the same reason, I find that a monetary penalty is required to maintain public confidence in the industry and in the regulator. Without the Registrar imposing a sanction of some substance in response to the failure to disclose a substantial and material conflict of interest, the public's confidence in the advice and information they receive from submortgage brokers will be compromised. That confidence is key to the mortgage industry and must be maintained; therefore, the public must know that the Registrar will take significant action to address failures to disclose material and substantial interests where they occur.
- 96. Regarding the amount of the monetary penalty, I note that the interest Mr. Lalli failed to disclose, as mentioned above, was material, in that it might have impacted the nature of the financing in question, and substantial, in that Mr. Lalli stood to indirectly receive a substantial benefit from the transaction. This is the primary aggravating factor in this case and no mitigating factors have been identified. In my view, that suggests that the quantum of the penalty should be enough to act as a clear signal, relative to the financial interest in the transaction, to Mr. Lalli, to other registrants in Mr. Lalli's position in the future, and to the public that disclosure of the interest must be made.
- 97. The above point is tempered by the fact that the failure to make disclosure in this case was careless or negligent as opposed to intentional. Had Mr. Lalli's failure to disclose been intentional then an appropriate regulatory response would require depriving him of the gain he achieved by reason of his failure to disclose. I do not mean by this that Mr. Lalli's degree of culpability is a mitigating factor, only that crafting the appropriate penalty requires that I craft the sanction to be proportionate to the actual conduct that occurred.
- 98. The only comparator case before me is *Dewshi (Re)*, which I have noted above concerns conduct is that is largely worse than Mr. Lalli's, though there are some aspects of Mr. Lalli's conduct that

are more concerning than appeared in *Dewshi (Re)*. Mr. Lalli's sanction should be lower than Ms. Dewshi's as a result.

- 99. In my view, the monetary penalty I should order in this case is \$10,000. This amount is significant enough compared to the quantum of Mr. Lalli's interest to act as a very clear reminder to him and to others in similar circumstances of the obligation to disclose conflicts of interest. It will also indicate to the public that they can trust submortgage brokers to disclose their interests, particularly where they are material and substantial. In my view, a lower penalty would not achieve those goals. It is also lower that the monetary penalty in Ms. Dewshi's case such that that case may still speak to the clearly aggravating factors that required progressive discipline in that case.
- 100. Regarding the other types of orders Mr. Lalli suggests, I am not convinced that Mr. Lalli requires enhanced supervision or that it will be helpful in this case. Mr. Lalli testified that he receives much better mentorship and management at his current brokerage and I have no reason to believe that the degree of supervision he currently receives is inadequate. More importantly, Mr. Lalli's failure in this case is largely a result of his failure to act independently and his overreliance on authority. In my view, enhanced supervision will not foster Mr. Lalli's independence as a submortgage broker to the extent required.
- 101. I am of the view that remedial education may be helpful for Mr. Lalli, particularly given my finding above that he has not acknowledged his misconduct or really demonstrated a clear understanding of the nature of it, which I consider an aggravating factor. Remedial education will help to rehabilitate Mr. Lalli and will directly address that factor. Neither Mr. Lalli nor BCFSA have proposed a course of remedial education that Mr. Lalli should take, so I am left to determine that myself. I find that Mr. Lalli's rehabilitation will be aided, and public confidence in the mortgage industry will be enhanced, if Mr. Lalli completes "Module 12 Form 10 Disclosure" as offered by The Mortgage Brokers Institute of British Columbia within 12 months of this decision. In my view, that order is necessary to remedy Mr. Lalli's lack of understanding and appreciation of his statutory disclosure obligations.

# **Discussion: Costs**

- 102. Sections 6(9) of the MBA allows the Registrar to order a respondent to pay the costs of an investigation and hearing under the MBA where the Registrar finds a contravention of the MBA, or the *Mortgage Brokers Act Regulations*, BC Reg 100/73.
- 103. The Registrar does not have its own costs tariff and generally assesses costs in accordance with Rule 14-1 of the *Supreme Court Civil Rules*, BC Reg 168/2009: *Allan (Re)*, Decision on Penalty and Costs, August 19, 2020, (BCRMB) citing *Shpak v Institute of Chartered Accountants of British Columbia*, 2004 BCCA 149.
- 104. In Allan (Re), the Appointee of the Registrar of Mortgage Brokers stated as follows:
  - ... Costs are typically awarded to the litigant who has been substantially successful, unless there is some reason why that party ought to be deprived of costs (*Fotheringham v. Fotheringham*, 2001 BCSC 1321). While a costs award is discretionary, the burden of displacing the usual rule that costs follow the event falls on the person who seeks to displace that rule (*Giles v. Westminster Savings Credit Union*, 2010 BCCA 282).

In addition to indemnification of the successful litigant, the courts have identified a number of objectives of a costs award including: deterring frivolous actions or defences; encouraging conduct that reduces the duration and expense of litigation and discouraging conduct that has the opposite effect; encouraging litigants to settle whenever possible; and to have a winnowing function in the litigation by requiring litigants to carefully assess the strength or weakness of their respective case at the start of and throughout the litigation (*Giles*, supra).

- 105. BCFSA has submitted Bill of Costs seeking \$10,497.57 comprising: \$3,212.00 in hearing costs, \$3,481.72 in hearing disbursements, and \$3,805.85 in investigation costs and disbursements. BCFSA calculates the hearing costs based on the tariff in Appendix B of the *Supreme Court Civil Rules* on Scale B, which values a unit at \$110. The hearing disbursements are supported by invoices. The investigation costs and disbursements include interview transcription fees supported by an invoice and 34.5 hours of investigator time at the rate of \$100 per hour consistent with the Registrar's past practice and the amounts set out in the *Real Estate Services Regulation*, BC Reg 506/2004.
- 106. BCFSA has made reasonable claims for tariff units in its costs claim. A good example of this is that it has claimed no units for trial preparation despite this matter proceeding to hearing and 10 units for the hearing, which lasted two days, despite being able to claim 10 units per day. BCFSA did claim two units under item 15 for "Process for making admission of facts". Although no agreed facts were submitted, BCFSA was directed at a pre-hearing conference to provide a draft agreed statement of facts, there is no evidence this did not occur, and Mr. Lalli did not argue against this tariff item, or any others. The investigative costs appear reasonable and appropriate to the tasks completed and required. The disbursements appear reasonable and appropriate as well.
- 107. I note that Mr. Lalli has not made any arguments specifically opposing the costs and disbursements ordered by BCFSA.
- 108. I recognize that expenses awards are discretionary. I find that the costs claimed by BCFSA are reasonable. I find that an expenses order under section 6(9) of the MBA in the amount of \$10,497.57 is appropriate given the nature, duration, and complexity of the matter, including the investigation and the hearing process.

#### **Orders**

- 109. In the Liability Decision, I found that Mr. Lalli had conducted business in a manner contrary to the public interest contrary to section 8(1)(i) of the MBA when he failed to disclose to [Lender 1] that the owners of the Property were in the process of obtaining demolition permits for the Property to proceed with construction of a new single-family home on the Property and that Luxon, of which Mr. Lalli and his [family member] were the only directors, was under contract to build that home when he submitted an application for mortgage funding on behalf of the owners of the Property and before the mortgage funds were advanced.
- 110. Having made those findings, I make the following orders:
  - a. Pursuant to section 8(1.1) of the MBA, I order Mr. Lalli to pay an administrative penalty of \$10,000;
  - Pursuant to section 8(1)(d) of the MBA, I order Mr. Lalli to complete "Module 12 Form 10 Disclosure" as offered by The Mortgage Brokers Institute of British Columbia within 12 months of this order; and
  - c. Pursuant to section 6(9) of the MBA, I order Mr. Lalli to pay costs of \$10,497.57.

111. Pursuant to section 9 of the MBA, Mr. Lalli has the right to appeal the above orders to the Financial Services Tribunal. Mr. Lalli has 30 days from the date of this decision to file any such appeal: *Financial Institutions Act*, RSBC 1996, c 141, s 242.1(7)(d) and *Administrative Tribunals Act*, SBC 2004, s 24(1).

DATED at North Vancouver, BRITISH COLUMBIA, this 3<sup>rd</sup> day of November 2025.

"Original signed by Gareth Reeves"

Gareth Reeves Hearing Officer