

IN THE MATTER OF THE MORTGAGE BROKERS ACT

R.S.B.C. 1996, C313, as amended

- AND -

IN THE MATTER OF Gurdip CHAND

- HEARING -

Before: W. Alan Clark
Registrar of Mortgage Brokers

Dates: September 12th to September 21st, 2005 &
December 12th, 2005.

Place: Surrey, British Columbia

Appearing: Richard Fernyhough for the Staff of the Registrar
of Mortgage Brokers

Nathan Ganapathi for Mr. Chand

Paul Roxburgh &
Paul Grewal for Inderpaul Khera

INTRODUCTION

Background

On April 16th, 2002 the Registrar of Mortgage Brokers received an application from Gurdip Chand ("Chand") requesting a submortgage broker registration under the *Mortgage Brokers Act* ("the Act"). The application contains the following questions:

- Has any judgment, which is unsatisfied, ever been rendered against the applicant in any civil court in British Columbia, or elsewhere, for any reason whatsoever?
- Are there any pending legal proceedings against the applicant?

Chand answered no to both questions. It was subsequently learned that Chand had two outstanding judgments when he answered in the negative. After submitting this application, Chand was registered as a submortgage broker on April 30th, 2002, and employed by Brokers Financial Services Inc. ("Brokers Financial").

On September 16th, 2003, Investigator Schoemaker attended at Brokers Financial where she had occasion to use the computer to issue a receipt for a file she was taking from the office. While doing this, she noticed an employment letter open and on the computer screen which she considered suspicious (Exhibit 11). She printed a copy and took it with her when she left the office. Subsequent inquiries determined this letter was not a legitimate employment letter.

It was also determined that Chand had brokered a mortgage between the borrowers, Inderpaul and Sunita Khera, and the Bank of Nova Scotia while at the same time brokering a second mortgage with Cove Mortgage without the knowledge and consent of the bank which believed it was lending a 75 per cent loan to value mortgage. The file also contained suspicious employment letters and other questionable documentation. In addition a [REDACTED] good faith deposit was not treated as trust funds. On May 17th, 2005, a hearing notice was issued.

Hearing Notice.

This notice was subsequently amended on July 20th, 2005. It was alleged that:

- (1) *Mr. Chand submitted an application for registration under the Act as a submortgage broker on April 16, 2002, but failed to disclose two unsatisfied judgments against him, held by CIBC and by Prudential Abbotsford, which made the application false and misleading under section 8(1)(d) of the Act; and*

- (2) *Mr. Chand has conducted in a manner that is prejudicial to the public interest, pursuant to section 8(1)(e) of the Act, between August 1, 2002 and July 31, 2003, in that he:*
- (a) *knowingly submitted a false employment letter on behalf of client borrower Balbir Gill to lender Maple Trust, in order to facilitate the approval of Gill's mortgage application;*
 - (b) *arranged a first mortgage with lender Scotia Express, for borrowers Inderpaul and Sunita Khera, without disclosing to Scotia Express that a second mortgage would be placed on the property at the same time, which Chand obtained for the Kheras through Cove Mortgage, thereby misleading Scotia Express as to the actual indebtedness of the borrowers; and*
 - (c) *accepted trust funds from borrowers Inderpaul and Sunita Khera, in the form of a [REDACTED] "good faith deposit", knowing that his employer Brokers Financial Services Inc. did not handle or receive trust funds and that the [REDACTED] would not be recorded in trust records as required by section 6(e) of the Mortgage Brokers Act Regulations.*

Mortgage Broker Registration History

Chand was registered as a submortgage as follows:

- August 18th, 1987 until August 1st, 1998; and
- April 30th, 2002 until the present time.

Real Estate Licensing History

It is also relevant to these proceeds that Chand was licensed as a real estate salesperson as follows:

- October 30th, 1990 until July 31st, 1997; and
- August 25th, 1999 until May 10th, 2000.

HEARING

The hearing took place September 12th – 21st, 2005 in Surrey, British Columbia. Written closing submissions were due to be filed and were filed on or before October 5th, 2005. As a result of the written submissions, the hearing was reconvened December 12th, 2005.

Exhibits

Numerous exhibits were filed in this matter, a complete list of which is attached to this decision as Appendix A.

Witnesses:

The witnesses who testified were:

- Ina Schoemaker – the Financial Institutions Commission (“FICOM”) investigator who was initially in charge of the investigation.
- Wayne McMillan – a FICOM investigator who assisted Ms. Schoemaker.
- Julie De Paulo – a former Bank of Nova Scotia (Scotia Express) employee who dealt with Chand.
- Joyce Luptak – an employee of Cove Mortgage who dealt with Chand.
- Gurdip Gordie Chand – a registered submortgage broker and the subject of the hearing.
- Amarjit Gill – a client of Chand.
- Rob Simpson – a registered submortgage broker who was also employed at Brokers Financial; and
- Inderpaul Khera (“Khera”)– a client of Chand.

Hearing into Charter of Rights Arguments

The written submission received from counsel for Chand alleged that:

1. The evidence with respect to the Gill false employment letter was illegally obtained and should not be admitted into evidence; and
2. The statement given to the investigators by Chand was illegally obtained and should also not be admitted into evidence.

It is important to note that counsel for Chand did not raise these objections during the course of the hearing. As a result, counsel for the staff of the Registrar was precluded from entering evidence to answer these objections. In the interest of fairness the hearing was reconvened on December 12th, 2005 to hear verbal submission on:

1. The admissibility of the statement Chand gave to the investigators on March 30th, 2004; and
2. The admissibility of the Gill employment letter, Exhibit 11.

Counsel for Chand argued in both his verbal and written submission that the Charter of Rights and Freedoms ("The Charter") applies to regulatory hearings.

With respect to the Gill employment letter, he submitted that:

- The letter was illegally obtained and should not be admitted;
- Chand did not give his consent, either expressly or by implication, to Schoemaker printing and removing a copy of what she saw on the computer screen;
- Brokers Financial did not give consent;
- Schoemaker was not appointed to investigate under the Act;
- When taking a copy of the letter, she did not leave a receipt as required by the Act;
- Schoemaker trespassed into the computer;
- As a result, Chand's rights pursuant to Section 8 (Right to be secure from unreasonable search and seizure) of the Charter were violated; and
- As such, the letter should not be excluded as it was illegally obtained evidence.

With respect to the statement of Chand, he submitted that:

- There was no authority that allowed the investigators to set foot into the Chand residence;
- The Registrar has no right to appoint more than one person to conduct an investigation;
- The Registrar has no power to authorize a person to enter a residence;
- Schoemaker was not a credible witness;
- Arrangements should have been made to conduct the interview in the office;
- Chand was under duress for the following reasons;
 - The concern he had for his sick child;
 - The presence of the investigators and the heavy handed way in which they carried out their duties;

- Chand felt he could not ask the investigators to leave nor did he feel free to leave the investigators;
- Chand's liberty and security was threatened by a massive and disruptive assault and the invasion of his house was flagrant and inexcusable; and
- As a result, his rights under the Charter were violated, specifically Section 7, (The Right to Life, Liberty and Security of the Person) and as such, his statement must be excluded under section 24 of the Charter.

Counsel for Chand submitted numerous authorities to support his submissions.

Counsel for the Registrar's staff agreed that certain parts of the Charter applied to regulatory hearings but submitted that:

- Objections to the admissibility of evidence must be made before the evidence is put forward;
- The onus of proving a Charter breach is on the party alleging the breach;
- Counsel for Chand did not object to the evidence when introduced;
- To allow the application to proceed at this time would be unfair; and
- Under the circumstances, Chand waived his right to object to the evidence being admitted.

With respect to the Gill employment letter, Counsel for the Registrar's staff submitted that:

- Schoemaker was given full and free access to the files at Brokers Financial;
- Schoemaker was not required to give a receipt for the Gill letter as the need to provide a receipt is only when the actual record (not a copy) is removed;
- The seizure of the Gill letter was not unreasonable, even if it was not specifically authorized by statute, and its admission would not render the hearing unfair;
- The letter was seized in good faith;
- The original letter could have been properly obtained and presented at hearing but for the fact that Chand destroyed or lost the original; and
- To exclude the Gill letter would deprive the Registrar of evidence he would have been entitled to consider except for the actions of Chand. Chand should not benefit from his own actions, which resulted in admissible evidence being destroyed or lost.

With respect to the statement of Chand, he submitted that:

- Counsel for Chand is clearly wrong when he submitted that the Registrar is prohibited from authorizing more than one person to conduct an investigation;
- Shoemaker and McMillan were acting with lawful authority when they interviewed Chand;
- Chand had an obligation to co-operate with the investigators;
- Schoemaker and McMillan knocked on the door and were admitted in;
- They did not barge into the house nor did they threaten Chand;
- They were not told they were unwelcome nor asked to come back;
- They entered the house by invitation and did not require statutory authority;
- A registrant has an obligation to co-operate in an investigation by his/her governing body;
- There is no right to silence for a registrant as they can be compelled to give evidence under oath (Section 6 – 3 of the Act);
- There is no rational basis to adapt the criminal confession rule into regulatory hearing;
- Based on the evidence, the statement of Chand would be found to be voluntary even under the criminal standard;
- There is no evidence to support the premise that Chand was detained and Section 9 of the Charter has no real application in the regulatory context;
- The evidence in this case with respect to the conduct of Schoemaker and McMillan comes no where near establishing that to allow the proceedings to continue would shock the conscience of the community; and
- A right minded person in the community would concede that Chand was dealt with in a fair and decent manner throughout the investigation.

Counsel for the Registrar's staff also submitted numerous authorities to support his submissions.

The testimony of the witnesses relevant to the Charter issues regarding the Gill Letter

Rob Simpson testified that:

- He gave Schoemaker full and free access to the office and all of the files;

- He invited her to review the files in Chand's office;
- He was not aware Shoemaker printed a copy of a letter from the computer used by Chand and left with same.

Ina Schoemaker testified that:

- When she attended at Brokers Financial on September 16, 2002, Simpson invited her to review any of the files in the office;
- She was going to remove original files and Chand made his computer available so she could type a receipt;
- Chand turned on his computer and opened Microsoft Word and it opened with what was labeled "recovered document";
- She had a brief view of the document and saw it looked like a letter of employment;
- Chand minimized the window and opened a blank work document so she could type a receipt;
- Chand then went to photocopy some material for her;
- She restored the minimized document and found it to be an employment letter for Balbir Gill;
- She printed a copy of the letter because it was not the normal course of business for a submortgage broker to have an employment letter on his computer for a client;
- She then went to the file and found the original signed copy of the letter;
- She left taking the printed letter and the copies Chand had made for her;
- On September 30th, she returned to Brokers Financial and requested the Gill file; and
- At this time, the file did not contain the letter in question.

Chand testified that:

- The Gill letter came from his computer;
- It was a file and came up when he turned on the computer;
- After this, he stated he didn't remember and he did not see Schoemaker print and take a copy of the letter;

- When Schoemaker reviewed the file, the signed copy of the letter was there; and
- When he gave the file to Schoemaker (on September 30th) the original letter was not in the file.

The testimony of the witnesses relevant to the Charter issues regarding the statement of Gill

Schoemaker testified that:

- She attended Brokers Financial only to find Chand was not there, so she called him and asked if he could come to the office;
- Chand did not want to leave his home as his child was sick so she and McMillan went to the Chand residence;
- When they got there, they were welcomed, admitted and Chand offered to make tea for them; and
- Chand did not indicate he was under duress.

McMillan testified that:

- They were invited into the house by Chand;
- When they arrived, Chand was expecting them;
- Chand was a pleasant man, polite friendly and nervous;
- During the interview, he felt at times he was being truthful and at other times wasn't;
- Schoemaker was conducting the interview but on three occasions he interjected with the comment, "You are not being truthful";
- The answers Chand gave were voluntary; and
- Most people spoken to in regards to a regulatory matter are under some form of duress, however, Chand was not suffering any great anxiety.

Chand testified that:

- He was not expecting the investigators;
- He did not receive a phone call, he found a voice message after the investigators left saying they were coming over;
- He never had a conversation with them until they came to the house;

- His child wasn't sick but did have [REDACTED] and on the day in question had gone to school;
- He invited the investigators into his house;
- He didn't know if he could ask them to leave or not;
- He wasn't comfortable answering questions;
- He didn't feel free to leave them;
- He felt under pressure to answer their questions;
- McMillan was very vocal and loud and said, "If you don't tell the truth, we're going to make this a criminal investigation";
- They did not physically threaten him;
- They did not barge into his house; and
- He did not say, "I don't want to talk to you now as my child is sick".

The Decision With Respect to the Charter of Rights Argument

After reviewing all of the evidence and the submission of counsel, I have made the following rulings:

The Gill Letter

Although Schoemaker was not specifically appointed to investigate this matter pursuant to Section 6 of the Act, the fact remains that all members of the investigations department are hired to investigate suspect breaches of the Act (as well as the other statutes the Financial Institutions Commission administers). The relationship between the regulated and the regulator is such that on the majority of issues the regulated co-operate without the need of a formal order. This was the case in this matter. Simpson, an employee of Brokers Financial, gave her full and free access to the office. Chand extended the same courtesy to her and in fact turned his computer on so she could use it. A regulated entity should not have an expectation that documents prepared in the course of business are private, and if it is possible, even less of an expectation of privacy when you allow the regulator to have full and free access to their files and computers. Given these facts, the only question remains is: does the fact a receipt was not issued somehow exclude the admission of the letter into evidence.

After reviewing the submissions, I agree with counsel for the Registrar's staff that a receipt is not required for a copy. This is apparent from a reading of Section 7 (c) which states:

- On giving a receipt, remove the records, property, assets or things inspected, examined or analyzed under paragraph (a) or (b) for the purpose of further inspection, examination or analysis.

With respect to the Gill letter, I find that Chand's rights were not violated and the letter will be admitted into evidence.

The Statement of Gill

All participants in the discussion at the Chand residence on March 30th, 2004, agree that:

- The investigators were invited into the house;
- They did not barge in; and
- Chand did not say he didn't want to talk to them; and he never asked them to leave the house.

In view of this evidence, I will deal with the arguments of Chand's counsel as follows:

- 1) – The investigators had no authority to be in Chand's home.
 - I know of no authority anywhere that can authorize someone to enter a person's home and interview him/her. The only way this can be done is through consent and invitation. The evidence in this case is the investigators were invited inside and Chand spoke to them on a voluntary basis.
- 2) - Chand gave a statement under duress.
 - There is no evidence to support this premise.
- 3) - Chand was arbitrarily detained or imprisoned.
 - There is no evidence to support this allegation either.

In summation, Chand invited the investigators into his home and answered their questions. Whatever pressures he felt were those anybody would feel when confronted with the fact they were being brought to account for their improper business dealings. Counsel for Chand alleges the investigators were heavy handed and loud, however, neither of the investigators were cross-examined on

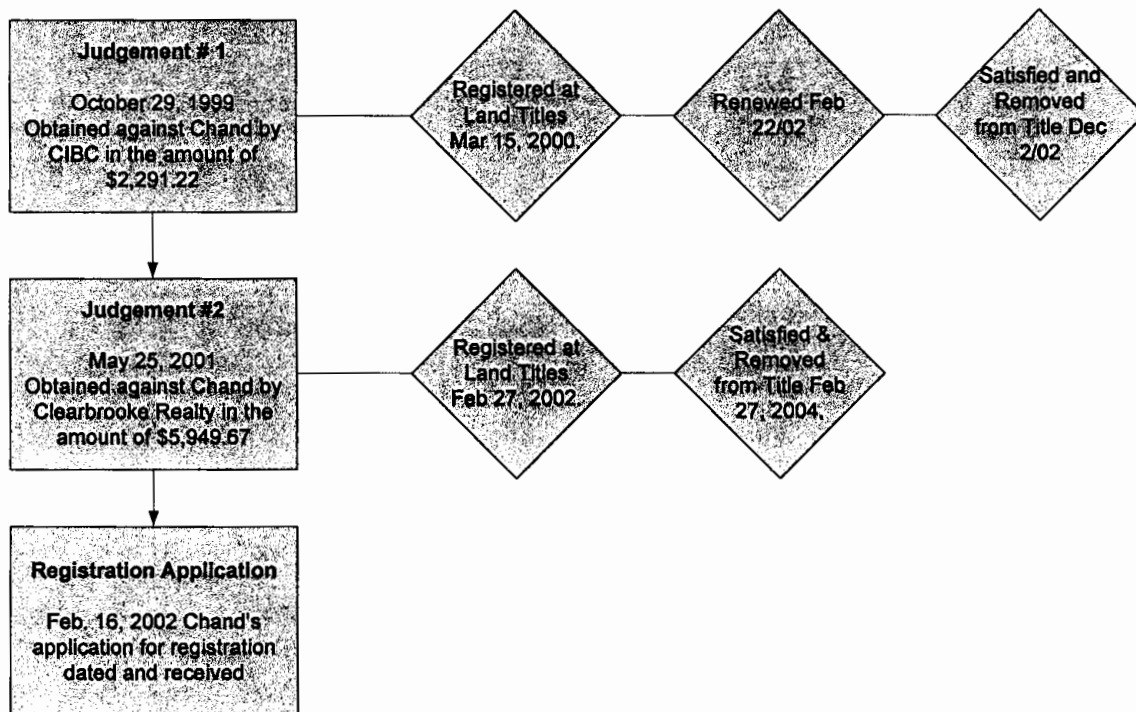
these issues, even though counsel was invited by me to pursue issues with respect to the statement. The only evidence before me regarding these issues is from Chand. I found Chand to be one of the least credible witnesses I have seen testify in my many years of experience. I will discuss this in greater depth later in this decision. The statement of Chand will be admitted.

The Hearing into allegations outlined in the Hearing Notice

I will deal with each allegation in the hearing notice as follows:

1) Did Chand knowingly fail to disclose two judgments which made his application false and misleading?

The following chart shows the time lines of the judgments and the date of the submortgage broker application as documented in exhibits 4 to 10.



It is apparent the unsatisfied judgments existed at the time Chand submitted his mortgage broker application. The only issue to be determined is if Chand knowingly made a misleading statement when he answered “no” to the following questions:

- Has any judgment, which is unsatisfied, ever been rendered against the

applicant in any civil court in British Columbia, or elsewhere, for any reason whatsoever?

- Are there any pending legal proceedings against the applicant?

Based on the evidence placed before me which includes: the testimony of Schoemaker, McMillan, Chand and my review of the documents, I find that Chand knowingly failed to disclose his outstanding judgments and his submortgage broker application was false and misleading. It should also be noted that Chand also failed to disclose a judgment when renewing his real estate license.

(2) Did Chand conduct business in a manner that is prejudicial to the public interest.

The Gill Transaction

Previous testimony indicated that Schoemaker, while using Chand's computer, printed and left the office with Exhibit 11.

The letter (Exhibit 11) is reproduced below:

Columbia (VIC)
575 Columbia Street West
Kamloops, B.C. V2C 1K7
Phone (250) 372-8200
Fax (250) 372-8100

Est. No. _____
Re: *Gill Chand*
Date: *July 22, 2005*
S. K. Saran
General Valuation Reporter
TOTAL REPORTING SERVICE LTD.

July, 26, 2003

To whom It may Concern:

This is to confirm that Balbir Kaur Gill has been working as assistant Manager since January, 2003. She gets a salary of \$2500.00 per month.

If you need any further information feel free to contact my self at [redacted] or Cell number [redacted]

Sincerely,

Sukhdave Saran
Owner.

Schoemaker testified that:

- She found the letter to be suspicious;
- She reviewed the Amarjit/Babar Gill file and found an original of Exhibit 11 which was signed; and

- Printed a copy and left the office.

Subsequent inquires into the legitimacy of the letter found that:

- The proper name of the business is the Columbia Motor Inn (not the Columbia Motel Inn as displayed in the letterhead of Exhibit 11); and
- The manager of the Inn had never heard of Balbir Kaur Gill.

Ms. Schoemaker also testified that

- Exhibit 11 was forwarded to Maple Trust Co. as part of a mortgage application; and
- When she returned to the office on September 30th, 2003 Exhibit 11 was no longer in the file.

McMillan testified that he was present on March 30, 2004, when Chand was interviewed. The following are the salient points of that interview (with respect to the Gill transaction):

- Chand admitted to drafting the letter because he “wanted to get the business”; and
- After the attendance of Schoemaker at the office and the discovery of Exhibit 11, Chand stated he panicked and destroyed the original letter.

Amarjit Gill (“Gill”) testified that:

- He knew Chand from when they both worked together a long time ago;
- He did not provide the information contained in Exhibit 11 and did not ask Chand to type the letter;
- He had only seen the letter once before when it was shown to him by McMillan; and
- His daughter’s first name is Sukhdave.

Chand testified that:

- He typed the letter but it was based on the information provided by Gill;
- He was aware that Gill had some interest in the hotel; and

- He admitted that, when he prepared the letter, he was doing something he ought not to be doing.

Also introduced into evidence were two other exhibits pertaining to the Gill transaction, as follows:

- The electronic mortgage application submission to financial institutions (Exhibit 12); and
- A handwritten mortgage application (Exhibit 13).

After reviewing on the evidence in the Gill transaction, I find that:

- Chand prepared the employment letter;
- At the time of preparation, he knew the employment information contained in the letter was false; and
- He submitted the letter to a financial institution to support the granting of credit.

The Khera Transaction

The hearing notice alleged that Chand arranged a second mortgage for the Khera's without disclosing the same to the Bank of Nova Scotia and, as a result, misled the actual indebtedness of the Khera's. The following is a chronological event chart for the Khera transaction which will help understand the transaction.

Date	Event	Exhibit Number
June 17, 2002	Credit check on Khera's done by Brokers Financial	16
July 22, 2002	Another check done on the Kheras by Brokers Financial	16
August 5, 2002	Offer to purchase on property at [REDACTED] Langleys by Kheras	14
August 15, 2002 11:21am	Fax to Cove requesting 2 nd mortgage for [REDACTED]	16
August 15, 2002 11:26am	Mortgage Commitment faxed to Brokers Financial by BNS	15
August 15, 2002 4:15pm	Commitment for 2 nd mortgage fax to Brokers from Cove	17

August 15, 2002 4:50pm	Acceptance of terms of 2 nd mortgage faxed Brokers to Cove	17
August 15, 2002 ???	Acceptance of terms of 1 st mortgage sent to BNS	15
August 20, 2002	Second commitment for 1 st from BNS	24
August 21, 2002	Chand fax to BNS proof of funds held in Royal Bank	25
August 26, 2002	Chand fax to BNS gift letters with note already sent proof of funds	26
September 5, 2002	House purchase closes	Several
September 6, 2002	1 st Mortgage registered on title	32
September 11, 2002	Chand fax to Cove lawyer for transaction closing on September 11, 2002	29
September 19, 2002	Fax Cove to Chand – Question what is happening?	30
October 17, 2002	2 nd Mortgage registered on title	32

Julie DePaulo (“DePaulo”) testified that:

- At the time of the Khera transaction, she was the underwriter at Scotia Express (Bank of Nova Scotia) who handled the Khera transaction;
- The transaction was to be a conventional mortgage which is 75 per cent loan to value of the house, and the borrower has to have 25 per cent down payment;
- She identified Exhibit 15 which was the mortgage commitment with 7 conditions which would have to be fulfilled before the mortgage would be funded;
- A gift letter is allowed to make up a portion of the down payment if it is a family member advancing the funds, which do not have to be repaid;
- A second mortgage would not be allowed as it would impact the borrower’s debt service ratio;
- The gross debt service ratio is calculated as the principal and interest of the mortgage (and would include a second mortgage) plus a portion of taxes and heat which should be under 30 per cent of the gross income; and

- Chand never advised he was negotiating a second mortgage.

Joyce Luptak testified that:

- She was and still is a submortgage broker registered with Cove Mortgage Inc. ("Cove");
- She was the submortgage broker who handled the Khera transaction;
- She was under the impression that the completion date of closing being delayed was because the construction of the house wasn't completed;
- She knew there was a problem getting the name of the lawyer; and
- Chand never advised the house sale had closed on September 16th, 2003.

Chand testified that:

- He attempted to get a high ratio mortgage for the Kheras but was turned down;
- The Bank was only interested in a 75 per cent loan to value mortgage;
- The Kheras were having a little bit of problems so he arranged a second mortgage with Cove;
- He was informed by DePaulo that if the rates didn't work out, she couldn't approve the mortgage;
- In response to a question as to why he did not inform DePaulo he was also arranging a second mortgage on the property, he replied "she didn't ask and I didn't tell"; and
- He admitted that he was doing things he ought not to have done to help the Kheras.

Khera was represented by Mr. Roxburgh and Mr. Grewel when he testified. It was apparent to all he was a less than credible witness. After he had given direct evidence and was cross examined, he advised that, because of a language problem, there was a misunderstanding and some of the evidence may not be truthful. When given an opportunity to clear up the confusion, Khera stated:

- He advised Chand he needed a mortgage;
- Chand told him not to mention the fact he owned a gas station; just get a job letter - it will be better;

- Borrow money from your relatives for a few weeks and we will get you a second mortgage; and
- The employment letters are fake.

My observations on the Khera transaction with respect to the placing of the second mortgage with the knowledge of the Bank of Nova Scotia:

- Gill was well aware of the Kheras financial situation, including the fact they owed a considerable amount of money on their gas station and knew they did not have the funds for a 25 per cent down payment.
- In fact the evidence indicates he had done a credit check almost three months before the Kheras offered to purchase the property in question;
- He arranged for a second mortgage which was used to pay back monies borrowed from Mr. Khera's brothers;
- In fact, the second mortgage was arranged before the first mortgage;
- He was aware the Bank of Nova Scotia would not allow a second mortgage on the property;
- He misled Cove and Luptuck as to the true closing date so that the second mortgage could be placed with the knowledge of the bank;
- He misled Cove as to who the law firm was the Kheras had engaged to handle their affairs with respect to the second mortgage;
- He misled the Bank of Nova Scotia with respect to borrowers having enough funds of their own to meet one of the conditions of the mortgage commitment;
- He knew the Kheras were self-employed and counseled them to obtain false employment letters and, by doing so, misled the Bank of Nova Scotia as to the Kheras ability to service their debt; and
- Altering the contract of sale and purchase on the Khera property by removing the word businessman before sending it to the bank.

I find that Chand conducted his business in a manner prejudicial to the public interest.

Did Chand receive monies that ought to be placed in a trust account

It is clear on the evidence that Chand accepted monies from the Kheras that ought to have been placed in a trust account. With his experience in the financial services sector, he knew this and yet failed to do so.

Penalties to be considered

Given that I have made a finding of fault in each and every one of the issues in the hearing notice, the question becomes, what is an appropriate penalty or penalties to be imposed? In considering this, I took the following factors into consideration:

- The sophistication of the scheme which allowed the second mortgage to be registered without the bank's knowledge;
- Chand's lack of remorse, his evasiveness and total lack of credibility;
- The way he conducted business in general;
- The public confidence in the province's financial services section and, in particular, the mortgage broker industry;
- The reputation and status of registrants in the mortgage broker industry generally; and
- The protection of the public.

I would like to comment further on some of these factors, as follows:

The sophistication of the Scheme

The way Chand delayed the registration of the second mortgage was sophisticated and cunning and a scheme I have never previously encountered.

Lack of remorse and credibility

Chand's lack of remorse was demonstrated by his total lack of credibility. Some examples of lack of veracity when testifying are:

- His explanation of the timing of the first and second mortgages;
- The purpose of the second mortgage funds;
- His explanation as to how the Gill letter appeared when his computer was started up; and

- His explanation as to how Cove was misled with respect to the lawyer handling the second mortgage.

Chand's Business Dealings

Some examples of the lack of ethics on the part of Chand that were revealed during the hearing are:

- In the time period leading up to the judgments, he ignored his creditors and did not return their calls; and
- The witnessing of signatures on legal documents without knowing who actually signed.

In addition to the allegations in the hearing notice, it was determined that:

- Chand altered the contract of sale and purchase submitted to the lenders by removing the word businessman;
- Chand manipulated the bank documents in order to deceive the bank that one of the conditions, that the Kheras had [REDACTED] in their account, had been met;
- Counseled the Kheras to submit false information to the lenders to support the granting of credit; and
- Submitted false documents to Cove to mislead them as to who was doing the conyenancing of the second mortgage in order to have it registered without the knowledge of the bank.

Financial Service Sector Confidence

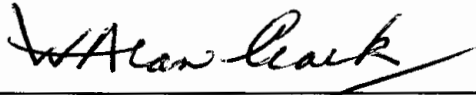
The confidence in the financial services sector and the reputation of the many honest ethical mortgage broker registrants can only be preserved by not allowing Chand to be registered until he has reestablished his reputation and suitability.

The protection of the public

Given all of the circumstances, the public needs protection from individuals such as Chand.

In reviewing all of the factors, I feel the public interest considerations have to be placed above those of Chand. As a result, I find that:

- Chand is to be suspended for a period of 5 years from the date of this decision;
- He must retake the mortgage broker examination before reapplying for registration;
- If the course at the time he takes it does not have an ethics component, he must take an ethics course from an approved (by the Registrar) learning institute or industry organization; and
- He is to pay costs in the amount of \$5,000.00



W. Alan Clark - Registrar of Mortgage Brokers
Surrey, British Columbia

March 13, 2006.