

**IN THE MATTER OF THE *REAL ESTATE SERVICES ACT*
AND
IN THE MATTER OF
LODGING OVATIONS CORPORATION**

CONSENT ORDER

RESPONDENT: Lodging Ovations Corporation
Brokerage

DATE OF CONSENT ORDER: April 16, 2007

CONSENT ORDER REVIEW COMMITTEE: S. Sidhu (Chair)
P. Jones
K. Bevington

ALSO PRESENT: R.O. Fawcett, Executive Officer
B.K. Evans, RECBC Staff

PROCEEDINGS:

On April 16, 2007 the Consent Order Review Committee resolved to accept the Agreed Statement of Facts, Proposed Acceptance of Findings and Waiver executed by Mohammed Saaduddin Hasan and Robert Quimpo Reyes on behalf of Lodging Ovations Corporation as submitted, which was a reprimand. As a condition of continued licensing, Lodging Ovations Corporation is required to pay enforcement expenses \$750.00 to the Real Estate Council within sixty (60) days from the date of this Order.

WHEREAS an Agreed Statement of Facts, Proposed Acceptance of Findings and Waiver was executed by Mohammed Saaduddin Hasan and Robert Quimpo Reyes on behalf of Lodging Ovations Corporation and the Real Estate Council of British Columbia ("Council"), a copy of which is attached hereto:

NOW THEREFORE, the Council has made the following findings and orders the following penalties based on the Agreed Statement of Facts and Proposed Acceptance of Findings:

1. Lodging Ovations Corporation be reprimanded as it committed professional misconduct within the meaning of section 35(1)(a) of the *Real Estate Services Act* in that it contravened section 7-7(1)(b) of the Council Rules in that it:
 - (a) failed to file an Accountant's Report with the Council for the year ending June 30, 2006 on or before October 31,

2006.

2. Lodging Ovations Corporation, as a condition of continued licensing, is required to pay enforcement expenses in the amount of \$750.00 to the Real Estate Council within sixty (60) days from the date of this Order.

If Lodging Ovations Corporation fails to comply with any of the terms of the Order set out above, the Council may, suspend or cancel its licence, without further notice to Lodging Ovations Corporation pursuant to section 43 (3) and (4) of the *Real Estate Services Act*.

Dated this 16th day of April, 2007 at the City of Vancouver, British Columbia.

“Satnam Sidhu”

S. Sidhu
Chair

Consent Order Review Committee

Atch.

File #237-06

**IN THE MATTER OF THE REAL ESTATE SERVICES ACT
S.B.C. 2004, c. 42**

IN THE MATTER OF

**LODGING OVATIONS CORP.
(X028621)**

**AGREED STATEMENT OF FACTS,
PROPOSED ACCEPTANCE OF FINDINGS AND WAIVER**

The following agreement has been reached between Lodging Ovations Corp. (“Lodging Ovations”) and the Real Estate Council of British Columbia (the “Council”).

- A. Lodging Ovations hereby consents to an Order to be made pursuant to section 41 and 43 of the *Real Estate Services Act* that Lodging Ovations be reprimanded and as a condition of continued licensing, to pay the enforcement expenses to the Council in the amount of \$750.00 within sixty (60) days of the Order herein.

- B. If Lodging Ovations fails to comply with any of the terms of the Order set out above, the Council may suspend or cancel its licenses without further notice to Lodging Ovations pursuant to section 43 (3) and (4) of the *Real Estate Services Act*.
- C. As a basis for this Order, Mohammed Saaduddin Hasan, managing broker and Robert Quimpo Reyes, managing broker, on behalf of Lodging Ovations acknowledge and agree that the facts sets forth herein are correct:
1. Lodging Ovations has been licensed as a brokerage since February 14/06.
 2. Mohammed Saaduddin Hasan and Robert Quimpo Reyes are currently licensed as the Managing Brokers of Lodging Ovations and have been since February 14, 2006, when they and Lodging Ovations first became licensed.
 3. The fiscal year end of Lodging Ovations was June 30, 2006 and its Accountant's Report was due to be filed with the Council on or before October 31, 2006.
 4. A letter was sent from the Council to Lodging Ovations dated July 4, 2006 advising that the Accountant's Report was due to be received by the Council on or before October 31, 2006.
 5. A further letter was sent from the Council to Lodging Ovations dated November 3, 2006 advising that if the report is not received within thirty days of the due date the matter would be forwarded to the Council's Legal Department for further action.
 6. In response to this letter Mohammed Saaduddin Hasan and Robert Quimpo Reyes caused James Brooks, the accountant for Lodging Ovations to send an email message to Lisa Holst, Manger of Accounting and Audit on November 8, 2006 that "*Hi Lisa, I just wanted to give you my contact information and let you know that I have got the process rolling to get the auditors for Intrawest Corp (parent company of Lodging Ovations) signing off on the Accountants Report.*"

Mr. Brooks provided a follow-up email on November 27, 2006 , advising that he had a local accounting firm in Whistler, BDO, assisting with the report and setting up the reporting so that it could be easier to accomplish and file the report on time in the future.
 7. A further letter was sent to Lodging Ovations from the Council dated December 1, 2006 advising that the file had been forwarded to the Council's Legal Department for further action.

8. On December 8, 2006 Kim Huggard, a C.G.A. with BDO Dunwoody LLP, Chartered Accountants for Lodging Ovations, wrote to the Council as follows:

“I am just faxing to advise you that BDO Dunwoody LLP has been engaged to prepare the Accountant’s Report and the review of the financial statements for the year ended June 30, 2006 of Lodging Ovations Corp. Our plan is to have the report and these statements finalized this month, for submission to Council.

Please note that Lodging Ovations Corp. is a division of the Intrawest Group of companies. Intrawest is a public company and is subject to a financial statement audit. Unfortunately, these financial statements are at a consolidated level and are beyond the scope of what is needed for this engagement. Our understanding is that our clients accounting and financial records are in order and were made available to Intrawest’s auditors months ago. There have been some delays to get this separate engagement underway as our client investigated what divisions had previously been the subject of separate review or audit engagements, to ensure that they were not duplicating their requirements. Our client now has a full understanding that a separate engagement is required on the strata property management division.”

9. An Accountant’s Report without review engagement was received from Lodging Ovations on January 4, 2007.
10. An Accountant’s Report with review engagement was received from Lodging Ovations on February 13, 2007.
11. Mohammed Saaduddin Hasan and Robert Quimpo Reyes through Lodging Ovations’ legal counsel explain the problems that Lodging Ovations had in providing the Accountant’s Report to the Council as follows:

“Lodging Ovations Corp. is a division of the Intrawest Group of companies. Messrs. Hasan and Reyes are employees within that organization, and have no controlling ownership in Lodgings or the Intrawest Group. Intrawest is a large multinational and public company and is subject to very stringent accounting and reporting obligations (even more so in light of Enron, Worldcom etc.) Intrawest’s financial statements are audited, but they are audited at a consolidated level i.e. one report including all of the divisions of Intrawest. Lodging Ovations’ accounting and financial records are provided to the auditor of Intrawest’s financial statements for this audit purpose, but no separate audit is normally conducted. The property management conducted by Lodging Ovations is only a small part of the business of Intrawest

The Intrawest audited report was initially submitted to your office by Lodgings, but Lodgings was informed that that report was not satisfactory as the accountant's report needs to focus just on Lodgings. Lodgings thus engaged the services of BDO Dunwoody to provide the required report. Due to the new corporate accounting environment and regulations, accounting firms will not simply prepare audited reports based solely on one year's financial documents. For new engagements accounting firms want year over year comparisons, complete disclosure of all inter-company transactions, complete reviews of all accounting and IT processes, review of payroll, and need a complete picture of company ownership. Obviously, a lot of this work is not necessary for the RECBC accountant report purposes, but it needed to be done before the independent accountant will provide the required report. Additionally, being the first audit by this accounting firm, templates and information packages for future audits needed to be setup concurrently. Not surprisingly due to the scope of work being performed, this process took a significant amount of time, and was being conducted by parties outside of the direct control of Messrs. Hasan and Reyes. Unfortunately, this was also being conducted at the same time as the financial year end reporting was being conducted for the Intrawest Group, and consequently, other employees within the Intrawest Group who were assisting on this report were occupied with other matters.

Throughout the preparation of this report, Lodgings and its accountant communicated with the Real Estate Council of BC (I have been advised they spoke to Lisa Holst. In our opinion, Messrs. Hasan and Reyes acted with all reasonableness and expediency to complete the required report within the limits of their positions resulting from the nature and size of the organization within which they work. We note that the majority of these difficulties should not occur again and future submissions will be timely, as the necessary processes have now been put in place by Lodgings and the delays incurred from the new retainer for the accountant will not arise next year. The unique difficulties experienced by Lodgings would likely not be present for the majority of the property management firms which the Real Estate Council of BC oversees. As such, we hope some latitude can be given in this circumstance.”

D. Proposed Acceptance of Findings and Waiver

1. Based on the Agreed Statement of Facts as outlined herein, and without making any admissions of liability, Lodging Ovations Corp. is prepared to accept the following findings if made against it by the Council's Consent Order Review Committee: that it committed professional misconduct within the meaning of section 35(1)(a) of the *Real Estate Services Act* in that it contravened section 7-7(1)(b) of the Council Rules in that it failed

to file an Accountant’s Report with the Council for the year ending June 30, 2006 on or before October 31, 2006.

2. Lodging Ovations hereby waives its right to appeal pursuant to section 54 of the *Real Estate Services Act*.
3. Lodging Ovations acknowledges that it has the right to seek independent legal advice before signing this Agreed Statement of Facts, Proposed Acceptance of Findings and Waiver.
4. Lodging Ovations acknowledges and is aware that the Council will publish the Consent Order and penalty herein in its Report from Council and on the Council’s website.
5. Lodging Ovations acknowledges and is aware that the Superintendent of Real Estate has the right, pursuant to section 54 of the Act, to appeal any decision of the Council, including this Agreed Statement of Facts, Proposed Acceptance of Findings, and Waiver and Consent Order.
6. The Agreed Statement of Facts and Proposed Acceptance of Findings contained herein are made for the sole purpose of resolving a complaint being considered by the Council and for that purpose only. Such agreed statement of facts and proposed acceptance of findings cannot be used in any other proceeding of any kind.

“Brian K. Evans”

Brian K. Evans, Legal Counsel
Real Estate Council of British Columbia

As to Part C only (Agreed Statement of Facts)

Dated 16th day of April, 2007

“Mohamed Saaduddin Hasan”

Mohamed Saaduddin Hasan on behalf of
Lodging Ovations

As to Parts A, B, C, and D (proposed penalty, Agreed Statement of Facts, Proposed Acceptance of Findings and Waiver)

Dated 9th day of March, 2007

“Robert Quimpo Reyes”

Robert Quimpo Reyes on behalf of Lodging
Ovations

As to Parts A, B, C, and D (proposed penalty, Agreed Statement of Facts, Proposed Acceptance of Findings and Waiver)

Dated 9th day of March, 2007