

BC FINANCIAL SERVICES AUTHORITY

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

AND

**IN THE MATTER OF
CHARLES FUNARO**

AND

0643025 B.C. Ltd.

AND

CAD INVESTMENTS LTD.

CONSENT ORDER

(Pursuant to sections 8 (1.2) of the *Mortgage Brokers Act*)

[This Order has been redacted before publication.]

WHEREAS Charles Funaro, ("C. Funaro"), 0643025 B.C. Ltd. ("064"), and CAD Investments Ltd. ("CAD"), (together, the "Respondents") have never been registered under the *Mortgage Brokers Act*, RSBC 1996, c 313 ("MBA");

AND WHEREAS the Registrar of Mortgage Brokers (the "Registrar") issued an Amended Notice of Hearing to the Respondents on April 23, 2024 ("Amended Notice of Hearing");

AND WHEREAS the following agreement has been reached between the Respondents and the staff of the Registrar ("Staff");

AND WHEREAS the Registrar agrees to the following terms of a consent order:

I. FINDINGS

The Registrar makes the following findings against C. Funaro, 064, and CAD., and C. Funaro, 064, and CAD accepts the following findings made against them:

1. C. Funaro carried on business as a mortgage broker or submortgage broker in British Columbia without being registered to do so as required by section 21 of the MBA and without being exempted from registration pursuant to section 11 of the MBA, in that from approximately September 26, 2017 through December 3, 2020, he carried out one or more of the following mortgage broker activities in respect of 34 mortgage transactions:
 - a. Carried on a business of lending money secured in whole or in part by mortgages; and,
 - b. During the years of 2018 and 2019, lent money on the security of 10 or more mortgages.

2. 064 carried on business as a mortgage broker or submortgage broker in British Columbia without being registered to do so as required by section 21 of the MBA and without being exempted from registration pursuant to section 11 of the MBA, in that from on or about November 10, 2017 through November 12, 2020, it carried out the following mortgage broker activity in respect of 3 mortgage transactions:
 - a. Carried on a business of lending money secured in whole or in part by mortgages.
3. CAD Investments Ltd. and its director, C. Funaro, carried on business as a mortgage broker or submortgage broker in British Columbia without being registered to do so as required by section 21 of the MBA and without being exempted from registration pursuant to section 11 of the MBA, in that from on or about March 3, 2021 through June 30, 2021, they carried out the following mortgage broker activity in respect of 6 mortgage transactions:
 - a. Carried on a business of lending money secured in whole or in part by mortgages.

II. ORDERS AND PENALTY

Pursuant to section 8, 8(1.4) and 6(9) of the MBA, the Respondents hereby consent to, and the Registrar hereby makes the following orders:

1. Pursuant to section 6(9) of the MBA, the Respondents shall be jointly and severally liable to pay an administrative penalty in the amount of \$30,000;
2. Pursuant to section 6(9) of the MBA, the Respondents shall be jointly and severally liable to pay investigation costs in the amount of \$3,500; and
3. All amounts are immediately due and payable, and all payments must be made by cheque, bank draft, or money order, payable to the BC Financial Services Authority. This order may be filed with the court pursuant to the MBA, and steps to enforce this order may be taken if payment is not made in full within thirty (30) calendar days.

III. AGREED FACTS

As a basis for this Consent Order, the Respondents acknowledge the following facts as correct and makes the following admissions:

A. Background

1. The Respondents:
 - a. have never been registered under the MBA to conduct mortgage broker activities in British Columbia;
 - b. do not have a disciplinary history with the Registrar;
 - c. did not arrange mortgages on behalf of third party lenders.
2. Prior to the investigation by the Registrar, the Respondents were not aware that loaning their own funds constituted unregistered mortgage activities as defined by the MBA.
3. The respondents have fully cooperated with the Registrar's investigation of their unregistered activities and provided all requested documents.

B. Facts

4. On June 29, 2020 staff of the Registrar (“Staff”) conducted a title search with the Land Title and Survey Authority of British Columbia (“LTSA”) found that C. Funaro had 17 mortgages registered against properties in British Columbia (“BC”).
5. On or about July 10, 2020, Staff contacted C. Funaro to advise that he may require registration under the MBA.
6. C. Funaro contacted the Registrar on July 27, 2020 to inquire about the registration requirements. There was no further correspondence with C. Funaro. The matter was referred to investigations.
7. Staff completed their initial investigation on or about March 2, 2022, which revealed the following:
 - a. C. Funaro funded 34 mortgages registered against properties from 2017 – 2021;
 - b. C. Funaro was the sole owner of 064. It had funds that were not being used so he invested the money in mortgages;
 - c. 064 funded 3 mortgages from 2017 – 2020;
 - d. C. Funaro would be contacted by a mortgage broker who would ask if he was interested in funding a deal. If he expressed interest, the broker would provide details of the loan; and
 - e. The income earned from mortgage funding is reflected in his tax returns.
8. Subsequently, Staff conducted a reverse director search and found C. Funaro was the listed director of CAD. There were five additional mortgages involving C. Funaro registered to CAD.
9. CAD was incorporated in British Columbia on February 5, 2021 by C. Funaro. At the time of incorporation, C. Funaro was the sole director and shareholder.
10. C. Funaro ceased being director of CAD on October 12, 2021, at which point his [family member], [Individual 1] (“[Individual 1]”), became the sole director and shareholder.
11. From March 2021 – June 2022, ten mortgages were registered under CAD, six while C. Funaro was the sole director and shareholder, and four while [Individual 1] was the sole director and shareholder.
12. On December 1, 2022, BCFSA sent a letter to [Individual 1] to advise that CAD must cease all mortgage brokering activity unless and until they are permitted to pursuant to the MBA, and that failure to comply could result in enforcement action. Following that letter, [Individual 1] or CAD has not engaged in any further mortgage brokering activities.
13. C. Funaro never promoted himself, CAD, or 064 as a private lender or broker.

IV. WAIVER

The Respondents waive their right to a hearing under sections 4 and 8 of the MBA and waives their right to appeal under section 9 of the MBA.

Approved as to form and content by:

“Original signed by Charles Funaro”

_____ this 15 day of July, 2024.

Charles Funaro

Approved as to form and content by:

“Original signed by Charles Funaro”

_____ this 15 day of July, 2024.

Charles Funaro, Authorized signatory for 0643025 B.C. Ltd

Approved as to form and content by:

“Original signed by Charles Funaro”

_____ this 15 day of July, 2024.

Charles Funaro, Authorized signatory for CAD Investments Ltd

Approved as to form and content by:

“Original signed by Desiree Lee”

_____ this 23rd day of July, 2024.

Desiree Lee

Legal Counsel for the Staff of the

Registrar of Mortgage Brokers

Issued this 29 day of July, 2024 at Victoria, British Columbia.

“Original signed by Jonathan Vandall”

Jonathan Vandall

Acting Registrar of Mortgage Brokers

Province of British Columbia