



IN THE MATTER OF THE *MORTGAGE BROKERS ACT*, [R.S.B.C. 1996] c. 313

and

MICHAEL ALEXANDER CAMPAGNA

DECISION ON MERITS

DATE OF HEARING: September 25 and 26, 2018

PLACE OF HEARING: Office of the Registrar of Mortgage Brokers,
Vancouver

APPEARING FOR STAFF: Stephen King, Ministry of Attorney General

APPEARING FOR MR. CAMPAGNA: No one

REGISTRAR'S APPOINTEE: Cheryl Vickers

INTRODUCTION

The Registrar of Mortgage Brokers (Registrar) issued a Notice of Hearing to Michael Alexander Campagna on March 23, 2018 alleging various breaches of the *Mortgage Brokers Act* by Mr. Campagna. Mr. Campagna was served with the Notice of Hearing and an Investigation Report on April 11, 2018. He confirmed his availability for the scheduled hearing dates by email on July 17, 2018.

On the morning of the hearing Mr. Campagna contacted the Registrar's office to advise of his unavailability to attend the hearing due to a car accident. I stood the hearing down to allow counsel for the Registrar of Mortgage Broker's Staff (Staff) to contact Mr. Campagna for further details and to determine if he would be able to attend the hearing. Mr. Campagna advised counsel the car accident had been a month ago but that he continued to suffer the effects of it. Counsel asked Mr. Campagna if he would be able

Registrar of Mortgage Brokers

2800-555 West Hastings Street
Vancouver, BC V6B 4N6

Telephone: 604-660-3555
Facsimile: 604-660-3365
<http://www.fic.gov.bc.ca>

to attend the hearing later in the morning and Mr. Campagna advised he could attend by 11:00 am. I adjourned the hearing until 11:00 am.

Mr. Campagna did not appear when the hearing reconvened soon after 11:00 am. I was satisfied Mr. Campagna was aware of the hearing and the allegations against him. I was satisfied that Mr. Campagna had been given the opportunity to appear and that he was not unable to appear. I determined the hearing would proceed in his absence.

NOTICE OF HEARING

The Notice of Hearing alleges that Mr. Campagna carried on business as a mortgage broker without being registered contrary to section 8(4.1) of the *Mortgage Brokers Act* following the expiration of his registration as a sub-mortgage broker and particularizes the allegations against him. Staff allege that between June 1, 2017 and October 26, 2017, Mr. Campagna attempted to arrange mortgages for three borrowers by:

- i) providing assurances to each of them that he could obtain a mortgage;
- ii) gathering the personal information of at least two borrowers for the purpose of making mortgage applications;
- iii) obtaining documents and information from three borrowers for the purpose of supporting mortgage applications;
- iv) ordering an appraisal for two borrowers to support mortgage applications;
- v) advising two borrowers he was dealing with multiple potential lenders in attempting to arrange a mortgage;
- vi) explicitly holding himself out as a mortgage broker to one borrower;
- vii) leaving the impression with two borrowers that he was a registered mortgage broker by failing to advise those borrowers that he was no longer registered and therefore not permitted to carry on business as a mortgage broker;
- viii) providing a borrower with a "subject removal certificate" using the letterhead of a network of registered mortgage brokers assuring the borrower that he had arranged a mortgage and that they could remove the "subject to finance" clause in a contract of purchase and sale for a real estate transaction (Subject to Finance Clause);
- ix) providing another borrower with assurances that they could remove a Subject to Finance Clause; and
- x) providing a borrower with a "mortgage summary" document naming a non-retail lender that originates mortgages through mortgage brokers.

Staff allege further that Mr. Campagna continued to hold himself out to the public as a mortgage broker by identifying himself as a mortgage broker on his voice mail message and by maintaining a profile on LinkedIn.com wherein he held himself out as offering the services of a mortgage broker.

Issue

The issue is whether the evidence presented at the hearing supports the allegations in the Notice of Hearing.

Evidence and Findings of Fact

I heard evidence from Gerard West, Chief Investigator with the Registrar's office; three complainants: RM, JC and JS; and LC, one of the owners of a registered broker with whom Mr. Campagna had been formerly registered as a sub-mortgage broker.

Mr. West commenced an investigation following a complaint by RM to the Registrar's office on September 11, 2017 about Mr. Campagna. His investigation expanded to include complaints against Mr. Campagna from JC and JS. Mr. West met with, interviewed, and obtained documents from each of the complainants. He also interviewed Mr. Campagna.

Mr. Campagna's Registration as a Sub-mortgage Broker

Mr. Campagna was first registered as a sub-mortgage broker in British Columbia on April 22, 2005. He worked as a sub-mortgage broker for several brokerages over the years. His most recent registration commenced February 22, 2017 with 0952130 B.C. Ltd. dba: Dominion Lending Centres – A Better Way (DLC). His registration was set to expire on May 31, 2017.

On April 1, 2017 the Registrar's office sent Mr. Campagna an email to remind him that his registration would be expiring on May 31, 2017. On the same date, the Registrar's office sent a similar email to MS at DLC advising that Mr. Campagna's registration would be expiring on May 31, 2017. On April 28, 2017, administrative staff at DLC sent Mr. Campagna another email reminding him his registration would expire on May 31, 2017 and providing him with information respecting registration requirements.

LC's evidence is that he communicated to Mr. Campagna numerous times in advance of May 31, 2017 that he had to deal with his registration and that if his registration expired, he would not be able to broker but would have to transfer any of his files to a registered sub-mortgage broker. There is some evidence that Mr. Campagna was in contact with an individual at the Registrar's office about having to deal with some issues and getting reregistered, although it is not clear from the evidence whether that contact was before or after, or both before and after May 31. In any event, Mr. Campagna did not submit the required forms and information to the Registrar's office for renewal of his registration by May 31, 2017.

By email dated July 19, 2017, the Registrar's office advised Mr. Campagna and MS at DLC that it had not received Mr. Campagna's application to renew his registration and that the Registrar had terminated his registration. The email advised that as the

registration of Mr. Campagna had expired, he could not conduct any mortgage broker activity.

Following receipt of the email from the Registrar's office advising Mr. Campagna's registration was terminated, DLC suspended Mr. Campagna's codes for access to the Filogix system, used for submitting and approving mortgage applications, and internal DLC systems used by their brokers. LC's evidence was that DLC had not suspended Mr. Campagna's access before so that he could transfer files to other brokers. He said the renewal could be made after May 31 with payment of late fees, so it wasn't until DLC received official notice from the Registrar's office that Mr. Campagna's registration had been terminated that they "shut everything down". LC's evidence was that now, when DLC sends a reminder to its brokers respecting registration renewal, it advises that if the application is not submitted by the expiry date, the sub-mortgage broker will be "shut down". LC described this change in practice as one of the "learnings" that had come from Staff's investigation into Mr. Campagna.

Mr. West's evidence was that he contacted Mr. Campagna by phone in October 2017 during the course of his investigation and that Mr. Campagna's voice mail greeting stated "Mortgage Broker Michael Alexander Campagna". Mr. West provided a printout of Mr. Campagna's LinkedIn profile, printed on March 20, 2018, describing Mr. Campagna as an "Accredited Mortgage Professional" specializing in residential, private and commercial mortgage financing. Mr. West's evidence was that Mr. Campagna has not taken steps to re-register since his registration expired on May 31, 2017.

Mr. Campagna's Dealings with JS

In the spring of 2017, JS decided to sell her home and downsize. She posted a message on Facebook that she was thinking of selling her home. Mr. Campagna was a Facebook "friend" because JS had used his services twice in the past to secure mortgage financing. Mr. Campagna saw her Facebook post and sent her a message that if she was looking for a mortgage broker he was there for her.

JS decided to use Mr. Campagna as a mortgage broker and got in touch with him. On May 14 Mr. Campagna sent JS a spreadsheet and asked her to complete it. On May 15, JS advised Mr. Campagna that the sale of her home had gone through so she was hoping to be approved for financing as soon as possible. JS completed the spreadsheet and sent it to Mr. Campagna providing her personal and financial information and information about the property being purchased.

She had further communications with Mr. Campagna in May and into June as she gathered and sent requested information to him. JS's evidence was that at first Mr. Campagna was responsive but as time moved on he became increasingly difficult to get hold of. She had trouble reaching him by phone and had to communicate almost exclusively through Facebook.

On June 19, Mr. Campagna acknowledged receiving a package of documents from JS. He indicated he would keep her up to date once he had reviewed the documents and assured her they had "a truckload of time". On June 21, JS followed up with a message indicating she was hoping to get the financing sorted out. Mr. Campagna responded that he was "looking to work with A Banking money as discussed, 20% Down payment, payout debt, rest in bank". On June 23, Mr. Campagna sent JS a message that she would receive the paperwork from the lender. Mr. Campagna asked for additional information including Notices of Assessment which JS provided on June 28.

On July 6 and 7 messages between JS and Mr. Campagna attempted to arrange a meeting, but they did not meet. On July 10, Mr. Campagna sent JS a message that her "approval was on ice ready to go". On or around that date he sent JS a mortgage summary indicating terms of a mortgage with B2B Bank, and providing a Consent Form and Fixed Credit Disclosure Statement for Signature, and a copy of a Filogix Mortgage Application dated July 4, 2017. The broker identified on the Application was DLC and the agent was identified as Michael Campagna. JS's evidence was that, at this time, she understood Mr. Campagna was working with DLC.

JS reviewed and signed the forms provided by Mr. Campagna and returned the signed forms to him.

On July 27, the day before the closing, JS had an appointment with her lawyer and the lawyer advised they had nothing from Mr. Campagna. She sent Mr. Campagna a message and tried to get hold of him by phone but he did not answer. Mr. Campagna continued to send messages that he was "on it", he was making follow up calls, he was sorting it out, and it was "going through for sure".

On July 28, the day of the closing, JS's lawyer still had not received documentation from Mr. Campagna. JS was upset. The lawyer called B2B Bank who advised they needed a particular form that had not been provided. JS called DLC to find out what was going on. She found out Mr. Campagna no longer worked there.

JS was able to get a 4 day extension to close on her purchase. She was able to get financing from B2B Bank with DLC's assistance and completed the purchase. She incurred expenses however because she had to move out of her home and into a motel for a few days, and had additional moving costs.

Mr. Campagna's Dealings with JC

In May 2017, JC and her then fiancé, DZ, were planning to purchase a home. JC had known Mr. Campagna for a long time as an acquaintance. She had referred friends to him for mortgage brokering services and he seemed to have a good reputation.

On May 29, JC contacted Mr. Campagna to see if he could assist her and her fiancé with obtaining financing to purchase a home. At the time, they had not yet made an

offer on a property. Mr. Campagna provided her with a website link and asked her to tell her husband to go online and make an application.

In early June, DZ went on line to the website provided by Mr. Campagna and provided all of the requested information. The information was provided a second time when Mr. Campagna indicated he had not received it. On June 10, Mr. Campagna sent JC a text message that he had reviewed the file and said "it looks like we can do something to get you a purchase price of 600k". JC's evidence was she and DZ were "over the moon" with this news.

On June 10, JC let Mr. Campagna know they had found a townhouse they liked and asked if they could proceed to make an offer. Mr. Campagna advised they could. On June 12, Mr. Campagna sent DZ an email with a mortgage summary that included the purchase price, down payment, mortgage amount and a range of interest rates and monthly payments. He advised they would most likely fall into the B Banking sector. The email asked for further information.

On June 15, JC advised Mr. Campagna that they had lost out in a bidding war on the townhouse, they would be looking at other places, and would have all the documents requested to him by the next day.

On June 19, JC texted Mr. Campagna that they would be making an offer on a place that night. JC and DZ entered an Agreement for the purchase and sale of a home on June 19, 2017 and paid an initial deposit of \$1,000. On June 22, JC texted Mr. Campagna that their offer had been accepted and on June 23 she sent him a copy of the contract for purchase and sale.

On June 28, JC and DZ removed the Subject to Finance Clause and paid the second deposit of \$9,000. JC's evidence was that she had spoken to Mr. Campagna that day or the day before and he had told her it was OK to remove the Subject to Finance Clause.

On July 20, JC sent Mr. Campagna a text message to touch base and confirm that completion and possession were set for August 14 and 15. She texted again on July 21 asking Mr. Campagna to call. On August 8, JC texted Mr. Campagna asking what was happening, advising she and DZ would be doing a walk through, and passing on the name of her notary for the conveyance.

On August 14, JC texted Mr. Campagna that they had finished the walk through, that the builder had advised they could take possession by 4:00 the following day, and asking if everything had been sent to the notary. She tried to call him, but Mr. Campagna did not pick up. She sent Mr. Campagna another text expressing that she was trying not to stress out and that she and DZ were worried.

On August 15, JC could still not get hold of Mr. Campagna. She called and left voice messages but Mr. Campagna did not return the calls. JC's evidence was that she was

in tears and didn't know what to do. JC contacted the Registrar's office and was advised that Mr. Campagna had lost his license. JC then contacted the realtor acting for the builder on the transaction to advise their mortgage broker had lost his license. JC and DZ were able to extend the completion date to September 15. The completion date was extended to accommodate JC and DZ's upcoming wedding and honeymoon and to allow JC and DZ to seek financing.

On August 22, Mr. Campagna telephoned JC. He told her the appraised value of the house, the down payment, the requested mortgage number and other financial information relating to the purchase. When JC spoke to Mr. Campagna about having been told he had lost his license, Mr. Campagna told her he was working it out, and that he had left DLC and was doing his own thing. He told her not to worry and that he would take care of everything. On August 23, Mr. Campagna sent JC a text that he was working on the file. JC's evidence was that as far as she knew, everything had been done before Mr. Campagna lost his license.

JC and DZ were married on August 23 and left for their honeymoon. On August 31, while they were still on vacation, DZ texted Mr. Campagna to find out the status of their deal and Mr. Campagna advised everything was fine. They indicated they would be back on September 11 and expressed concern about moving possession dates and losing their deposit. Mr. Campagna assured them that would not happen. He said they could call him with concerns at his personal residence and provided a phone number. Later that same day, Mr. Campagna texted asking JC to provide personal information that she had already provided. She provided the information again.

On September 6, DZ texted Mr. Campagna asking when he would need them to fill out legal documents. DZ called the number Mr. Campagna had provided for his personal residence to discover that it was the number of Mr. Campagna's parents. He spoke with Mr. Campagna's father and was told that he had not seen Mr. Campagna in days. DZ texted Mr. Campagna with this information. JC's evidence was that she and DZ were extremely stressed and didn't know where they would be going when they got back to Vancouver.

Mr. Campagna telephoned on September 11 while JC and DZ were on their way home. JC texted Mr. Campagna on September 12 to advise they had returned and asked him to call. On September 13, Mr. Campagna called JC and asked her for a ride. She met up with him and gave him a ride. He told her everything was a go and that he was working with the Swiss Bank and a mortgage broker called BH.

JC texted Mr. Campagna on September 13 saying the lawyers had called, everything was a go and asking him to get the mortgage instructions to them that day.

JC texted Mr. Campagna on September 15 saying the lawyers were still waiting for mortgage instructions. She tried phoning Mr. Campagna, but he did not answer.

JC then found BH on Facebook and sent him a message indicating she had been told he was handling her mortgage along with Mr. Campagna, that the lawyers had not received mortgage instructions, that she could not get hold of Mr. Campagna, and that the completion was that day. She said she and her husband were panicking and asked where they could go from here. BH responded that he had no idea who she was, that Mr. Campagna had approached him to assist with some files but that he had not seen him in over two weeks, and that he did not work with Mr. Campagna. He asked her to call. She did. JC's evidence was she knew it was all over when she got the message from BH.

JC's evidence was that BH tried to arrange financing but was not able to even with DZ's parents co-signing. She said BH advised that the terms Mr. Campagna had discussed with them would be setting them up for failure. The deal collapsed and JC and DZ forfeited their deposit. The builder agreed that if they could sell the home at the same price the deposit would be returned. The builder was eventually able to sell the home and the deposit was returned.

Although their deposit was eventually returned, as a result of the deal collapsing, JC and DZ incurred expenses. As they had given up their lease on their previous home expecting to be able to move into a new home, they were left having to find another place to live. The new rent is higher and they are struggling to make ends meet. They incurred additional moving costs, storage costs and pet care costs. JC's evidence was that the whole situation has "broken the family".

After the deal collapsed, JC contacted the Registrar's office to make a complaint against Mr. Campagna.

Mr. Campagna's Dealings with RM

On July 31, 2017, RM entered an Agreement for the purchase and sale of a home. RM had been pre-approved for financing by her bank, but on the day before the Subject to Finance Clause was to be removed, the bank revoked its approval. RM contacted Mr. Campagna to see if he would be able to arrange financing. She had not had dealings with Mr. Campagna in the past, but her brother had used him as a mortgage broker to secure financing. RM was able to extend the date for removal of the Subject to Finance Clause by two days to August 11. The completion date for the transaction was August 31.

RM contacted Mr. Campagna and asked if he was still working as a mortgage broker. He told her that he was still working as a mortgage broker.

On August 10, Mr. Campagna emailed RM a mortgage survey and asked her to complete it and return it. RM's father, who was to be a co-signer of the mortgage, completed the survey and returned it to Mr. Campagna. The mortgage survey requested personal and financial information and information about the property being purchased.

On August 11, Mr. Campagna sent RM a document on DLC letterhead that he called a "subject removal certificate". The document sets out the purchase price, down payment, mortgage amount, and a range for the interest rate and monthly payments. It sets out a list of information to be provided to complete approval. It is not a commitment from a particular lender. Mr. Campagna told RM that this subject removal certificate enabled her to remove the Subject to Finance Clause. He described the document as him "nailing himself to the cross" and told RM she could be assured he would obtain the financing. RM removed the Subject to Finance Clause on the basis of Mr. Campagna's advice that she could do so despite not having a lender in place.

LC's evidence was that the subject removal certificate was not a standard DLC document and not a document used by DLC brokers.

RM attempted to communicate with Mr. Campagna by phone and text message over the next few days to find out what was happening, but Mr. Campagna did not get back to her. She was becoming increasingly worried about having removed the Subject to Finance Clause without having a lender secured and found it very stressful that Mr. Campagna was not contacting her.

On August 26, Mr. Campagna asked RM to send him the name of her lawyer or notary which she did. RM also heard from an appraisal company and she asked Mr. Campagna to let her know the results of the appraisal. RM's evidence was that she paid for an appraisal, but she does not actually know whether one was ever done.

On August 30, RM received a phone call from her notary 20 minutes before she was to meet with her to sign the paperwork advising that she had not received anything. RM panicked. She tried calling Mr. Campagna and left messages for him, but he did not respond. She explained the situation to the notary who put her in touch with another broker who was able to arrange financing. The last-minute nature of the financing resulted in additional fees and a higher interest rate than RM had been anticipating.

On September 11, RM filed a formal complaint against RM with the Registrar's office.

FINDINGS ON ALLEGED BREACHES

The *Mortgage Brokers Act* requires that mortgage brokers and sub-mortgage brokers be registered. Section 8(4.1) allows the Registrar to impose sanctions on a person who is or was carrying on business as a mortgage broker or sub-mortgage broker without being registered.

The *Act* defines "mortgage broker" to include a person who does any of the following:

- a) carries on a business of lending money secured in whole or in part by mortgages, whether the money is the mortgage broker's own or that of another person; and

- b) holds himself or herself out as, or by an advertisement, notice or sign indicates that he or she is, a mortgage broker.

I find that Mr. Campagna's registration as a sub-mortgage broker with DLC expired on May 31, 2017. I find Mr. Campagna knew his registration was expiring on May 31, 2017 and knew or ought to have known that he could not work as a mortgage broker without renewing his registration.

I find that Mr. Campagna contravened section 8(4.1) of the *Mortgage Brokers Act* by carrying on business as a mortgage broker without being registered to do so, and without being exempted from registration pursuant to section 11 of the *Act*, following the expiry of his registration as a sub-mortgage broker with DLC on May 31, 2017.

Following the expiration of his registration on May 31, 2017, Mr. Campagna held himself out to be a mortgage broker and offered to arrange mortgages for three lenders: JS, JC, and RM. When JS and JC initially contacted Mr. Campagna, he was still registered as a sub-mortgage broker. However, when his registration expired on May 31, Mr. Campagna continued to provide assurances to JS and JC that he could arrange a mortgage for them and continued to gather information and documents from them for the purpose of supporting mortgage applications. Mr. Campagna did not advise JS or JC that his registration had expired and that he was no longer registered to work as a mortgage broker, leaving them with the impression that he was a registered mortgage broker.

When RM contacted Mr. Campagna, his registration had expired and yet Mr. Campagna told RM he was still working as a mortgage broker, told her he could obtain a mortgage for her, and collected information and documents from her for the purpose of supporting a mortgage application.

Following the expiration of his registration, Mr. Campagna submitted a Mortgage Application through Filogix on behalf of borrower JS. Mr. Campagna provided JS with a mortgage summary document naming a specific lender, B2B Bank. Mr. Campagna advised JC and RM that he was dealing with potential lenders in attempting to arrange mortgages.

Following the expiration of his registration, Mr. Campagna arranged for appraisals of the properties being purchased by JC and RM.

Following the expiration of his registration, Mr. Campagna advised JC she could remove the Subject to Finance Clause. Mr. Campagna provided RM with a "subject removal certificate" and advised RM she could remove the Subject to Finance Clause.

Following the expiration of his registration, Mr. Campagna continued to hold himself out to the public as a mortgage broker by identifying himself as such on his voice mail greeting and on a LinkedIn profile on which he holds himself out as a mortgage professional specializing in residential, private and commercial mortgage financing.

DECISION

I am satisfied on the evidence before me that breaches alleged in the Notice of Hearing are established.

I retain jurisdiction to determine issues of penalty and costs. The parties are at liberty to provide submissions in this regard.

Issued October 5, 2018
at Vancouver, British Columbia



Cheryl Vickers
Appointee of the Registrar of Mortgage Brokers
Province of British Columbia