



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

-AND-

IN THE MATTER OF LUCIANO MANNU

AND

REHAB CAPITAL CORP.

SUSPENSION ORDER
(Pursuant to section 8(2) of the *Mortgage Brokers Act*)

I am advised and based on the materials submitted by Staff of the Registrar, I am of the opinion that:

Background:

Luciano Mannu ("Mannu") is a registered submortgage broker in British Columbia.

Mannu is the sole submortgage broker with Rehab Capital Corp. ("Rehab"), a registered mortgage broker in British Columbia, allegedly doing business from # [REDACTED] 409 Granville Street, Vancouver, British Columbia.

It has been determined that neither Mannu or Rehab have an office at # [REDACTED] - 409 Granville Street, Vancouver, British Columbia and that Mannu obtained permission from a previous tenant to utilize this address for mail delivery from the previous tenant, however the current tenant does not know who Mannu and Rehab are nor have they received any mail for them.

On April 30, 2010, staff received information that Mannu, who is a witness in a matter currently before the provincial court in British Columbia, is currently in custody in New York State on a charge of conspiracy to traffic in narcotics.

Staff contacted the crown attorney dealing with the British Columbia matter in which Mannu is a witness who confirmed that Mannu is currently being held at the Pre-Trial Centre in New York, New York known as the Metropolitan Correctional Centre.

Staff have consulted with the United States Drug Enforcement Agency, ("DEA") who have advised that:

- Mannu was arrested by DEA agents on January 22, 2010 in New Jersey after he attempted to negotiate payment for 150,000 tablets of MDMA (Ecstasy); and
- Mannu is currently in custody on charges of trafficking of MDMA with no trial or release date.

Relevant sections of the *Mortgage Brokers Act* and the *Mortgage Brokers Act Regulations*

Relevant sections of the *Act* and *Regulations* are set out below:

Registrar

Section 3 (1) The registrar must keep a register to be called The Mortgage Brokers Register, in which the registrar must enter

- (a) the name of every mortgage broker and submortgage broker registered under this Act,
- (b) the name under which the business is carried on, and
- (c) the address, or the addresses if more than one, at or from which the business is carried on.

(2) An application for registration as a mortgage broker or submortgage broker under this Act must be made to the registrar in a form and containing information the registrar specifies, together with payment of the prescribed fee.

(3) An applicant must state in the application an address for service in British Columbia.

(4) Except as otherwise provided in this Act, all notices under this Act are sufficiently served for all purposes if delivered or sent by mail to the latest address for service as stated in the application.

(5) A mortgage broker or submortgage broker must notify the registrar promptly after a change of that person's business address or address for service.

(6) A mortgage broker must

- (a) promptly after registration, deliver to the registrar a list of the names and addresses of submortgage brokers employed by the mortgage broker, and
- (b) during the continuance of the mortgage broker's registration promptly notify the registrar of the name and address of each new submortgage broker employed or of each submortgage broker who ceases to be employed.

(7) If a submortgage broker ceases to be employed, the notice must also state the reason why the submortgage broker ceases to be employed by the mortgage broker.

(8) The termination of the employment of a submortgage broker with a mortgage broker operates as a suspension of the registration of the submortgage broker until

(a) notice in writing has been received by the registrar from another person registered as a mortgage broker of the employment of the submortgage broker by that other person, and

(b) the employment has been approved in writing by the registrar.

Granting of registration by the registrar

Section 4 The Registrar

(a) must grant registration or renewal of registration to an applicant if in the opinion of the registrar the applicant is suitable for registration and the proposed registration is not objectionable,

(b) must not refuse to grant or refuse to renew registration without giving the applicant an opportunity to be heard, and

(c) may, in the registrar's discretion, attach to the registration or renewal of registration terms, conditions or restrictions the registrar considers necessary.

Registrar's orders - registration and compliance

Section 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;

...

(2) If the length of time that would be require to give a person an opportunity to be heard under subsection (1), (1.2), (1.3) or (1.4) would, in the registrar's opinion, be prejudicial to the public interest, the registrar may, without giving the person an opportunity to be

heard, suspend a registration under subsection (1)(a) or (1.3)(a) or make an order under subsection (1)(c) or (d), (1.2)(a), (1.3)(c) or (d) or (1.4)(a) or (b).

Offences

Section 21(1) Unless exempted under section 11, a person must not do any of the following:

...

(b) carry on business as a mortgage broker otherwise than in the person's registered name or elsewhere than at or from the person's registered address;

...

Regulations – Statements and Records

6 Every registered mortgage broker shall

(a) keep such books and records as are necessary for the proper recording of his business transactions and financial affairs,

(b) file with the registrar, at the time of application to be registered and thereafter annually and at other times that the registrar may require, financial reports

(i) in a form satisfactory to the registrar,

(ii) in a form certified by the mortgage broker, or by a director or partner of the mortgage broker, and

(iii) if required by the registrar and if he or she considers it warranted in the particular circumstances, reported on by auditors engaged by the mortgage broker,

(c) file with the registrar the other information that the registrar may require in the form that the registrar may specify,

(d) keep and maintain a record showing

(i) the repayment terms of each mortgage,

(ii) the total amount actually paid or to be paid to the mortgagor of each mortgage, and

(iii) the fees, expenses, costs and other charges required to be borne by the mortgagor in respect of each mortgage transaction, and

(e) keep and maintain up to date trust records in connection with his business to record

(i) all trust money received by him,

(ii) all disbursements of trust money made by him, and

(iii) the unexpended balance of trust money held by him in total and separately for each person for whom that money is held.

I AM THEREFORE OF THE OPINION that Manu and Rehab are unsuitable and their registration objectionable because of the following:

Rehab has a registered address that is not Rehab's or Manu's address and is a breach of Section 21(1) of the Act;

It is unknown where Rehab's and Manu's books and records are being maintained, which is a breach of Section 6 of the Regulations;

Due to the fact that Mannu is in custody in the United States not able to conduct business as a submortgage broker, and due to the serious criminal charges that Mannu is facing, his continued registration is objectionable and that his continued registration will impact public confidence in the mortgage broker industry.

I AM THEREFORE OF THE OPINION that the length of time that would be required to give Manu and Rehab an opportunity to be heard under section 8(1) of the Act would be prejudicial to the public interest. A hearing of this matter would involve approximately 3 witnesses and would require approximately one week of hearing time. Scheduling such a hearing would likely mean that it could not take place for four to six months from now.

I HEREBY SUSPEND the registration of Manu and Rehab pursuant to section 8(2) of the Act until such time as they present themselves before the Registrar.

TAKE NOTICE that Manu and Rehab may, under section 9 of the Act, appeal this Order of Suspension to the Financial Services Tribunal.

Issued this 17th day of May, 2010
at Surrey, British Columbia



W. Alan Clark
Registrar of Mortgage Brokers
Province of British Columbia

To: Rehab Capital Corp.
[REDACTED] - 409 Granville Street
Vancouver, British Columbia

Luciano Manu
[REDACTED] Howe Street
Vancouver, British Columbia