

AMENDMENTS

This Notice of Proposal has been amended to remove Adam Reiterowski as a contact person for Adi Construction Management Inc. ("ACMI") and to clarify the relief sought against ACMI. Please see the Fresh as Amended Notice of Proposal for further details.

This matter has resolved. The Licence Appeal Tribunal has issued an Order relating to these entities. Please see the LAT Order on the Ontario Builder Directory for further details.



Home Construction Regulatory Authority
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August 25, 2022

Delivered by email to: tariq@adidevelopments.com,
daniela.toma@adidevelopments.com,
adam.reiterowski@adidevelopments.com,

To: Adi Development Group,
4880 Valera Road Inc.,
Adi Developments (Masonry The West) Inc.,
Adi Developments (Masonry) Inc.,
Adi Developments (Parkview) Inc.,
Adi Developments (Portland) Inc.,
Adi Morgan Developments (Lakeshore) Inc.,
Adi Morgan Developments (Thomas Alton) Inc.,
Adi Construction Management Inc., and
Thomas Alton Midrise Towns Inc.

1100 Burloak Drive, Suite 700
Burlington, ON L7L 6B2

Attention: Tariq Adi, Daniela Toma, and Adam Reiterowski

Re: NOTICE OF PROPOSAL TO REVOKE LICENCE AND TO IMPOSE CONDITIONS ON LICENCE

The Registrar proposes to revoke the licences of Adi Developments (Masonry The West) Inc., Adi Developments (Masonry) Inc., Adi Developments (Parkview) Inc., Adi Developments (Portland) Inc., Thomas Alton Midrise Towns Inc., and Adi Construction Management Inc. under section 40(2) of the *New Home Construction Licensing Act, 2017* ("NHCLA").

The Registrar proposes to apply the following conditions to the licences of Adi Developments (Lakeshore) Inc., Adi Developments (Thomas Alton) Inc., and 4880 Valera Road Inc., as applicable, under section 40(3) of the NHCLA:

Adi Developments (Lakeshore) Inc. will not carry on building or vending of homes except to complete the building/vending of the condominium project located at 374 Martha Street, Burlington.

Adi Developments (Thomas Alton) Inc. will not carry on building or vending of homes except to complete the building/vending of the condominium project located at 4853 Thomas Altona Boulevard, Burlington.

4880 Valera Road Inc. will not carry on building or vending of homes except to complete the building/vending of the condominium project located at 4880 Valera Road, Burlington.

REASONS

Executive Summary

1. Adi Development Group has demonstrated, through the conduct of its related entities and interested persons, that its corporations should not be licensed builders or vendors under the NHCLA.
2. Adi Morgan Developments (Lakeshore) Inc. has cancelled hundreds of purchase and sale agreements for condominium units in order to increase its profits. It expects purchasers under an existing agreement to pay hundreds of thousands of dollars more for their units. For those who are unwilling to do so, Adi Morgan Developments (Lakeshore) Inc. will only return deposits once a new purchaser comes along who is prepared to pay the increased price. Not only is this unethical and a violation of both the NHCLA and the Ontario New Home Warranties Plan Act (“ONHWPA”) but it also raises concerns about Adi Morgan Developments (Lakeshore) Inc.’s financial responsibility and competency.
3. When the HCRA investigated the numerous complaints it received about Adi Morgan Developments (Lakeshore) Inc.’s practices, requests for documents and information were met with delays, incomplete responses, and falsified documents.

Overview

4. Adi Development Group is an “Umbrella Group” of companies. An Umbrella Group is a collection of vendor/builder companies with their own licences who share at least one common officer, director, principal, partner, or franchise. Within the Adi Development Group Umbrella Group are 9 licensed vendor/builder companies currently licenced under the NHCLA, namely,
 - i. 4880 Valera Road Inc. (“Valera”);
 - ii. Adi Developments (Masonry The West) Inc. (“MTW”);
 - iii. Adi Developments (Masonry) Inc. (“Masonry”);
 - iv. Adi Developments (Parkview) Inc. (“Parkview”);
 - v. Adi Developments (Portland) Inc. (“Portland”);

- vi. Adi Morgan Developments (Lakeshore) Inc. (“Lakeshore”);
 - vii. Adi Morgan Developments (Thomas Alton) Inc. (“Thomas Alton”);
 - viii. Adi Construction Management Inc. (“ACM”); and
 - ix. Thomas Alton Midrise Towns Inc. (“Towns”).
5. These entities will be collectively referred to as “Adi Development Group” unless otherwise specified.
 6. Tariq Adi is the common officer, director, and interested person in the Adi Development Group Umbrella Group. The Adi Development Group has a number of overlapping officers and directors. However, Tariq Adi is the only one who appears in all entities.
 7. Under section 40(2) of the NHCLA, the Registrar proposes to revoke the licences of MTW, Masonry, Parkview, Portland, Towns, and ACM.
 8. Lakeshore has begun construction of a condominium project at the property municipally known as 374 Martha Street, Burlington.
 9. Valera has begun construction of a condominium project at the property municipally known as 4880 Valera Road, Burlington.
 10. Thomas Alton has begun construction of a condominium project at the property municipally known as 4853 Thomas Alton Boulevard, Burlington.
 11. The HCRA does not want to put purchasers further at risk by cancelling these projects mid-construction. As a result, Lakeshore, Thomas Alton, and Valera ought to be allowed to complete the current projects but not permitted to commence any additional projects.
 12. Accordingly, under section 40(3) of the NHCLA, the Registrar proposes to put a condition on the licences of Lakeshore, Valera, and Thomas Alton, namely:
 - a. Lakeshore will not carry on building or vending homes except to complete the building/vending of the condominium project at 374 Martha Street, Burlington;
 - b. Valera will not carry on building or vending homes except to complete the building/vending of the condominium project at 4880 Valera Road, Burlington; and
 - c. Thomas Alton will not carry on building or vending homes except to complete the building/vending of the condominium project at 4853 Thomas Alton Boulevard, Burlington.

The HCRA

13. The HCRA regulates new home vendors and builders in accordance with the NHCLA and under the principle of promoting the protection of the public interest.
14. Part of the HCRA's oversight function includes considering concerns raised about applicants and taking action to protect the public.

Adi Development Group's Conduct

Adi Morgan Developments (Lakeshore) Inc. Cancels Agreements and Fails to Return Deposits

15. Between 2015 and 2020, Lakeshore sold condominium units in a project located at 374 Martha Street, Burlington ("Nautique Project").
16. On March 23, 2022, Lakeshore notified 174 purchasers of units in the Nautique Project that it would be terminating their agreements due to a failure to obtain satisfactory construction financing. Notably, Lakeshore:
 - a. did not cancel all purchase agreements despite the claim that it could not obtain satisfactory construction financing;
 - b. confirmed that it only cancelled agreements that did not carry a high enough selling price; and
 - c. offered to resell the cancelled units to purchasers for substantially higher prices.
17. Three months later, on June 20, 2022, Lakeshore confirmed that:
 - a. only 27 purchasers had received their deposit refunds;
 - b. it would not be making a claim on its deposit insurance; and
 - c. it would be refunding old deposits after it had received new deposits from the resale of cancelled units at increased prices.
18. To date, more than 5 months later, Lakeshore has failed to return all purchaser deposits.

Adi Development Group Obstructs Inspection

19. Following the cancellation of purchase agreements in the Nautique Project, the HCRA received numerous complaints from purchasers. HCRA commenced an inspection into Adi Development Group to investigate these complaints.

20. As part of the inspection, an HCRA inspector requested copies of all agreements of purchase and sale for the 240 units in the Nautique Project (the “First Request”). The First Request included: the original agreements, 2018 agreements, and any 2022 agreements where applicable.
21. Lakeshore did not provide all of the documents that were requested.
22. The HCRA sent an additional request for information (the “Second Request”).
23. Although Lakeshore then provided the HCRA with an additional 17 agreements, it still did not provide all of the documents that were requested.
24. Shortly afterwards, the HCRA discovered that Lakeshore had provided altered versions of purchase agreements. These purchase agreements had different dates on key termination clauses from the copies provided by the purchasers.

Tarion Has Denied Enrolment on Upcoming Project

25. As a result of Lakeshore’s conduct, Tarion has taken the position that the Adi Development Group should not be able to enrol additional homes in the warranty program. Tarion’s concerns specifically relate to the financial position of the Adi Development Group and the competency of the entities included in that Umbrella Group.
26. On June 14, 2022, Tarion issued a Notice of Proposal to Refuse to Grant an Application for Determination that Homes Qualify for Enrolment in the Plan and are Enrolled in the Plan relating to an upcoming project where Portland was the applicant.

Grounds for the Proposal

27. Under section 38(1)(b)(i) and (ii) of the NHCLA, the past and present financial position of Lakeshore does not give grounds to believe that Lakeshore and/or other entities in the Adi Development Group can reasonably be expected to be financially responsible in the conduct of its business, namely, Lakeshore cancelling agreements due to financing issues and failing to return consumer deposits.
28. Under section 38(1)(b)(iii) of the NHCLA, the conduct of Tariq Adi does not afford reasonable grounds for belief that the Adi Development Group’s business will be carried on in accordance with the law, and with integrity and honesty; namely, by permitting Lakeshore to carry on activities that were in contravention of the NHCLA and in contravention of prescribed legislation. Additionally, Tariq Adi allowed Lakeshore to unethically cancel purchase agreements with consumers.
29. Under section 38(1)(c)(i) and section 38(1)(c)(ii) of the NHCLA, Lakeshore has carried on or is carrying on activities that are in contravention of the NHCLA and prescribed legislation; namely, Lakeshore’s failure to return deposits after cancelling purchase agreements violates prescribed conditions to continue to

qualify for enrolment under sections 3(2) and (3) of Regulation 638/20 under the Ontario New Home Warranties Plan Act (“ONHWPA”). It is also a violation of the mandatory Condominium Addendum required under the NHCLA and the ONHWPA.

30. Under section 38(1)(c)(i) of the NHCLA, Lakeshore has carried on or is carrying on activities that are in contravention of the NHCLA; namely, obstructing an investigation into Lakeshore’s conduct contrary to section 59 of the NHCLA and section 8 of Regulation 626/20.
31. Under section 38(1)(g) of the NHCLA, allowing the Adi Development Group to remain licenced is contrary to the public interest.

Amended or Additional Reasons or Particulars

32. The Registrar may serve Adi Development Group with amended or additional reasons or particulars of conduct or financial position.

Right to a Hearing

If you dispute this decision, you have the right to request a hearing before the Licence Appeal Tribunal (“Tribunal”) about this proposal.

To request a hearing, you must deliver a Notice of Appeal form within 15 calendar days after this Notice of Proposal is delivered to you, addressed to the following:

Licence Appeal Tribunal
PO Box 250
Toronto, ON M7A 1N3
LATregistrar@ontario.ca
Phone: 416-326-1356
Toll free: 1-888-444-0240
TTY: Call the Bell Relay Service at 1-800-855-0511

AND

The Registrar
Home Construction Regulatory Authority
40 Sheppard Ave West, 4th Floor, Suite 400
Toronto, ON M2N 6K9
Legal@hcraontario.ca

IMPORTANT NOTE: This is a notice of proposed action. If you choose not to dispute this decision, the licences of Adi Developments (Masonry The West) Inc., Adi Developments (Masonry) Inc., Adi Developments (Parkview) Inc., Adi Developments (Portland) Inc., Thomas Alton Midrise Towns Inc., and Adi

Construction Management Inc. will be revoked on September 9, 2022 without any further advance notice to you.

Furthermore, the Registrar will apply the conditions set out above to the licences of Adi Developments (Lakeshore) Inc., Adi Developments (Thomas Alton) Inc., and 4880 Valera Road Inc. on September 9, 2022 without any further advance notice to you.

If the licences of Adi Developments (Masonry The West) Inc., Adi Developments (Masonry) Inc., Adi Developments (Parkview) Inc., Adi Developments (Portland) Inc., Thomas Alton Midrise Towns Inc., and Adi Construction Management Inc. are refused, they will be prohibited from acting or holding themselves out as vendors or builders, offering to sell or transfer a new home, selling or transferring a new home, offering to construct a new home, or constructing a new home.

If the conditions are applied to Adi Developments (Lakeshore) Inc., Adi Developments (Thomas Alton) Inc., and 4880 Valera Road Inc., those entities will be licensed under the NHCLA but will required to comply with the conditions.

The Notice of Appeal form and other information about hearings may be found on the Tribunal's website at <https://slasto-tsapno.gov.on.ca/lat-tamp/en/>.

When an applicant delivers a Notice of Appeal form within the timeline set out above, a legal proceeding before the Tribunal will commence. The Tribunal may direct the Registrar to carry out the proposal or may substitute its opinion. The Tribunal may also attach conditions to its order or to a licence.

The HCRA cannot advise you about the appeal process. If you dispute this decision, you have the right to retain a lawyer or paralegal to represent you.

Information about this proposal will be reported publicly on the HCRA website <https://www.hcraontario.ca/> and the Ontario Builder Directory <https://obd.hcraontario.ca/>.

Contact Information

If you have any questions about the reasons for the proposal or wish to discuss this matter with the HCRA, please contact Legal@hcraontario.ca. If you have any questions about the appeal process or timelines, please contact the Tribunal at the contact information noted above.

Dated at Toronto this 25th day of August, 2022.



Wendy Moir
Registrar, HCRA

Appendix “B”

RELEVANT STATUTORY PROVISIONS

Application for licence

38 (1) An applicant is entitled to a licence or a renewal of a licence by the registrar if, in the registrar’s opinion,

- (a) the applicant is not a corporation and,
 - (i) having regard to the past and present financial position of the applicant, all interested persons in respect of the applicant and all other prescribed persons, the applicant can reasonably be expected to be financially responsible in the conduct of business,
 - (ii) the past and present conduct of the applicant, of all interested persons in respect of the applicant and of all other prescribed persons affords reasonable grounds to believe that the applicant will carry on business in accordance with the law and with integrity and honesty, and
 - (iii) neither the applicant, nor any employee or agent of the applicant, nor any other prescribed person has made any false statement with respect to the conduct of the applicant’s business;
- (b) the applicant is a corporation and,
 - (i) having regard to its past and present financial position and the past and present financial position of all interested persons in respect of the corporation, the applicant can reasonably be expected to be financially responsible in the conduct of its business,
 - (ii) having regard to the past and present financial position of its officers and directors and of all interested persons in respect of its officers and directors, the applicant can reasonably be expected to be financially responsible in the conduct of its business,
 - (iii) the past and present conduct of its officers and directors, of all interested persons in respect of its officers and directors and of all interested persons in respect of the corporation affords reasonable grounds for belief that its business will be carried on in accordance with the law and with integrity and honesty, and
 - (iv) no officer or director of the corporation has made any false statement with respect to the conduct of the applicant’s business;
- (c) neither the applicant, nor any interested person in respect of the applicant, has carried on or is carrying on activities,
 - (i) that are in contravention of this Act or the regulations, or that will be in contravention of this Act or the regulations if the applicant is issued a licence, or
 - (ii) that are in contravention of prescribed legislation, or that will be in contravention of prescribed legislation if the applicant is issued a licence;
- (d) the applicant is not in breach of a condition of the licence, if the applicant is applying for a renewal of a licence;
- (e) the applicant meets the prescribed requirements, if any, including requirements for competency;

- (f) the applicant or, if the applicant is a corporation, its directors, officers and other prescribed persons, have complied with all tax laws and regulations that are prescribed; and
- (g) granting the licence or the renewal, as the case may be, would not be contrary to the public interest.

Conditions of licence

- 39** A licence is subject to the conditions,
- (a) to which the applicant or licensee consents;
 - (b) that the registrar applies under subsection 40 (3), (4) or (6);
 - (c) that the Tribunal orders; or
 - (d) that are prescribed.

Registrar's powers with hearing

- 40** (1) Subject to section 43, the registrar may refuse to license an applicant or renew the licence of a licensee if,
- (a) in the registrar's opinion, the applicant or licensee is not entitled to a licence under subsection 38 (1); or [...]

Conditions

- (3) Subject to section 43, the registrar may,
- (a) approve the licence or the renewal of a licence on the conditions that the registrar considers appropriate; and
 - (b) at any time, apply to a licence the conditions that the registrar considers appropriate. [...]

Voluntary cancellation

- 41** The registrar may cancel a licence upon the request in writing of the licensee and section 43 does not apply to the cancellation. [...]

Notice of conditions or proposal

- 43** (1) The registrar shall notify an applicant or licensee in writing if the registrar proposes to,
- (a) refuse, under subsection 40 (1), to grant or renew a licence;
 - (b) suspend or revoke a licence under subsection 40 (2) or 45 (1);
 - (c) apply conditions to a licence under subsection 40 (3) to which the licensee has not consented; or
 - (d) apply conditions to a licence under subsection 40 (4) or (6).

Content of notice

- (2) The notice shall set out the reasons for the registrar's proposed action and shall state that the applicant or licensee is entitled to a hearing by the Tribunal if the applicant or

licensee mails or delivers, within 15 days after service of the notice, a written request for a hearing to the registrar and to the Tribunal.

Service of notice

(3) The notice shall be served on the applicant or licensee in accordance with section 81.

Service of hearing request

(4) A request for a hearing under subsection (2) is sufficiently served if it is sent to the registrar and to the Tribunal by personal delivery, by registered mail or in accordance with the rules of the Tribunal.

Same

(5) If service is made by registered mail, it shall be deemed to be made on the third day after the day of mailing.

Other methods

(6) Despite subsection (4), the Tribunal may order any other method of service.

If no request for hearing

(7) If the applicant or licensee does not request a hearing in accordance with subsection (2), the registrar may carry out the proposed action.

Hearing

(8) If the applicant or licensee requests a hearing in accordance with subsection (2), the Tribunal shall hold the hearing and may, by order,
(a) direct the registrar to carry out the registrar's proposed action; or
(b) substitute its opinion for that of the registrar.

Powers of Tribunal

(9) In addition to its powers under subsection (8), the Tribunal may attach conditions to its order or to a licence.

Parties

(10) The registrar, the applicant or licensee and the other persons that the Tribunal specifies are parties to the proceedings under this section. [...]

Misrepresentations prohibited

54 No licensee shall make a false, misleading or deceptive representation in its advertising, documents or other prescribed materials.

Service

81 (1) Any notice, order or request is sufficiently given or served if it is,

- (a) delivered personally;
- (b) sent by registered mail; or
- (c) sent by another manner if the sender can prove receipt of the notice, order or request.

Deemed service

(2) If service is made by registered mail, the service shall be deemed to be made on the third day after the day of mailing unless the person on whom service is being made establishes that the person did not, acting in good faith, through absence, accident, illness or other cause beyond the person's control, receive the notice, order or request until a later date.

Exception

(3) Despite subsections (1) and (2), the Tribunal may order any other method of service it considers appropriate in the circumstances.