



**Citation: 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., Thomas Alton Midrise Towns Inc. v. Registrar, Home Construction Regulatory Authority, 2022 ONLAT 14272 NHCLA**

**File Number: 14272/NHCLA**

Appeal from a Notice of Proposal under the *New Home Construction Licensing Act, 2017*, S.O. 2017, c. 33, Sched. 1 to Revoke Licence and Impose Conditions on Licence

Between:

**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., Thomas Alton Midrise Towns Inc.**

**Appellant**

**and**

**Registrar, Home Construction Regulatory Authority**

**Respondent**

**CONSENT ORDER**

**ADJUDICATOR: Colin Osterberg, Member**

**APPEARANCES:**

For the Appellant: Jeremy Rankin, Counsel  
Ralph Cuervo-Lorens, Counsel

For the Respondent: Demetrios Yiokaris, Counsel  
Medhavi Gupta, Counsel

**Held by teleconference: November 28, 2022**

## CONSENT ORDER

- [1] 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., Thomas Alton Midrise Towns Inc. (the “appellants”) appealed the Notice of Proposal dated August 25, 2022 (the “NOP”) issued by the Registrar, Home Construction Regulatory Authority under the under the New Home Construction Licensing Act, 2017, S.O. 2017, c. 33, Sched. 1 (the “Act”).
- [2] The appellants and the Registrar apply under section 4.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 for an order of the Tribunal to dispose of this matter without a hearing.
- [3] I have reviewed the parties’ executed Minutes of Settlement dated November 24, 2022. A draft Order in accordance with the Minutes of Settlement was agreed to by the parties and is attached to this Consent Order as “Schedule A”.
- [4] On consent of the parties, I order that the proceedings in this matter are concluded and disposed of without a hearing on the basis of the terms set out in the attached Schedule A, which are incorporated into and made part of this Consent Order.

LICENCE APPEAL TRIBUNAL



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Colin Osterberg, Member

Released: November 28, 2022

**“SCHEDULE A”**

**LICENCE APPEAL TRIBUNAL**

LAT File No. 14272/NHCLA

Appeal from a Notice of Proposal under the *New Home Construction Licensing Act*, 2017, S.O. 2017, c. 33 Sched. 1 to Revoke License and Impose Conditions on License

**BETWEEN :**

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.

(together, the “**ADI Entities**”)  
Appellants

- and -

THE REGISTRAR, HOME CONSTRUCTION REGULATORY AUTHORITY

(“**HCRA**”)  
Responde  
nt

**ORDER**

On reading the parties’ executed Minutes of Settlement dated November 24, 2022 (“**Minutes of Settlement**”) in resolution of the HCRA’s proposed actions in its Notice of Proposal to Revoke Licence and to Impose Conditions on Licence dated August 25, 2022, as amended, (the “**Proposal**”) and of the ADI Entities’ within appeal dated September 8, 2022, without costs, the Tribunal hereby makes the following Order:

**Licensing Matters**

1. The licences to build and/or vend new homes pursuant to the provisions of the New Home Construction Licensing Act, 2017, S.O. 2017, c. 33, Sched. 1 (the “**Licences**” and the “**NHCLA**”, respectively) of ADI Developments (Masonry) Inc., ADI Developments (Masonry the West) Inc. and ADI Developments (Parkview)

Inc. shall be immediately revoked pursuant to section 43 of the NHCLA. The said revocation shall not relieve these three entities of their statutory new home warranty obligations.

2. The Licences of ADI Morgan Developments (Lakeshore) Inc., 4880 Valera Road Inc., and ADI Morgan Developments (Thomas Alton) Inc. (together the “**Current Developers**”) to build and vend the new home project at 374 Martha Street, Burlington, Ontario, the new home project at 4880 Valera Road, Burlington and the new home project at 4853 Thomas Alton Boulevard, Burlington, respectively, (together, the “**Current Projects**”) shall be immediately made subject to the following conditions:
  - a. The Current Developers shall not terminate any purchase agreements in their respective Current Projects, unless such termination is requested by the purchaser in the first instance or is a result of the purchaser’s default;
  - b. The Current Developers will continue to build and vend the Current Projects in the ordinary course, and shall not by any act or omission cause undue delay in the completion of the Current Projects; and
  - c. Within 30 days of this Order, the Current Developers shall provide a copy of the applicable deposit insurance policy to each purchaser whose deposit has been released from trust.
  
3. The Licences of ADI Developments (Portland) Inc. and Thomas Alton Midrise Towns Inc. (the “**Prospective Developers**”) to build and vend the new home projects at 135 Portland Street, Toronto and 4853 Thomas Alton Boulevard, Burlington, respectively, (the “**Prospective Projects**”) shall be immediately made subject to the following conditions:
  - a. The Prospective Developers shall not release purchaser deposits in the Prospective Projects from trust until the Prospective Developers have provided said purchasers with a copy of the applicable deposit insurance policy.

- b. In the event that the Prospective Developers are required to terminate any purchase agreements in the Prospective Projects, unless such termination is requested by the purchaser in the first instance or is a result of the purchaser's default, the Prospective Developers as applicable must notify the HCRA in writing a minimum of sixty (60) days in advance of any such termination, such notice to include:
  1. the reason for terminating the purchase agreement(s);
  2. reasonable documentation supporting the reason for the termination;
  3. a plan to return all deposits to purchasers whose purchase agreements were terminated in accordance with the applicable Addendum; and
  4. a copy of the anticipated notice to purchasers advising of the termination.
4. Any other licensee related to or affiliated with the ADI Development Group or for which Tariq Adi is a director, officer, or interested person ("**Future ADI Licensees**") shall for a period of two (2) years from the date of the Minutes of Settlement be made subject to the terms set out in section 2(c) above.
5. For a period of two (2) years from the date of this Order, the Licence of ADI Construction Management Inc. ("ACMI") shall be subject to the following conditions:
  - a. ACMI shall not act as a vendor of new homes within the meaning of the *ONHWPA* and *NHCLA*; and
  - b. ACMI shall not act as the builder of any "contract homes" for individuals that own land.<sup>1</sup>

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<sup>1</sup> As that term is defined in the HCRA's Advisory no. 4 "Common Definition of 'Builder'" dated February 1, 2021

6. If in the opinion of the HCRA the ADI Entities or Future ADI Licensees have materially breached any of the conditions set out in 2, 3, 4 or 5 above, the HCRA shall notify the respective Adi Entity or Future Adi Licensee by email advising of the nature and particulars of the alleged breach. The Adi Entity or Future Adi Licensee shall be given 7 days to provide a response or submission with respect to the HCRA allegation. In the event that the HCRA is nevertheless satisfied that a breach of the conditions referred to above occurred, it may issue a Notice of Proposal to suspend or revoke the applicable Licence and may, in its sole discretion and in addition, also issue an Order under section 45(1) of the *NHCLA* immediately suspending the applicable Licence based on the same grounds and on a temporary basis, pending final determination of the said Notice of Proposal. In the event that the HCRA issues such an Order, the Adi Entity or Future ADI Licensee agree that it shall remain in place until a hearing on the merits of the Notice of Proposal. For greater clarity, such Notice of Proposal and Order shall be without prejudice to any rights that an ADI Entity or Future Adi Licensee would otherwise have under the *NHCLA* with respect to contesting the Notice of Proposal.

### **Admission**

7. ADI Lakeshore admits and does not contest that it contravened a condition of its Licence when it failed to return the applicable purchaser deposits in accordance with the terms of the Condominium Addendum, thereby also contravening the related provisions of the *ONHWPA* and the *NHCLA*.
8. On February 1, 2023, or as soon thereafter as it becomes legally available, the HCRA shall impose, and ADI Lakeshore will consent to, an Administrative Monetary Penalty (“AMP”) on ADI Lakeshore in the total base amount of \$60,000.00.

9. The AMP will include a monetary benefit component of \$2,585,674.58.<sup>2</sup> ADI Lakeshore will return this sum to affected purchasers by the later of February 1, 2023 and the date the AMP is imposed.
10. In any subsequent proceedings against any ADI Entity or Future ADI Licensee under Parts III, IV, and V of the NHCLA the said contraventions and AMP may be taken into consideration by the HCRA as a prior record.

### **Public Communications**

11. Following the LAT Case Conference on November 28, 2022, the ADI Entities shall be permitted to issue a press release advising that:
  - a. the ADI Entities and the HCRA have reached a resolution of all matters in the Proposal to the satisfaction of all parties;
  - b. the resolution involved no finding or admission as to any ADI Entity having provided altered or false information or documents to the HCRA, or having obstructed any HCRA inspection or investigation;
  - c. as part of the resolution, ADI Lakeshore admitted and did not contest that it failed to return purchaser deposits within the time period required by applicable legislation. ADI Lakeshore has since returned all deposits to purchasers;
  - d. once it becomes legally available, the HCRA shall impose, and ADI Lakeshore will consent to, a base AMP on ADI Lakeshore in the total amount of \$60,000.00;
  - e. the AMP will include a monetary benefit component of \$2,585,674.58.<sup>3</sup> ADI Lakeshore will return this sum to affected purchasers by the later of February 1, 2023 and the date the AMP is imposed; and

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<sup>2</sup> This represents the total dollar amount of interest accrued, at the rate of 6%, on every affected purchasers' deposit which ADI Lakeshore already began paying to affected purchasers starting in May 2022

- f. the said resolution means that the Current Developers, Prospective Developers and Future ADI Licensees can continue to operate as builders/vendors subject to the conditions contained in this Order.
12. In the event the parties are providing comments or statements to any media outlets or members of the public relating to the resolution of the Proposal or the Minutes of Settlement, the parties agree that all such comment and messaging shall be consistent with the Minutes of Settlement. The parties shall also be permitted to provide updates on the status of the return to affected purchasers of the monetary benefit payments referred to above.
13. As soon as is technically feasible after this Order is issued, the HCRA shall update the Ontario Builder Directory for each ADI Entity with reference to the Proposal to add the following:
- a. A link to a PDF copy of this Order;
  - b. A list of the conditions imposed by this Order on the Licences of the Current Developers, the Prospective Developers and the Future ADI Licensees; and
  - c. A notation on the top of the Proposal indicating that the matter has resolved, that this Order has been issued, and directing readers to review this Order.
14. As soon as is technically feasible after this Order is issued, the HCRA shall update the Regulatory Activities & Enforcement – Recent Registrar’s Actions webpage to include a link to a PDF copy of this Order and to include a notation at the top of the Proposal indicating that the matter has resolved, that this Order has been issued, and directing readers to review this Order.

## **Education**

15. The SVP Sales & Marketing and the Controller of the ADI Development Group shall at ADI’s sole expense complete the following HCRA-approved courses within two months of the date of the Minutes of Settlement: Financial Planning and



Management; and Business Planning and Management Fundamentals, respectively.

**Appeal**

16. The within appeal of the Proposal shall be irrevocably withdrawn without costs.

**License Appeal Tribunal**

Name

A handwritten signature in black ink, appearing to read 'Colin Osterberg', is written over a horizontal line. The signature is cursive and somewhat stylized.

**Colin Osterberg, Member**

**Dated: November 28, 2022**