



**Home
Construction
Regulatory
Authority**

Home Construction Regulatory Authority
40 Sheppard Avenue West, Fourth Floor, Suite 400
Toronto, ON M2N 6K9
Tel: 416-487-HCRA (4272) Fax: 416-352-7724

November 21, 2024

Delivered by email to: philip@mainstreetlawyers.ca and philip@lynphyl.com

To: Philip Okpala
Lynphyl Homes Limited
125 Lakeshore Road East, Suite 300
Oakville, ON L6J 1H4

Dear Mr. Okpala,

Re: NOTICE OF PROPOSAL TO REFUSE TO RENEW A LICENCE

The Home Construction Regulatory Authority proposes to refuse to renew Lynphyl Homes Limited's licence pursuant to section 40(1)(a) of the *New Home Construction Licensing Act, 2017*.

A. REASONS

Summary

1. Lynphyl Homes Limited ("**Lynphyl**") is not fit to be a licensed home builder or vendor. Since it became licensed in 2021, it has not built any of the dozens of homes it has sold. Lynphyl has taken substantial deposits from its purchasers but it is nowhere near starting construction of their homes.
2. Earlier this year, the Home Construction Regulatory Authority ("**HCRA**") took steps to correct Lynphyl's conduct and protect consumers. Lynphyl delayed and obstructed the HCRA's inspection. Despite these attempts to evade oversight, the HCRA's inspection revealed conduct that shows Lynphyl is a risk to the public that cannot be trusted or rehabilitated.
3. The Registrar believes that there are numerous grounds to refuse to renew Lynphyl's licence:
 - a. Lynphyl has attempted to evade HCRA oversight;
 - b. Lynphyl has failed to comply with the law; and
 - c. Lynphyl is not financially responsible.

Given the numerous serious issues with this licensee it is not in the public interest to renew Lynphyl's licence.



The HCRA

4. The HCRA regulates new home vendors and builders in accordance with the *New Home Construction Licensing Act, 2017* (“**NHCLA**”)¹ and with the principle of promoting the protection of the public interest.
5. Part of the HCRA’s oversight function includes considering concerns raised about applicants and licensees and taking appropriate action to protect the public as authorized by the NHCLA.

Particulars

Lynphyl and Okpala

6. Lynphyl has been licensed as a vendor and builder since December 16, 2021. Its directing mind is Philip Okpala (“**Okpala**”) who serves as a principal, officer, and director of the company. Okpala is also licensed by the Law Society of Ontario (“**LSO**”). On October 30, 2024, Okpala’s LSO licence was suspended on an interim basis.

HCRA’s Inspection

7. In August 2023, the HCRA began receiving complaints about Lynphyl. In 2021, Lynphyl had sold units in a townhouse condominium development in London, Ontario (the “**London Project**”). The complainants alleged they had received limited communication from Lynphyl and there was no indication that the construction timelines were being met.
8. In September 2023, the HCRA commenced an inspection into Lynphyl’s business. As the inspection progressed, it became clear that the problems at Lynphyl were much bigger than delayed construction.
9. Okpala, on behalf of Lynphyl, repeatedly sought extensions, missed deadlines, and provided incomplete or false answers to the HCRA inspector throughout the inspection.
10. Despite Okpala’s attempted obstruction, the HCRA’s inspection eventually revealed that Lynphyl: did not appear to have the purchasers’ deposit funds held in trust, was nowhere near being ready to start construction of the London Project, and had sold a number of units in the London Project before obtaining its licence

¹ [New Home Construction Licensing Act, 2017, S.O. 2017, c. 33, Sched. 1 | ontario.ca](https://www.ontario.ca/laws/doc/act/2017/17_033_s01)



from the HCRA (all of the sold units were sold without qualifying the homes for enrollment with Tarion).

11. Recently, the HCRA has learned Lynphyl provided false information during the inspection. Lynphyl has also sold units in a project in Jarvis, Ontario (the “**Jarvis Project**”). Lynphyl was required to advise whether it had any ongoing projects other than the London Project. Lynphyl claimed it had no other project despite having entered into multiple agreements of purchase and sale for units in the Jarvis Project.

HCRA Actions

12. The HCRA has issued three earlier orders to Lynphyl in an attempt to gain compliance with the NHCLA.
13. On March 6, 2024, the HCRA issued a Notice of Proposal to Issue a Compliance Order. Lynphyl was not complying with an inspector’s demands to produce trust account statements so the HCRA could verify that purchaser’s deposits were protected. On March 21, 2024, the Compliance Order was issued because Lynphyl did not appeal or comply with the demand.
14. Lynphyl subsequently provided the HCRA with trust account statements for Okpala’s law firm trust account. Okpala had claimed that all the London Project deposits were deposited into this trust account. The HCRA’s review of the statements provided did not support this claim. It appeared that some of the deposit funds were deposited into different bank accounts.
15. On June 18, 2024, the HCRA issued two freeze orders to preserve accounts that were holding purchaser’s deposit funds (the “**Freeze Orders**”). One Freeze Order required Lynphyl to refrain from withdrawing any money or transferring any assets and to hold any purchaser funds in trust. The other order applied to Okpala’s law firm trust account and another account that deposit funds were traced to. This order froze \$1,439,075 of the trust account and \$63,500 in the other account. This was the value of the deposits that the HCRA was aware of at that time.
16. The HCRA has recently learned that Lynphyl has another account that received deposit funds. Okpala failed to disclose this account to the HCRA during the inspection.



Financial Responsibility

17. The HCRA's inspection has revealed that Lynphyl cannot be expected to be financially responsible in the conduct of its business.
18. When the Freeze Orders were issued, the HCRA was aware of approximately \$1.5 million in deposits that Lynphyl had received for 18 homes in the London Project. A review of the trust account statements provided by Lynphyl showed that at times, the trust account balance was as low as \$13,186.43.
19. The HCRA has subsequently learned that other purchasers had provided deposits for the Jarvis Project. Lynphyl claimed that these deposits were deposited into the same account as the London Project deposits (Okpala's law firm trust account). If these deposits were deposited into that account they do not appear to have stayed there.
20. Lynphyl has taken deposits for two development projects. It was required to hold these deposits in trust (contractually and pursuant to the *Condominium Act*²). It does not have the deposit funds in trust and it is not anywhere near starting construction on either project.

Honesty and Integrity

21. Okpala's past conduct does not provide any reasonable basis for the Registrar to believe that Lynphyl will operate its business honestly, with integrity, or in compliance with the law. His conduct suggests the exact opposite.
22. At the time that Lynphyl applied for its licence in 2021, the HCRA was aware of Okpala's discipline history with the LSO. Okpala had been suspended by the LSO for two months because of his involvement in a mortgage scheme. The LSO found that Okpala did not maintain sufficient funds in his trust account to meet all of his obligations to his clients. However, the LSO held that Okpala was a dupe in a mortgage scheme, and that, while careless, he did not intentionally participate in the fraud. It appeared that this was a competency issue, not an ethics issue. Relying on these findings, the significant period of time since the issues had occurred, and Okpala's proof of satisfying the HCRA's competencies, the HCRA issued a licence to Lynphyl.
23. Unfortunately, it appears that Okpala did not learn from his previous LSO suspension. Once again, he is in a situation where he has insufficient funds in his trust account to satisfy his client obligations. Whether he is a dupe or a fraudster,

² [Condominium Act, 1998, S.O. 1998, c. 19 | ontario.ca](#)



it is clearly not in the public interest for Okpala to be in a position where he is responsible for safeguarding deposit funds.

24. On its own, the Registrar believes that this failure to maintain trust account funds would be sufficient to refuse to renew Lynphyl's licence. However, Okpala's conduct, on behalf of Lynphyl, throughout the HCRA's inspection also suggests that Lynphyl will not operate in accordance with the law.
25. Okpala attempted, at every opportunity, to delay the HCRA's inspection by missing deadlines and seeking extensions. This was a blatant attempt to avoid HCRA oversight into Lynphyl's business. Now that the HCRA knows what Okpala was trying to hide, it is clear why he took this obstructionist approach to regulatory oversight.
26. There is nothing about Okpala's conduct that would provide reasonable grounds to believe that any corporation he manages would conduct its business with honesty, integrity, or in accordance with the law.

Contraventions of the Act

27. Lynphyl's past and present contraventions of the NHCLA, the *Ontario New Home Warranties Plan Act* ("**ONHWPA**")³, and the *Condominium Act* disqualify it from being entitled to a licence renewal.
28. Lynphyl contravened the NHCLA by entering into agreements of purchase and sale for units in the London Project before it obtained its licence from the HCRA. It further contravened the NHCLA by failing to disclose these illegal sales in its licensing application.
29. Lynphyl continues to contravene the NHCLA by failing to comply with the HCRA's Compliance Order to provide trust account statements for the London Project. The statements provided to date do not show where all the deposit funds were deposited.
30. Lynphyl contravened the ONHWPA by entering into agreements of purchase and sale for units in the London Project and the Jarvis Project without qualifying the homes for enrollment ("**QFE**"). When the HCRA commenced its inspection into Lynphyl, it filed an application to begin the QFE process (2 years too late) but then abandoned the application a few months later.

³ [Ontario New Home Warranties Plan Act, R.S.O. 1990, c. O.31 | ontario.ca](#)



31. Lynphyl is currently contravening the *Condominium Act* by failing to maintain purchaser deposit funds in trust.

Grounds for the Proposal

32. Under section 38 (1)(b)(i) of the NHCLA, in the Registrar's opinion, it has not been demonstrated that Lynphyl, having regard to its past and present financial position, can reasonably be expected to be financially responsible in the conduct of its businesses.
33. Under section 38 (1)(b)(ii) of the NHCLA, in the Registrar's opinion, it has not been demonstrated that Lynphyl, 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, can reasonably be expected to be financially responsible in the conduct of its businesses.
34. Under section 38(1)(b)(iii) of the NHCLA, in the Registrar's opinion, it has not been demonstrated that the past and present conduct of Lynphyl's officers and directors affords reasonable grounds for belief that its businesses will be carried on in accordance with the law and with integrity and honesty.
35. Under section 38 (1)(c)(i) of the NHCLA, in the Registrar's opinion, it has not been demonstrated that neither Lynphyl, nor any interested person in respect of the applicants, has carried on or is carrying on activities that are in contravention of the NHCLA or the regulations, or that will be in contravention of the NHCLA or the regulations if Lynphyl is issued a licence.
36. Under section 38 (1)(c)(ii) of the NHCLA, in the Registrar's opinion, it has not been demonstrated that neither Lynphyl, nor any interested person in respect of the applicants, has carried on or is carrying on activities that are in contravention of the prescribed legislation, or that will be in contravention of the prescribed legislation if Lynphyl is issued a licence.
37. Under section 38(1)(b)(iv) of the NHCLA, in the Registrar's opinion, an officer or director of the corporation has made false statements with respect to the conduct of Lynphyl's business;
38. Under section 38(1)(g) of the NHCLA, granting or renewing a licence to Lynphyl is contrary to the public interest.



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Conclusion

39. For the reasons stated above, and further to the mandate of the HCRA under section 3(3) of the NHCLA to maintain a fair, safe and informed marketplace and promote the protection of the public interest, the Registrar maintains that the Lynphyl is not entitled to be licenced under the NHCLA.

Amended or Additional Reasons or Particulars

40. The Registrar may serve amended or additional reasons or particulars of conduct or financial position.



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B. 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, Ontario M2N 6K9
Legal@hcrantonario.ca

IMPORTANT NOTE: This is a notice of proposed action. If you choose not to dispute this decision, your Licence will be refused without any further advance notice to you.

If your Licence is refused, then you will be prohibited from acting or holding yourself out as a vendor or builder, 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.

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 or licensee delivers a Notice of Appeal form within the timeline set out above, a legal proceeding before the Tribunal will commence. The Tribunal may direct



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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:

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

Dated at Toronto this 21st day of November, 2024.

Wendy Moir

[Wendy Moir \(Nov 21, 2024 17:10 EST\)](#)

Wendy Moir
Registrar, HCRA