



Manitoba
Financial Services
Agency

IN THE MATTER OF: THE REAL ESTATE SERVICES ACT

AND IN THE MATTER OF: MAHMOOD PEYAWARY

-and-

IN THE MATTER OF: KYLE RYAN ALFRED SCRIMSHAW

**STATEMENT OF ALLEGATIONS OF STAFF OF
THE MANITOBA SECURITIES COMMISSION**

STAFF OF THE MANITOBA SECURITIES COMMISSION ("Commission") ALLEGE THAT:

A. REGISTRATION

1. Mahmood Peyawary ("Peyawary") is a resident of the City of Winnipeg, in the Province of Manitoba.
2. Kyle Ryan Alfred Scrimshaw ("Scrimshaw") is a resident of the City of Winnipeg, in the Province of Manitoba.
3. At all material times, Peyawary was registered as a salesperson under *The Real Estate Brokers Act* ("REBA") with Royal Lepage Top Producers.
4. At all material times, Scrimshaw was registered as a salesperson under REBA with Royal Lepage Top Producers.

B. DETAILS

1. On or about March 15, 2019, Peyawary, through his solely owned numbered company, 10032668 Manitoba Ltd. purchased 2 Lavenham Crescent (the "Property") from H.B. with a possession date set for March 20, 2019.
2. Between March 2019 and June 2019 (the "Renovation Period"), Peyawary, with the assistance of Scrimshaw and others hired by Peyawary renovated the Property. Scrimshaw was hired by Peyawary to do basic labour work on the Property.

3. On June 10, 2019, the Property was listed for sale for \$249,900. Peyawary was the listing salesperson and Royal LePage Top Producers was the listing brokerage.

4. The listing for the Property included several positive statements about the quality of the Property, including *"bring your fussiest buyers!"*, *"Wow! Be prepared to be amazed with this gem..."*, and *"...no disappoints here (sic)"*. The listing also included the statement *"No PDS as Vendors have never lived in the home"*.

5. On June 20, 2019, J.D. and D.T. (the "Purchasers") viewed the Property with their real estate agent. Peyawary made representations to the Purchaser's real estate agent that the Property had been recently renovated by professionals and that everything in the Property was in working order.

6. On June 20, 2019, the Purchasers wrote an offer to purchase for \$249,900, which was accepted the same day. The Purchasers took possession of the Property on July 5, 2019.

7. Following possession, the Purchasers uncovered several defects with the condition of the Property, including but not limited to:

- a) in the spring of 2020, water had seeped into the basement, which led to the discovery of a large crack in the foundation. Upon further inspection, the Purchasers discovered more foundation cracks throughout the basement that were concealed with new wooden studs and drywall. The major cracks were observed to have been recently filled with spray foam;
- b) the electrical wiring throughout the Property was improperly installed without permits;
- c) animal feces were found in the basement ceiling;
- d) the central vacuum, that was represented to be in working order, was not in working order;
- e) the flooring in the dining room began shifting and the tile flooring in the kitchen had cracked shortly after possession;
- f) the wax seal on the bathroom toilet on the second floor was improperly installed, causing a leak from the bathroom and water damage to the kitchen ceiling below;
- g) a window screen in the kitchen, that was included in the offer to purchase, was not included; and
- h) the Property had an unpaid balance on the water utility bill of \$1,400.

8. Peyawary stated in writing and in an interview with Staff investigators that the Property's basement had already been fully finished when he purchased the Property, and that he was not aware of any foundation cracks except for one visible crack in the laundry room;

9. During the investigation, Peyawary was asked to submit receipts for materials used to renovate the Property, and he intentionally withheld some relevant receipts;
10. Staff's investigation uncovered that Peyawary purchased and installed the materials used to conceal the foundation cracks;
11. Scrimshaw initially told Staff investigators that he was not aware of renovations in the basement involving drywall along the foundation walls, but later advised that he witnessed Peyawary gluing drywall directly onto a foundation wall along the basement staircase.

C. ALLEGATIONS

1. Staff allege that Peyawary:
 - a) discovered and concealed significant cracks throughout the basement foundation walls during the renovation of the Property, and failed to disclose the cracks to the Purchasers;
 - b) misrepresented the condition of the Property in the promotional listings for the Property;
 - c) misrepresented that the renovations done to the Property were done by professionals;
 - d) after completing extensive renovations to the Property, misled the Purchasers and other members of the public of his knowledge of the condition of the Property by stating in the Property listing that a Property Disclosure Statement was not available because he had not lived in it;
 - e) lied to Staff investigators in writing and in an interview regarding his knowledge of defects in the Property, and his attempts to conceal them; and
 - f) Peyawary's conduct, as set out above, was contrary to the public interest;

and due to these allegations and matters referred to herein, that it is in the public interest that Peyawary's registration under RESA be cancelled or suspended pursuant to ss. 59(1) of RESA and that, furthermore, Peyawary pay the costs for the investigation of matters referred to herein and the costs of the hearing.

2. Staff allege that Scrimshaw:
 - a) initially lied to Staff investigators in an interview about his knowledge of the extent of renovations done to the basement foundation walls; and
 - b) his conduct was contrary to the public interest;

and due to these allegations and matters referred to herein, that it is in the public interest that Scrimshaw's registration under RESA be suspended pursuant to ss. 59(1) of RESA.

3. Such further and other matters as counsel may advise and the Commission may permit.

DATED at the City of Winnipeg, in Manitoba this 18th day of April, 2024.



Director

TO: MAHMOOD PEYAWARY

AND TO: KYLE RYAN ALFRED SCRIMSHAW