



# Civil Resolution Tribunal

Date Issued: April 8, 2022

File: SC-2021-003568

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *Truspect Consulting Inc. v. Realtyfocuz Services Ltd.*, 2022 BCCRT 404

B E T W E E N :

TRUSPECT CONSULTING INC.

**APPLICANT**

A N D :

REALTYFOCUZ SERVICES LTD. and RYAN Y C LIU

**RESPONDENTS**

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## REASONS FOR DECISION

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Tribunal Member:

David Jiang

## INTRODUCTION

1. This dispute is about an unpaid invoice for accounting services. The applicant, Truspect Consulting Inc. (Truspect), says the respondent, Realtyfocuz Services Ltd. (Realtyfocuz), hired it to provide the services. Truspect says the other respondent, Ryan Y C Liu, acted as Realtyfocuz' representative at the time. Truspect described

no claim against Ryan Liu in their personal capacity. Truspect claims \$4,147.50 plus contractual interest.

2. Realtyfocuz disagrees. It says Ryan Liu did not have authority to contract with Truspect on Realtyfocuz's behalf, and denies liability. Ryan Liu did not provide a Dispute Response and is in default.
3. Yick Hay Chan is Truspect's director and representative. Tung Huan Yu, also known as Denny Yu, is Realtyfocuz's owner and representative.
4. For the reasons that follow, I find Truspect has proven its claims against Realtyfocuz but not against Mr. Liu.

## **JURISDICTION AND PROCEDURE**

5. These are the formal written reasons of the Civil Resolution Tribunal (CRT). The CRT has jurisdiction over small claims brought under section 118 of the *Civil Resolution Tribunal Act* (CRTA). Section 2 of the CRTA states that the CRT's mandate is to provide dispute resolution services accessibly, quickly, economically, informally, and flexibly. In resolving disputes, the CRT must apply principles of law and fairness, and recognize any relationships between the dispute's parties that will likely continue after the CRT process has ended.
6. Section 39 of the CRTA says the CRT has discretion to decide the format of the hearing, including by writing, telephone, videoconferencing, email, or a combination of these. Here, I find that I am properly able to assess and weigh the documentary evidence and submissions before me. Further, bearing in mind the CRT's mandate that includes proportionality and a speedy resolution of disputes, I find that an oral hearing is not necessary in the interests of justice.
7. Section 42 of the CRTA says the CRT may accept as evidence information that it considers relevant, necessary and appropriate, whether or not the information would be admissible in a court of law. The CRT may also ask questions of the parties and witnesses and inform itself in any other way it considers appropriate.

8. Where permitted by section 118 of the CRTA, in resolving this dispute the CRT may order a party to do or stop doing something, pay money or make an order that includes any terms or conditions the CRT considers appropriate.

## **ISSUES**

9. The issues in this dispute are as follows:
  - a. Did Truspect and Realtyfocuz enter into a binding contract, and if so, did any respondents breach their obligations under the contract?
  - b. Are any remedies appropriate?

## **BACKGROUND, EVIDENCE AND ANALYSIS**

10. In a civil proceeding like this one, Truspect as the applicant must prove its claims on a balance of probabilities. This means more likely than not. I have read all the parties' submissions but refer only to the evidence and arguments that I find relevant to provide context for my decision.
11. I begin with the undisputed background. Ryan Liu signed a September 11, 2020 contract with Truspect for Truspect to provide financial statements and file tax forms for Realtyfocuz for the year ended February 29, 2020. The signature line and other areas show that Ryan Liu signed on Realtyfocuz's behalf, and he was identified as Realtyfocuz's director. That same day, Ryan Liu signed the Canada Revenue Agency's (CRA) T183 form to authorize Truspect to electronically file Realtyfocuz's income tax return. In it, he represented to the CRA that he was a director and authorized signing officer for Realtyfocuz.
12. Truspect and Realtyfocuz agree that Ryan Liu was previously Realtyfocuz's director but dispute when the directorship ended. I discuss this below.
13. I find that Truspect prepared the documents it contracted for. The work product in evidence includes a general ledger, financial statements, and T2 tax form. In separate

September 28, 2020 emails, Truspect sent copies of its invoice to Ryan Liu and Mr. Yu for payment. There is no indication that either individual ever replied.

14. At some point, Tung Yu became the sole shareholder of Realtyfocuz. The evidence does not show when this occurred. For example, Realtyfocuz did not provide a copy of the share purchase agreement. In any event, my decision does not turn on the exact date for the reasons that follow.

***Issue #1. Did Truspect and Realtyfocuz enter into a binding contract, and if so, did Realtyfocuz breach the contract?***

15. Realtyfocuz says Ryan Liu did not have authority to contract with Truspect in September 2020. I find the law of agency applies and is accurately summarized in the non-binding decision of *FYI Media Group Ltd. v. Gota Mandi Fashions Ltd.*, 2021 BCCRT 993 at paragraph 19, citing *Pacific National Leasing Corp. v. Brian Jessel Toyota Ltd.*, 1991 CanLII 1466 (BCSC). A corporation can only enter into a binding contract through a person acting as their agent. An agent must have authority to bind the corporation. The agent can have actual authority from the corporation's principal, such as a director. The agent can also have "apparent" or "ostensible" authority, which is when the principal's actions lead a reasonable person to assume that the agent is authorized to act for the principal. An agent can have apparent authority without actual authority.
16. For the reasons that follow, I find the evidence shows that Ryan Liu had, at a minimum, apparent authority to bind Realtyfocuz with Truspect.
17. A Notice of Change of Director filed on December 18, 2020 shows that Tung Yu replaced Ryan Liu as Realtyfocuz's director on July 1, 2020. So, I find that until December 2020, Realtyfocuz represented to the world that Ryan Liu was its principal. As noted above, Mr. Liu signed the contract with Truspect before this, in September 2020.
18. My conclusion is strengthened by Tung Yu's email to Truspect dated August 8, 2020. At the time, he advised Truspect that he was, in his words, "thinking to take over"

Realtyfocuz. However, he provided no timeline for this decision. He expressed no reservations about Ryan Liu acting for the company, even though Ryan Liu was copied as a recipient. Instead, Tung Yu agreed that Truspect should do the accounting work for Realtyfocuz and asked Truspect to provide him a copy of the work. So, I find that even if Tung Yu was Realtyfocuz's director and principal at the time, he agreed for Ryan Liu to act on Realtyfocuz's behalf to contract with Truspect.

19. As noted earlier, at some point Tung Yu became Realtyfocuz's sole owner. However, there is no legal basis to conclude that this ended Realtyfocuz's obligations to Truspect. So, I find Realtyfocuz contracted with Truspect for accounting services and its obligations to Truspect persist.
20. Realtyfocuz says it received no documents or work product from Truspect. I find this unlikely because Truspect's work product is in evidence and emails show Truspect sent documents to Ryan Liu in September 2020. As noted above, I find that Ryan Liu had, at a minimum, ostensible authority to receive such documents. Truspect also directly sent its invoice to Tung Yu in a September 28, 2020 email. He did not respond. I find it likely that if Realtyfocuz or Tung Yu still had concerns about receiving work product at that point, they would have said so in the emails.

***Issue #2. What is the appropriate remedy?***

21. I find that Truspect's September 9, 2020 invoice for \$4,147.50 is well supported by the work product in evidence. There is no evidence or allegation that Truspect's work contained errors or was otherwise deficient. So, I order Realtyfocuz to pay the invoice as a debt owing.
22. Ryan Liu is in default and liability is generally assumed against a respondent in default. However, as noted above, Truspect makes no allegations against Ryan Liu in their personal capacity. Truspect says Ryan Liu acted as Realtyfocuz's agent. So, I decline to assume liability here and I dismiss Truspect's claims against Ryan Liu.

23. Truspect also claims contractual interest at the monthly rate of 2%. The September 11, 2020 contract says that invoices are payable upon receipt and that Truspect is entitled to charge the claimed rate of interest 5 business days past delivery.
24. Section 4 of the federal *Interest Act* says that where a contract does not state an annual interest rate, a maximum of 5% annual interest applies. Neither the contract nor other documents state the annual interest rate. So, I find I may only order 5% annual interest. Based on the emails, I find it unclear when Truspect first delivered its invoice to Realtyfocuz, but it is clear that Ryan Liu received it by September 18 at the latest, and again on September 28, 2020. So, I calculate contractual interest from September 26, which is 5 business days after September 18, 2020, to the date of this decision on the \$4,147.50 debt. The total interest equals \$110.22.
25. Under section 49 of the CRTA and CRT rules, the CRT will generally order an unsuccessful party to reimburse a successful party for CRT fees and reasonable dispute-related expenses. I see no reason in this case not to follow that general rule. I find Truspect is entitled to reimbursement of \$175 in CRT fees and \$50.80 in dispute-related expenses. Of this, \$26.25 was for translating WeChat text messages between Truspect and Ryan Liu about the work for Realtyfocuz. The remaining \$24.55 was for registered mail fees for serving Realtyfocuz. I find these expenses reasonable in the circumstances and order Realtyfocuz to pay them.
26. Truspect also requested \$12.27 for serving Ryan Liu. I dismiss this claim for reimbursement because I dismissed Truspect's claim against Ryan Liu.

## **ORDERS**

27. Within 14 days of the date of this order, I order Realtyfocuz to pay Truspect a total of \$4,483.52, broken down as follows:
  - a. \$4,147.50 in debt,
  - b. \$110.22 in in contractual interest, and

c. \$225.80, for \$175 in CRT fees and \$50.80 for dispute-related expenses.

28. Truspect is entitled to post-judgment interest, as applicable.

29. I dismiss Truspect's remaining claims, including all claims against Ryan Liu.

30. Under section 48 of the CRTA, the CRT will not provide the parties with the Order giving final effect to this decision until the time for making a notice of objection under section 56.1(2) has expired and no notice of objection has been made. The time for filing a notice of objection is 28 days after the party receives notice of the CRT's final decision. However, under CRTA section 56.1(2.1), a party in default (here, Ryan Liu) has no right to make a notice of objection.

31. Under section 58.1 of the CRTA, a validated copy of the CRT's order can be enforced through the Provincial Court of British Columbia. A CRT order can only be enforced if it is an approved consent resolution order, or, if no objection has been made and the time for filing a notice of objection has passed. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

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David Jiang, Tribunal Member