



THE MANITOBA
SECURITIES
COMMISSION

THE REAL ESTATE BROKERS ACT)
)
Sections 11(1) and 34)

Order No. 2772

November 27, 2019

**JEFFREY MARK RABB, DORCHESTER DEVELOPMENTS LTD.
OPERATING AS WINPARK DORCHESTER PROPERTIES, AND
ALDERMAN CAPITAL CORPORATION OPERATING AS ALDERMAN CAPITAL**

WHEREAS:

(A) On June 17, 2019, a Notice of Hearing issued, by reason of a Statement of Allegations of staff of The Manitoba Securities Commission ("Commission") dated June 17, 2019, whereby the Commission gave notice of its intention to hold a hearing to consider whether or not orders should be made under *The Real Estate Brokers Act* ("Act") with respect to Jeffrey Mark Rabb ("JEFF RABB") and/or Alderman Capital Corporation operating as Alderman Capital formerly known as Dorchester Developments Ltd. and/or Dorchester Developments Ltd. operating as Winpark Dorchester Properties ("WINPARK"), collectively the respondents;

(B) This hearing matter previously came before a panel of the Commission on July 10, 2019, August 14, 2019, and October 16, 2019;

(C) Staff of the Commission and the respondents entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated November 19, 2019 ("Settlement Agreement"), which proposed settlement of this hearing matter, subject to the approval of the Commission;

(D) The respondents have consented to the issuance of this Order and have waived each of their rights to a full hearing;

(E) On November 27, 2019, the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(F) At the Settlement Hearing, the Commission approved the Settlement Agreement and the Commission is of the opinion that it is in the public interest to make this Order.

IT IS ORDERED:

1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.
2. **THAT** pursuant to section 11(1) of the Act, all registrations now and for the future under the Act of each of ALDERMAN and of JEFF RABB be cancelled and,

furthermore, ALDERMAN and JEFF RABB not be given or apply for any registration under the Act, or any such successor legislation, nor shall any company of which JEFF RABB is an officer and/or director be given or apply for any registration under the Act, or its successor legislation, at any time in the future.

3. **THAT** JEFF RABB make a one-time payment to the Treasury of the Province of Manitoba in the amount of \$30,000.00, to be paid forthwith upon issuance of this Order.

4. **THAT** pursuant to section 34 of the Act, JEFF RABB pay a contribution of costs to the Commission of \$70,000.00 forthwith upon issuance of this Order.

BY ORDER OF THE COMMISSION



Director



THE MANITOBA
SECURITIES
COMMISSION

SCHEDULE "A"

Settlement Agreement

Ex 3 Date NOV 27/19
Exam of RABB
HR
Tom Bruce
Court Reporter

**Jeffrey Mark Rabb, Dorchester Developments Ltd. operating as Winpark
Dorchester Properties, and Alderman Capital Corporation operating as
Alderman Capital**

and

The Staff of The Manitoba Securities Commission

**The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5**

SETTLEMENT AGREEMENT

A. Introduction

- A1. On June 17, 2019, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("NOH") and Statement of Allegations ("SOA") naming Jeffrey Mark Rabb, Dorchester Developments Ltd. operating as Winpark Dorchester Properties, and Alderman Capital Corporation operating as Alderman Capital as respondents and giving notice of its intention to hold a hearing under *The Real Estate Brokers Act* ("REBA") to consider:
1. whether or not it is in the public interest to order, pursuant to section 11(1) of REBA, that registration under the Act of Jeffrey Mark Rabb ("JEFF RABB") and/or Alderman Capital Corporation operating as Alderman Capital formerly known as Dorchester Developments Ltd. and/or Dorchester Developments Ltd. operating as Winpark Dorchester Properties (collectively "WINPARK") be suspended or cancelled;
 2. whether a fraudulent act or acts have been committed by JEFF RABB and/or WINPARK;
 3. whether JEFF RABB and/or WINPARK did not adequately discharge his/its responsibilities to the Commission, their customers or the public;
 4. whether or not pursuant to section 34 of the Act to order that JEFF RABB and/or WINPARK pay the costs of the investigation and hearing;
 5. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.
- A2. Discussions have been held between JEFF RABB and WINPARK, collectively hereinafter referred to as the respondents, and Staff in an effort to settle the matters set out in the NOH and SOA ("Proceedings"). A settlement ("Settlement") has been reached based on the terms and conditions set forth in this agreement ("Settlement Agreement").
- A3. Pursuant to the Settlement, Staff agree to recommend to the Commission that the Proceedings initiated against the respondents be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement as set forth below. The respondents consent to the Settlement and to the making of the consent order referred to in Part D. below, on the terms and conditions set forth in this Settlement Agreement.

B. Statement of Facts

Registration Record –

- B1. Dorchester Developments Ltd., a company incorporated under the laws of Manitoba, was first registered under REBA on August 28, 1992.
- B2. From August 28, 1992 up to and including July 14, 2016, Dorchester Developments Ltd., or Dorchester Developments Ltd. operating as Winpark Dorchester Properties, was registered under REBA at various periods of time. At all material times when registered, it was so registered under REBA as a real estate broker with conditions on its license restricting its activities to property management.
- B3. JEFF RABB was first registered under REBA on August 28, 1992 as its Authorized Official and has continued to be registered as its Authorized Official as and when it has been registered.
- B4. On March 21, 2016, Dorchester Developments Ltd. changed its name to Alderman Capital Corporation.
- B5. From July 15, 2016 to December 15, 2016 and then from January 3, 2017 to July 18, 2018, Alderman Capital Corporation operating as Alderman Capital (“ALDERMAN”) has been registered under REBA as a real estate broker with conditions on its license restricting its activities to property management. JEFF RABB was registered as its Authorized Official.
- B6. On July 18, 2018, the registration of ALDERMAN, and therefore the registration of JEFF RABB, was suspended by the Commission pursuant to Order No. 2740 for failure to file its Annual Trust Account Report.
- B7. The registration of ALDERMAN and of JEFF RABB under REBA remained suspended until it expired on January 2, 2019.

Conduct: Part A – services, supplies, and products

- B8. As a broker, WINPARK was required pursuant to section 26(1) of REBA to maintain and deposit trust money in a bank account or accounts designated as a trust account(s) to be operated in a manner consistent with the Act and regulations.
- B9. During the period of June of 2009 into 2015, approximately 50 properties managed by WINPARK were billed and from their trust account monies paid for services, supplies and products which they did not receive (“managed properties”).

- B10. The total amount paid for by the managed properties, for which the services, supplies, and products were not received, was in excess of \$360,000.00 ("misappropriated trust funds").
- B11. The methods by which the misappropriated trust funds were diverted included:
- (a) upon the direction of JEFF RABB or a director of WINPARK to pay invoices for work done at locations for personal benefit by instead billing properties managed by WINPARK, but not receiving the services, supplies or products for which they were billed, WINPARK staff whited out the job site location on invoices or receipts and changed the locations to managed properties which had not received the services, supplies or products;
 - (b) owners of companies providing services, supplies or products, were requested by JEFF RABB or WINPARK's General Manager to change the job site location on invoices from personal residences to an apartment block or blocks managed by WINPARK;
 - (c) an owner of a company providing services, supplies or products was requested to prepare a fake invoice for work not done. The invoice was subsequently presented by WINPARK to the owners of two managed properties located at 585 River Avenue and 605 River Avenue as a legitimate invoice;
 - (d) a service provider was told to blend hours of work done at personal residences of relatives of JEFF RABB and of the General Manager of WINPARK with work being done at two managed properties, namely 585 River Avenue and 605 River Avenue. The total charge was then paid for by the owners of those managed properties;
 - (e) an owner of a company having done work at the residence of the girlfriend of JEFF RABB billed the invoice to the girlfriend, but was told to give the invoice personally to a specific director of WINPARK resulting in the vendor dropping the invoice off at the director's residence. Thereafter, the invoices in question were paid for by properties owned, partially owned, and/or managed by WINPARK;
 - (f) payment of a single invoice was distributed amongst numerous apartment blocks managed by WINPARK, with payment amounts varying and frequency not limited to a single payment per managed property;
 - (g) an invoice for construction of a hockey rink in the backyard of JEFF RABB's residence was paid for by approximately 22 of the

managed properties with a total of approximately 60 separate cheques;

- (h) at the direction of JEFF RABB and at the direction of the General Manager of WINPARK, invoices were paid by staff of WINPARK through the accounts of various managed properties based upon which of the managed properties had money in their accounts.

B12. The properties that received the services, supplies and/or products, for which they did not pay, ("recipient properties") were:

- residences of JEFF RABB, persons related to him or otherwise in a close personal relationship with him;
- locations of entities chosen to be benefitted by JEFF RABB;
- residences of employees or a director of WINPARK;
- the office of WINPARK;
- a residence and a cottage property of the General Manager of WINPARK;
- unknown locations for which a window and another product were designated for pick up by the General Manager of WINPARK and JEFF RABB respectively;
- an address pertaining to a friend of the General Manager of WINPARK; and
- a rural property of undetermined ownership.

B13. As to the services, supplies and/or products provided to the residences of the two employees, one employee had been informed by JEFF RABB that it was a form of a bonus and the other employee was told by the General Manager of WINPARK that it was for not having taken holidays for years.

B14. The respondents have advised staff that compensation was made to various property owners for expenses paid by certain of the managed properties for services, supplies or products not received by those managed properties including to compensate for, in respect of those managed properties, some of the items plead in the SOA, in addition to further compensation for other items or matters in general, beyond the specific items incorporated into the SOA. These compensated properties had been billed for more than half of the \$360,000.00 described above.

B15. As to the remaining managed properties included in the SOA as having paid for services, supplies or products not received, the respondents have advised staff that most of the ownership is held by Dorchester Developments Ltd., JEFF RABB, a director of WINPARK namely Archibald Honigman, the General Manager of WINPARK namely Ian Rabb, a friend of the one or more of the foregoing, and a relative of JEFF RABB. Compensation to these remaining properties has not been made.

Conduct: Part B – hydro rebates

- B16. At all material times, Manitoba Hydro had a Power Smart program providing for rebates for, among other things, changing windows in commercial properties. To receive a rebate, the procedure involved pre-approval of the applicant, followed by completion of the work, and then submission of the necessary documentation. A rebate cheque would then be issued by Manitoba Hydro.
- B17. In the years of 2011 through to 2014, WINPARK submitted 9 applications on 9 properties that WINPARK managed and/or represented itself to be managing.
- B18. In due course, Power Smart rebate cheques were issued for all of the applications.
- B19. The total amount of the rebates was \$61,046.00.
- B20. In one case, the rebates for two buildings were combined into one rebate cheque. Eight rebate cheques were issued in total.
- B21. The rebate cheques were issued in WINPARK's name.
- B22. All of the Power Smart rebate cheques were cashed through the personal account of the WINPARK director.
- B23. In six out of eight cases, concurrent with the deposit of rebate cheques into the personal account of the WINPARK director, bank drafts for a portion of the funds were issued to JEFF RABB. In the remaining two cases, a portion of the rebate monies was given to JEFF RABB in cash.
- B24. Overall the end result of the division of the rebate proceeds between the WINPARK director and JEFF RABB was approximately equal, with JEFF RABB receiving either a bank draft, cash, or discharge of a debt totaling over \$30,000.00.
- B25. Of the nine properties, staff have received information that:
- Some were owned by WINPARK, JEFF RABB, a director of WINPARK, the GM of WINPARK, an employee of WINPARK, or a combination of the foregoing;
 - Some were less than 50% owned by WINPARK and/or one of the aforementioned persons, or someone connected to one of the foregoing;
 - Two of the properties were owned entirely by someone other than WINPARK, JEFF RABB, a director, the GM, or an employee. Of

these two properties, staff have received confirmation from the respondents of repayment of one rebate, in the amount of \$9,240.00.

C. Acknowledgements

- C1. WINPARK, now known as ALDERMAN, and JEFF RABB each for themselves acknowledge and agree that trust monies were used for non-trust purposes whereby managed properties were billed and paid for services, supplies, and products that the managed properties did not receive contrary to section 26(1) of REBA.
- C2. WINPARK, now known as ALDERMAN, and JEFF RABB each for themselves acknowledge and agree that, as a broker acting as a property manager and as the Authorized Official, they committed fraudulent acts under REBA and acted contrary to the public interest in connection with a trade or transaction in real estate, by engaging in a scheme, course of conduct, business or otherwise to obtain money, profit, or property by fraudulent means as defined in REBA, or otherwise contrary to law, or by wrongful or dishonest dealing, in using for themselves or causing to be used for the benefit of other recipients trust monies of managed properties, thereby obtaining products, services, and supplies for which recipients did not pay.
- C3. WINPARK, now known as ALDERMAN, and JEFF RABB each for themselves acknowledge and agree that, as a broker acting as a property manager and as the Authorized Official, they committed fraudulent acts under REBA and acted contrary to the public interest in connection with a trade or transaction in real estate by failing within a reasonable time to account properly for or pay over to the person entitled thereto moneys received in trust to the extent that such trust monies were less than that which property owners were entitled due to having been used to pay for services, supplies and products not received by the paying property.
- C4. WINPARK, now known as ALDERMAN, and JEFF RABB each for themselves acknowledge and agree that, as a broker acting as a property manager and as the Authorized Official, they failed to deposit the Power Smart rebate cheques into the trust account(s) and to disburse said trust monies to the applicable property owners contrary to section 26(1) of REBA.
- C5. JEFF RABB, as an Authorized Official and furthermore as a recipient personally of monies from Power Smart rebates for properties managed by, or represented to be managed by, WINPARK, subsequently known as ALDERMAN, committed fraudulent acts under REBA and acted contrary to the public interest in connection with a trade or transaction in real estate, by engaging in a scheme, course of conduct, business or otherwise to obtain money, profit, or property by fraudulent means as

defined in REBA, or otherwise contrary to law, or by wrongful or dishonest dealing, in the receipt by a director of WINPARK and, furthermore, in the receipt by himself personally of Power Smart rebate monies which should have been deposited into trust accounts of properties managed by WINPARK and which were the monies of owners of said managed properties, not monies to which he himself was personally at all or entirely entitled, and in the application process for said rebate monies.

- C6. WINPARK, subsequently known as ALDERMAN, committed fraudulent acts under REBA and acted contrary to the public interest in connection with a trade or transaction in real estate, by engaging in a scheme, course of conduct, business or otherwise to obtain money, profit, or property by fraudulent means as defined in REBA, or otherwise contrary to law, or by wrongful or dishonest dealing, in the process of applications for Power Smart rebates on behalf of managed or purportedly managed properties and subsequent diversion of said rebate monies to a director of WINPARK and its Authorized Official JEFF RABB.
- C7. WINPARK, now known as ALDERMAN, and JEFF RABB each for themselves acknowledge and agree that, as a broker acting as a property manager and as the Authorized Official, they committed fraudulent acts under REBA and acted contrary to the public interest in connection with a trade or transaction in real estate by failing within a reasonable time to account properly for or pay over to the person entitled thereto monies received in trust by firstly failing to deposit Power Smart rebate monies into the applicable trust account and by secondly failing to pay over to the rightful owner said rebate monies.
- C8. JEFF RABB and WINPARK, now known as ALDERMAN, did not adequately discharge his/its responsibilities to the Commission, their customers or the public.

D. Terms of Settlement

- D1. In order to effect a resolution of the issues raised by the Proceedings, Staff and the respondents have entered into this Settlement Agreement. Upon this basis, Staff seek an order ("Consent Order") from the Commission pursuant to subsection 11(1) and section 34 of REBA that it is in the public interest that:
- (a) the Settlement Agreement be approved;
 - (b) all registrations now and for the future under REBA of each of ALDERMAN and of JEFF RABB be cancelled and, furthermore, ALDERMAN and JEFF RABB not be given or apply for any registration under REBA, or any such successor legislation, nor shall any company of which JEFF RABB is an officer and/or

director be given or apply for any registration under REBA, or its successor legislation, at any time in the future;

- (c) JEFF RABB make a one-time payment to the Treasury of the Province of Manitoba in the amount of \$30,000.00, to be paid forthwith upon issuance of this order; and
- (d) JEFF RABB pay a contribution of costs to the Commission of \$70,000.00 forthwith upon issuance of this order.

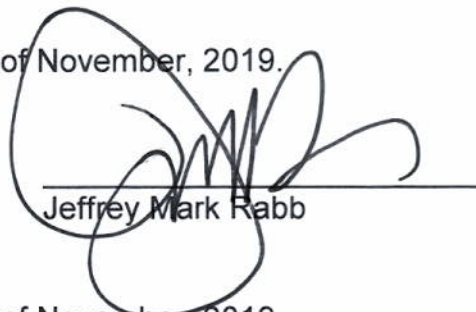
E. Procedure for Approval of Settlement

- E1. The approval of this Settlement Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing pursuant to the NOH.
- E2. Staff and the respondents agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in connection with the Proceedings and the respondents hereby waive their respective rights to a full hearing and appeal of this matter.
- E3. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the Consent Order referred to in Part D. above is not made by the Commission, Staff will be entitled to proceed with the hearing commenced by the NOH unaffected by this Settlement Agreement or the settlement discussions. If this Settlement Agreement is not approved or the Consent Order set out in Part D. above is not made by the Commission, the terms of this Settlement Agreement shall remain confidential and will not be raised in the Proceedings or in any other proceeding and any admissions contained in this Settlement Agreement shall be considered as without prejudice communications and in furtherance of settlement discussions, which will not be binding upon the parties and which will be inadmissible in any proceeding whatsoever.
- E4. Staff and the respondents agree that if this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document.
- E5. Each of the respondents agree that he/it will not raise in any proceeding this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other challenge that may be available.
- E6. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement

Agreement, neither Staff nor the respondents will make any statement inconsistent with this Settlement Agreement.

DATED at Winnipeg, Manitoba, this 12th day of November, 2019.


Witness


Jeffrey Mark Rabb

DATED at Winnipeg, Manitoba, this day of November, 2019.


Witness

Witness

Alderman Capital Corporation

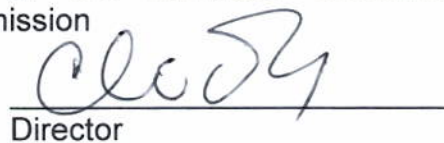
per:


(authorized signatory)
Jeffrey M Rabb
name of signatory (please print)
President
position of signatory

DATED at Winnipeg, Manitoba, this 19th day of November, 2019.

Staff of the Manitoba Securities Commission

per:


Director