



IN THE MATTER OF: THE REAL ESTATE BROKERS ACT

-and-

**IN THE MATTER OF: ORANGE PROPERTIES (MAN.) LTD. operating
as ORANGE REAL ESTATE SERVICES and
ROBERT KRAIGSLEY**

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

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE THAT:

A. REGISTRATION

1. Orange Properties (Man.) Ltd. operating as Orange Real Estate Services ("ORANGE PROPERTIES"), was incorporated in Manitoba on October 17, 1995.
2. ORANGE PROPERTIES became a member of The Manitoba Real Estate Association ("MREA") on December 2, 1995 (membership certificate number 1572W). ORANGE PROPERTIES' membership in the MREA was cancelled effective April 8, 2010.
3. ORANGE PROPERTIES became registered as a real estate broker under *The Real Estate Brokers Act* (the "Act") on January 31, 1996. Its registration expired on January 31, 2010 and its registration has not been renewed.
4. At all material times, Robert Kraigsley ("KRAIGSLEY") was registered as an authorized official of ORANGE PROPERTIES pursuant to the Act.

B. DETAILS

5. ORANGE PROPERTIES managed condominium corporations and the condominium units of individual property owners, (the "property owners") which included the collection of rent on behalf of the property owners.

Manitoba Housing Pooled Account

6. The money of all property owners were deposited and managed by ORANGE PROPERTIES through a single trust account ("Manitoba Housing Pooled Account").
7. The accounting firm of Collins and Company ("Collins") provided accounting for the condominium corporations.
8. Pursuant to Manitoba Regulation 57/88 R *The Real Estate Brokers Trust Accounts Regulation* under the Act (the "Trust Account Regulation"), ORANGE PROPERTIES was required to maintain its trust account in a manner consistent with the Act and its Trust Account Regulation.
9. KRAIGSLEY managed the trust records of the Manitoba Housing Pooled Account for the period subsequent to January 1, 2006.
10. In October 2007, staff of the Commission became aware that some property owners had stopped receiving monthly rental distributions.
11. An investigation by The Manitoba Securities Commission (the "Commission") staff found during the period of 2006 and 2007 that ORANGE PROPERTIES and/or KRAIGSLEY failed to:
 - (a) Maintain up to date records of all trust money received and disbursements of trust money;
 - (b) Maintain up to date balance of trust money held for each property owner;
 - (c) Maintain up to date reconciliations;
 - (d) Maintain sufficient balance on deposit in the trust account to meet all its obligations with respect to trust money.
12. KRAIGSLEY hired Collins to reconstruct the trust records of the Manitoba Housing Pooled Account for 2006 and 2007. It was determined that ORANGE PROPERTIES either owed money to or overpaid the property owners.
13. An investigation by staff of the Commission confirmed a shortfall of trust money from the Manitoba Housing Pooled Account.

Insurance Claim Settlement

14. ORANGE PROPERTIES filed claims with The City of Winnipeg Police and its insurance company ("BBCG Claim Services Ltd.") for employee theft.
15. On February 1, 2010, ORANGE PROPERTIES received an insurance settlement cheque in the amount of \$24,340.00 from BBCG Claim Services Ltd.
16. The settlement Funds were deposited against a personal line of credit belonging to KRAIGSLEY, rather than into the broker's trust account.

C. ALLEGATIONS

1. Staff of the Commission allege that ORANGE PROPERTIES and/or KRAIGSLEY:
 - (a) Misappropriated, misapplied and/or failed to properly account for trust monies in violation of the Trust Account Regulation and section 26 of the Act; and
 - (b) Committed a fraudulent act as defined under the Act in relation to the handling of trust monies;

and that due to these allegations, staff of the Commission request that the Commission order the MREA pay out of the Real Estate Reimbursement Fund to the property owners such amounts as determined at the hearing of this matter.

DATED at the City of Winnipeg, in Manitoba this 27th day of November, 2014.



Acting Director

TO: ORANGE PROPERTIES (MAN.) LTD. operating as ORANGE REAL ESTATE SERVICES

AND TO: ROBERT KRAIGSLEY

AND TO: THE REAL ESTATE REIMBURSEMENT FUND, c/o The Manitoba Real Estate Association Inc.