



THE MANITOBA
SECURITIES
COMMISSION

IN THE MATTER OF: THE REAL ESTATE BROKERS ACT

- and -

IN THE MATTER OF: JEFFREY MARK RABB, DORCHESTER DEVELOPMENTS LTD. OPERATING AS WINPARK DORCHESTER PROPERTIES, AND ALDERMAN CAPITAL CORPORATION OPERATING AS ALDERMAN CAPITAL

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

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, AMONG OTHER THINGS, THAT:

A. REGISTRATION

1. Dorchester Developments Ltd., a company incorporated under the laws of Manitoba, was first registered under The Real Estate Brokers Act ("REBA") on August 28, 1992.
2. From August 28, 1992 up to and including July 14, 2016, Dorchester Developments Ltd., or Dorchester Developments Ltd. operating as Winpark Dorchester Properties, ("WINPARK") was registered under REBA at various periods of time.
3. At all material times when registered, WINPARK was so registered under REBA as a real estate broker with conditions on its license restricting its activities to property management.
4. Jeffrey Mark Rabb ("JEFF RABB") was first registered under REBA on August 28, 1992 as Authorized Official for WINPARK and has continued to be registered as Authorized Official for WINPARK as and when WINPARK has been registered.

5. On March 21, 2016, Dorchester Developments Ltd. changed its name to Alderman Capital Corporation.
6. 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") was 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.
7. 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.
8. The registration of ALDERMAN and of JEFF RABB under REBA remained suspended until it expired on January 2, 2019.

B. DETAILS

Conduct: Part A – services, supplies, and products

1. 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.
2. 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").
3. The total amount paid for by the managed properties, for which the services, supplies, and products were not received, was \$365,782.45 ("misappropriated trust funds"). The actual amount billed to the managed properties was \$368,682.54.
4. The methods by which the misappropriated trust funds were diverted included:
 - (a) upon the direction of JEFF RABB or a director of WINPARK, 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 by JEFF RABB to prepare a fake invoice for work not done. The invoice was subsequently presented by WINPARK to the owners of Property X and Property Y as a legitimate invoice. Property X and Property Y were both properties managed by WINPARK;
- (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 Property X and Property Y. The total charge was then paid for by the owners of Property X and Property Y;
- (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 by JEFF RABB to give the invoice personally to a specific director of WINPARK or to drop it 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.

B1. 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.

B2. The recipient properties and the amount of services, supplies, and products received are further particularized below as:

	Recipient Properties	Owner or Occupant	Amount Paid for by other properties	Amount Billed (if different than paid)
1	Address A (including \$364 for picked up item)	JEFF RABB	\$ 45,661.66	
2	Address B	Relatives of JEFF RABB	\$ 9,113.36	
3	Address C	Girlfriend of JEFF RABB	\$122,604.22	\$125,620.83
4	Address D	Entity selected by JEFF RABB (donation)	\$ 9,207.19	
5	Address E	Entity selected by JEFF RABB (donation)	\$ 419.49	
6	Address F and Address G (including other services for Ian RABB and item picked up)	WINPARK General Manager, Ian RABB	\$ 61,268.80	\$ 63,057.44
7	Address M	Friend of WINPARK General Manager	\$ 2,977.10	
8	Address H and I (offices and other)	WINPARK	\$ 72,579.72 \$ 3,441.15 <u>\$ 76,020.87</u>	\$ 72,579.72 \$ 3,324.63 <u>\$ 75,904.35</u>
9	Address J	A director of WINPARK	\$ 6,702.03	
10	Address K	Employee #1	\$ 10,806.21	
11	Address L	Employee #2	\$ 21,001.52	
		TOTAL PAID =	\$365,782.45	
		TOTAL BILLED =		\$368,682.54

5. 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.

Conduct: Part B – hydro rebates

6. 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.
7. 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.
8. In due course, Power Smart rebate cheques were issued for all of the applications.
9. The total amount of the rebates was \$61,046.00.
10. In one case, the rebates for two buildings were combined into one rebate cheque. Eight rebate cheques were issued in total.
11. The rebate cheques were issued in WINPARK's name.
12. All of the Power Smart rebate cheques were cashed through the personal account of the WINPARK director.
13. 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.
14. 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.

C. ALLEGATIONS

1. Staff of the Commission allege that WINPARK subsequently known as

ALDERMAN and/or JEFF RABB misappropriated, misapplied, failed to account properly for and/or failed to pay over to the proper persons money received contrary to the Act and in so doing:

- (a) used trust monies for non-trust purposes whereby managed properties were billed and paid for services, supplies, and products which the managed properties did not receive contrary to section 26(1) of REBA;
- (b) as a broker acting as a property manager and as the Authorized Official, 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;
- (c) as a broker acting as a property manager and as the Authorized Official, 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;
- (d) 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;
- (e) as to 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 entitled, and in the application process for said rebate monies;

- (f) as to 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; and,
- (g) as a broker acting as a property manager and as the Authorized Official, 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 by firstly failing to deposit Power Smart rebate monies into the applicable trust account and secondly failing to pay over to the rightful owner said rebate monies;

and that due to these allegations, it is in the public interest that RABB and WINPARK, subsequently known as ALDERMAN, be barred from being registered in any capacity under REBA.

2. Such further and other matters as counsel may advise and this Commission permits.

DATED at Winnipeg, Manitoba this 17th day of June, 2019.



Director

TO: JEFFREY MARK RABB

AND TO: DORCHESTER DEVELOPMENTS LTD.

AND TO: ALDERMAN CAPITAL CORPORATION