

**Krause Edwards Insurance Brokers Limited**  
**Registration Number: A3290**  
**Barrie, Ontario**

**Jeffrey Stephen Krause**  
**Registration Number: R15140**  
**Barrie, Ontario**

**HEARING DATE: May 4, 2017**

**MISCONDUCT: Ontario Regulation 991, ss 15(1)9, 15(1)13 and 14, 16(4), 4.1,  
4.2, 16(6)(a)(b) and (c), 19(b)**

**PARTICULARS OF THE COMPLAINT:**

Krause Edwards Insurance Brokers Limited (hereinafter referred to as “Krause Edwards Insurance”) is a registered insurance brokerage carrying on business in the City of Barrie, Ontario.

Jeffrey Stephen Krause is a registered insurance broker and was Principal Broker of Krause Edwards Insurance with authority to act in the name of the corporation regarding reports made to RIBO under the Regulations and may have knowingly concurred in the alleged misconduct of Krause Edwards Insurance.

Krause Edwards Insurance has operated in a net trust deficit and failed to maintain the minimum equity capitalization of not less than an amount equal to the maximum deductible of the errors and omissions and fidelity insurance policies, in the firm’s case, \$12,500.00 as determined by RIBO staff.

**DISCIPLINE COMMITTEE’S DISPOSITION:**

The Discipline Committee accepted the plea of guilty entered by Jeffrey Stephen Krause and accepted the evidence adduced by RIBO in support of the plea of guilty and finds that Jeffrey Stephen Krause and Krause Edwards is guilty of misconduct as set out in the Direction. The Discipline Committee, therefore, ordered:

- (a) That a recommendation be made to the Qualification and Registration Committee that the Certificate of Registration of Jeffrey Stephen Krause be restricted to Acting under Supervision “Unrestricted Technical” effective September 4, 2017 for not less than two (2) years from September 4, 2017.
- (b) That if Jeffrey Stephen Krause wishes to remove the restriction from his Certificate of Registration on or after September 4, 2019 he must first

enroll and successfully complete the “Unrestricted Management” Course and pass the exam and then apply to RIBO to remove the said restriction.

- (c) That Krause Edwards shall file with RIBO, monthly position reports in Form-1 showing full compliance with Section 16(4), Subsection 1, Subsections 4.1 and 4.2 and Subsections (5) and (6)(a)(b) and (c) of Ontario Regulation 991 for one year commencing with the month ending July 31, 2017 and thereafter as at August 31, 2017, September 30, 2017, October 31, 2017, November 30, 2017, December 31, 2017, January 31, 2018, February 28, 2018, March 31, 2018, April 30, 2018, May 31, 2018 and June 30, 2018. These reports are to be accompanied with the following verifying financial attachments; internally generated balance sheet, income statement, summary page of the aged premium receivable listing, copies of the original bank reconciliations and statements on the trust and general accounts and any other working paper that verifies a balance that differs with a system generated balance. Should these financial attachments not be applicable to this brokerage, then RIBO and the broker will agree on what these verifying financial attachments will be. These reports are to be in RIBO’s offices 30 days after the respective month end.
- (d) That Krause Edwards shall subsequently file with RIBO, quarterly position reports in Form-1 showing full compliance with Section 16(4), Subsection 1, Subsections 4.1 and 4.2 and Subsections (5) and (6)(a)(b) and (c) of Ontario Regulation 991 for one year commencing with the month ending September 30, 2018, and thereafter as at December 31, 2018, March 31, 2019 and June 30, 2019. These reports are to be accompanied with the following verifying financial attachments; internally generated balance sheet, income statement, summary page of the aged premium receivable listing, copies of the original bank reconciliations and statements on the trust and general accounts and any other working paper that verifies a balance that differs with a system generated balance. Should these financial attachments not be applicable to this brokerage, then RIBO and the broker will agree on what these verifying financial attachments will be. These reports are to be in RIBO’s offices 30 days after the respective month end.
- (e) That Krause Edwards confirm in writing that they use the “Sig XP” receivable listing, “Summarized Customer Aged Accounts Receivable” with the option “lesser of effective date or invoice date” in the verification of their premium receivables and over ninety-day balances. This confirmation to be received by RIBO as soon as possible and no later than July 31, 2017.
- (f) That Krause Edwards confirm in writing that timely bank reconciliations will be performed on all bank accounts of the brokerage and the

reconciled bank balances will be used in the calculation and or reporting of the brokerage's Trust Position. This confirmation to be received by RIBO as soon as possible and no later than July 31, 2017.