

**G.B. Cragg Insurance Broker Ltd.**  
**Registration Number: A0481**  
**Orillia, Ontario**

**Graydon David Cragg**  
**Registration Number: R02425**  
**Orillia, Ontario**

**HEARING DATE: April 1, 2010**

**MISCONDUCT:** Ont. Reg. 991, ss. 15(1)13, 16(4)4, 16(4)i, 16(4)ii, 16(4)5, 16(6), 17(2), 17(2)(d) and 17(5).

**PARTICULARS OF THE COMPLAINT:**

An investigation by RIBO staff indicated that G.B. Cragg Insurance may have failed to maintain accounting books and records in accordance with the Regulations. They also may have not deposited trust funds into the trust account and may have disbursed or withdrew moneys from its trust account not in accordance with the terms and conditions upon which the moneys were received or otherwise provided and G.B. Cragg Insurance may have failed to maintain, at all times, in its trust account moneys and trust investments that are sufficient, together with trust funds receivable, to meet all its trust obligations.

Graydon David Cragg as Principal Broker of G.B. Cragg Insurance may have knowingly concurred in the misconduct of the corporation.

**DISCIPLINE COMMITTEE'S DISPOSITION:**

The Discipline Committee accepted the plea of guilty by Graydon David Cragg and based on the evidence adduced by RIBO in support of the plea of guilty, found that Graydon David Cragg and G.B. Cragg Insurance are guilty of misconduct as alleged in the Direction. The Discipline Committee therefore ordered:

- (a) That the Certificate of Registration of Graydon David Cragg be changed to "Unrestricted Technical (Discipline Order)" as of June 1, 2010.
- (b) That a recommendation be made to the Qualification and Registration Committee that they not consider an application by Graydon David Cragg to have the said restriction removed until after two years from June 1, 2010, and before it can be removed he must first attend the IBAO Advanced Broker Management Course and pass the RIBO "Unrestricted Management" Exam.

- (c) That G.B. Cragg Insurance shall file with RIBO monthly position reports in Form-1 showing full compliance for a period of one year commencing with the reporting date as at May 31, 2010, and thereafter as at June 30, 2010, July 31, 2010, August 31, 2010, September 30, 2010, October 31, 2010, November 30, 2010, December 31, 2010, January 31, 2011, February 28, 2011, March 31, 2011 and April 30, 2011, all of which position reports must 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 when a system generated balance is not being used in the trust position calculation. 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 G.B. Cragg Insurance shall file with RIBO quarterly position reports in Form-1 showing full compliance for a period of one year commencing with the reporting date as at June 30, 2011, and thereafter as at September 30, 2011, December 31, 2011 and March 31, 2012, all of which position reports must 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 when a system generated balance is not being used in the trust position calculation. 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 RIBO receive written confirmation from Graydon David Cragg that as of May 31, 2010 the brokerage's books and records are in full compliance with RIBO Reg. s.17. This confirmation is to be received in RIBO's offices by no later than June 30, 2010.
- (f) That RIBO receive written confirmation from the accountant for G.B. Cragg Insurance that as of May 31, 2010 the brokerage's books and records are in full compliance with RIBO Reg. s. 17. This confirmation is to be in RIBO's offices by no later than June 30, 2010.
- (g) That RIBO receive audited Financial Statements for G.B. Cragg Insurance prepared by a publicly licensed accountant for three (3) years commencing December 31, 2010 and thereafter as at December 31, 2011 and December 31, 2012 to be submitted to RIBO within six months after each respective year end.

- (h) That Graydon David Cragg pay a fine in the amount of \$1,500.00 by cheque made payable to the Ministry of Finance. This cheque is to be received by RIBO's offices by no later than June 30, 2010.
- (i) That G.B. Cragg Insurance pay a fine in the amount of \$3,500.00 by cheque made payable to the Ministry of Finance. This cheque is to be received in RIBO's offices by no later than June 30, 2010.