

Rideau Insurance Service Ltd.
Registration Number: A01848
Westport, Ontario

Jeffrey Derek Rice
Registration Number: R009874
Westport, Ontario

HEARING DATE: February 26, 2009

MISCONDUCT: Ont. Reg. 991, ss. 15(1)13, 16(5), 16(6) and 19

PARTICULARS OF THE COMPLAINT:

Rideau Insurance Services Ltd. (hereinafter referred to as "Rideau Insurance") and Jeffrey Derek Rice as Principal Broker, has been in breach of an Order of the Discipline Committee dated April 21, 2005, wherein Rideau Insurance was ordered to file with RIBO monthly position reports in Form-1 for a period of one year commencing with the reporting date as at August 31, 2006, and thereafter as at November 30, 2006, February 28, 2007 and May 31, 2007, all of which position reports shall have compliance with the Regulations, and each of which position reports shall have thereto a copy of the aged accounts receivable summary, balance sheet, income and expense statements and bank statements for the trust and general bank account, and any other working paper verifying a reported balance when it differs from a system generated balance, and each of which position reports shall be filed with the Registered Insurance Brokers of Ontario by no later than 30 days following each of the respective reporting dates to which each report relates.

RIBO staff noted in a broker review on September 20, 2007, that the brokerage's trust account had shown a trust deficiency on May 31, 2007. As a result of the above, Rideau Insurance and Jeffrey Derek Rice as Principal Broker were in breach of paragraph 2(c)(iii) of the said Order.

DISCIPLINE COMMITTEE'S DISPOSITION:

The Discipline Committee acknowledged that this brokerage and its Principal Broker Mr. Jeffrey Derek Rice have come before two previous Discipline Committees (June 8, 2000 and April 21, 2005) relating to issues with the equity and trust positions of the firm. In the second hearing, financial reporting terms were imposed. It is for a breach of that Order that the brokerage and Mr. Rice are before us today. Mr. Rice has pleaded guilty to the charges before this Committee today both on his behalf and on that of his brokerage. With respect to penalty and

publication, RIBO and Mr. Rice, as well as his accountant have made submissions. Of RIBO's submissions, Mr. Rice takes no issue with items 2-4 but is not in agreement with items 1 and 5, both of which relate to his ongoing status as Principal Broker of his brokerage. Mr. Rice also made submissions requesting the Committee not to publish this Order.

The Discipline Committee recognizes the efforts that have been made by Mr. Rice, especially in the recent past, to bring the brokerage into financial order. They also recognize that publication of any Order of the Committee could be in some way detrimental to the Brokerage. Given the history of this matter, however, and the fact that these problems remain unresolved, the Committee feels that it has no option but to accept RIBO's submission on penalty.

The Discipline Committee accepts the plea of guilty by Jeffrey Derek Rice personally and on behalf of Rideau Insurance and accepts the evidence adduced by the Registered Insurance Brokers of Ontario in support of the plea of guilty and finds that Rideau Insurance and Jeffrey Derek Rice are guilty of breaching paragraph 2(c)(iii) of the Order dated the 21st day of April, 2005, and ordered:

- (a) That the Certificate of Registration of Jeffrey Derek Rice be restricted so that he cannot act as Principal Broker, this restriction to be effective no later than April 30, 2009.
- (b) That Jeffrey Derek Rice cannot apply to remove the restriction for a period of not less than two years of the date of this Order.
- (c) That a recommendation be made to the Qualification and Registration Committee that Jeffrey Derek Rice take and passes the Unrestricted Management exam prior to removing the restriction.
- (d) That Jeffrey Derek Rice must apply to the Qualification and Registration Committee in order to have his restriction removed and his Principal Broker status reinstated.
- (e) That the brokerage file quarterly position reports in Form-1 for a period of one year, all of which position reports must reflect that the brokerage is maintaining its net trust position in compliance with Ont. Reg. 991, ss. 16(4) 5 and (6).
- (f) That RIBO receive a copy of the broker's externally prepared Financial Statements for the year ending November 30, 2009 on a "Review Engagement" basis when ready but no later than February 28, 2010.

(g) That Jeffrey Derek Rice pay a fine in the amount of \$2,000.00, which cheque is to be made payable to the Minister of Finance and to be received in RIBO's offices by no later than April 30, 2009.