

COMPLIANCE AUDIT COMMITTEE – FRIDAY, JULY 8, 2011

COMMUNICATIONS

<u>Distributed at the July 6, 2011 Compliance Audit Meeting</u>	<u>Item No.</u>
C1. Mr. Michael Binetti, dated July 6, 2011.	2
<u>Received at the July 6, 2011 Compliance Audit Meeting</u>	
C2. Mr. Michael Binetti, on behalf of Councillor Rosanna DeFrancesca.	2
C3. Mr. Richard Majkot, copy of The Law Society of Upper Canada's Rules of Professional Conduct, Rule 2.	1
C4. Mr. Eric Gillespie, copy of the Municipal Elections Act, 1996, S.O. 1996, Chapter 32 Schedule.	1
C5. Information submitted by Ms. Carrie Liddy to the Committee.	1
C6. Mr. Michael Arbutina.	2
C7. Ms. Carrie Liddy, 2 nd Affidavit, copies to Committee Members Only.	1

Please note there may be further Communications.



Affleck Greene McMurtry LLP

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COMMUNICATION
Compliance Audit Committee
July 8 | 2011
ITEM # - 2

Barristers and Solicitors

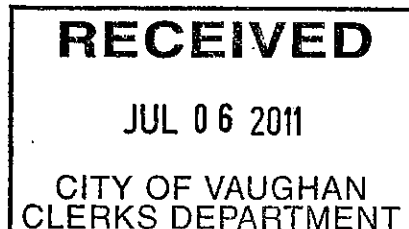
Michael I. Binetti
Email: mbinetti@agmlawyers.com
Direct Line: (416) 360-0777

July 6, 2011

File No. 2777-001

BY SAME-DAY COURIER

Compliance Audit Committee
c/o City Clerk's Department
City of Vaughan
2141 Major Mackenzie Dr
Vaughan, ON L6A 1T1



Dear Members of the Compliance Audit Committee:

Re: Compliance Audit Request - Rosanna DeFrancesca

We are the lawyers for Rosanna DeFrancesca and have been retained to respond to the Application for a Compliance Audit filed by Lucia Milani (the "Applicant") under Section 81 of the *Municipal Elections Act, 1996* (the "Act") in respect of the 2010 Municipal Election Financial Statement of Ms DeFrancesca.

We submit that there are no reasonable grounds upon which the Applicant or any other person, acting reasonably, could believe that contraventions of the Act have occurred. To that end, and to assist the Committee, we have prepared an issue-by-issue response to the allegations made by the Applicant that includes evidence and argument, which is attached hereto as Exhibit "A".

The issue-by-issue response reveals that there are no reasonable grounds to conclude that a contravention of the Act has occurred keeping in mind that "[t]he [Act] must be interpreted 'to give effect to its purpose and to achieve a coherent result, not absurd results': *Corporation (City of Vaughan) v. Di Biase*, 2011 ONCJ 144 (Ontario Court of

Justice) at para. 42 citing *R. v. Bell Express Vu Limited Partnership*, [2002] 2 S.C.R. 559 (Supreme Court of Canada).

Moreover, for there to be “reasonable grounds” to believe that a contravention of the Act has occurred, the facts must warrant that belief by a reasonable person. We submit that it is the belief of the members of the Compliance Audit Committee, acting reasonably, that matters: see *Black’s Law Dictionary*, 7th ed. (West Group), definition of “probable cause” as referenced in the definition for “reasonable grounds”, which is attached hereto as Exhibit “B”.

In other words, a key issue for the Compliance Audit Committee to decide is whether the purpose of the Act – that expenses be properly reported and subjected to a limit – has been given effect. The Applicant has raised no reasonable grounds, nor are there any actual grounds, to suggest that the purpose of the Act has not been given effect. Ms DeFrancesca has reported expenses in the available categories, which are listed on the Financial Statement as being subject to the campaign expense limit. That the Applicant may not agree with the sub-categorization of those expenses on the Financial Statement is both immaterial and irrelevant as the purpose of the Act has been given effect by Ms DeFrancesca.

Central to the Applicant’s request seems to be the allegation that an erroneous deficit from Ms DeFrancesca’s campaign in 2006 was brought forward to her 2010 campaign (see Issues 3 and 4 of the Applicant). As was pointed out by the Committee to counsel for the Applicant on June 29, 2011, Ms DeFrancesca filed a supplementary Financial Statement in 2007 listing a deficit of \$3.00, which sum was correctly brought forward to her 2010 campaign. The 2007 supplementary Financial Statement is attached hereto as Exhibit “C”.

The time for requesting a compliance audit of Ms DeFrancesca's 2007 supplementary Financial Statement has long expired pursuant to Section 81 of the Act. That return is therefore beyond reproach and must be taken on its face to be true and accurate.

To assist the Committee and the Applicant understand how amounts were accounted for on Ms DeFrancesca's 2010 Financial Statement, Michael Cerisano, the chartered accountant who signed the audit declaration in respect of Ms DeFrancesca's 2010 Financial Statement, has prepared schedules to various expense categories that appear on "Box C: Statement of Campaign Period Income and Expenses", which are attached hereto as Exhibit "D". The Schedules attached at Exhibit "D" address the Applicant's Issues 1, 2, 6, 7, 8, 9, 11, 12, 13, and 14.

Mr. Cerisano will be in attendance at the Compliance Audit Committee meeting on July 8, 2011, should the Committee members have any questions for him or require further clarifications or evidence.

Other issues raised by the Applicant are incoherent and based purely on the Applicant's unqualified speculation and conjecture without any reasonable grounds or evidence to believe that a contravention of the Act has occurred. These issues are: 5, 15, and 16.

Regarding the amount of rent declared as an expense in the Applicant's Issue 9, Ms DeFrancesca used formulas contained within the Compliance Audit Reports of Joyce Frustaglio (pages 11-12) and Bernie DiVona (pages 47-49), which are attached hereto as Exhibits "F" and "G," respectively. The lease agreement for Ms DeFrancesca's campaign office is attached hereto as Exhibit "H".

The Applicant's Issue 10 is, on its face, patently unreasonable. The donation in question was from DeFrancesca Law Office Professional Corporation, which is a corporation: see attached Corporation Profile Report attached as Exhibit "E".

Contrary to the Applicant's allegation at Issue 12, Ms DeFrancesca did in fact accurately report fundraising expenses for **both** events that she held at Davinci Banquet Hall. The Committee will note that there are two "Schedules 2 – Fund Raising Function" forms contained within Exhibit "1" of the Application (Financial Statement sworn March 25, 2011), the second of which is actually photocopied on the back of Schedule "3" thereto. Both are numbered "Page 6 of 8" at the bottom right-hand corner. Moreover, on the first Schedule 2, the description of event or activity is listed as: "Fundraiser at Davinci Banquet Hall / Other Fundraiser on Schedule E." The second Schedule 2 is listed as "Schedule E" on the top right-hand corner of that document and is also numbered "Page 6 of 8". This should have been readily apparent to the Applicant before making an objection on this issue.

Regarding the disposal of signs (Issue 14), Ms De Francesca's husband and two sons will be in attendance at the Compliance Audit Committee meeting on July 8, 2011 and can attest to the fact the campaign signs were disposed of, should the Committee wish to hear from them.

Ms DeFrancesca will also be in attendance on July 8, 2011 to answer any questions that Committee may have and/or provide the Committee with further clarification or evidence.

To summarize, Ms DeFrancesca has put forward evidence and explanations to counter each and every one of the Applicant's "Issues". In light of the above and the attached, we submit that there are no reasonable grounds upon which the Committee could conclude

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that a contravention of the Act has occurred. Accordingly, we respectfully request that the Applicant's request be denied.

We are available to answer any questions the Committee may have and look forward to the opportunity for doing so.

Sincerely,
Affleck Greene McMurtry LLP
Per:



Michael Binetti
Encl.

cc: Sam De Caprio, Lawyer for the Applicant

Exhibit “A”

Rosanna DeFrancesca
Response to Allegations in Application for Compliance Audit
Side-by-Side Comparison

Allegation	Response
<p>Issues 1 and 2: Failure to Report 2010 Municipal Election "Meetings Hosted" Events</p>	
<p>1. The Municipal Election Act, 1996, S. O. 1996, C. 32 (the "MEA", at section 67(1), defines campaign expenses as the "... costs incurred for goods or services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses."</p>	<p>1. Agreed</p>
<p>2. The MEA, and various prescribed forms, require candidates to report "meetings hosted" as campaign expenses, to be described as such within the campaign expense account. Furthermore, a candidate is required to treat these expenses as "subject to campaign expense limitation", for the purpose of abiding by the campaign expense limit requirements under the MEA. Exhibit 1, pages 1 and 2.</p>	<p>2. All complimentary coffee and timbits costs related to two "Meet & Greet" events held on April 18 and May 2, 2010 were listed under "subject to campaign expense limitation" under the heading of office expense and were paid by cheques #006 (\$24.28) and #008 (\$21.56). Moreover, a "contribution in kind" receipt #3829 was issued to "Jake Properties Limited" for \$47.43.</p> <p>The total complimentary coffee and timbits value and expense is \$93.27 including HST.</p> <p>See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>3. As a candidate in the Municipal Election, Rosanna DeFrancesca advertised, promoted, and "hosted" at least two (2) "Meet & Greet" events at Tim Horton's and Colossus Shopping Centre in Vaughan, Ward 3, on April 18, 2010 ("Issue 1"), and May 2, 2010 ("Issue 2"), respectively, both from 9:00 a.m. to 12:00 p.m. Exhibits 3 to 5.</p>	<p>3. Agreed</p>

Allegation	Response
Exhibits 3 to 5.	
4. Rosanna DeFrancesca's Financial Statements, and prescribed forms, reflect no campaign expense reporting for either of these two (2) "hosted" campaign events. Exhibit 1, page 2.	4. Denied: see sub-paragraph 2, above.
5. The failure to report the expenses of these "meetings hosted" is in contravention of the MEA, including: sections 69(1)(a) to (t), which state the duties of a candidate; section 78, regarding financial reporting; and section 92, regarding the exceeding of the campaign limit for each of the two (2) events.	5. Denied: see sub-paragraph 2, above.
6. The source and basis of the apparent contraventions are the audited Financial Statement of Rosanna DeFrancesca and her literature and flyers, referenced above by the relevant Exhibits which are appended to this document.	6. Denied: there were no such contraventions, apparent or otherwise. All literature and flyers were listed as "subject to campaign expense limitation" under the heading of brochures. <i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i>
7. Rosanna DeFrancesca held at least four (4) "meeting hosted" - type events during the 2010 Municipal Election campaign. Her Financial Statements report she held separate - and evidenced - "BBQ events", although no accounting of expenses are made of the other two (2) events. Exhibit 1, page 2.	7. Denied: the two "BBQ events" related costs, save and except brochure printing and delivery (reported under the expense heading of brochures), are accurately listed "subject to campaign expense limitation" under the expense heading "BBQ events". <i>See Schedule "5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca for "BBQ Events".</i>
8. According to the Financial Statements of Rosanna DeFrancesca, candidates	8. Denied: the campaign accountant assumed that the two "Meet and

Allegation	Response
<p>exercise two options when reporting "meeting hosted" events: Option 1 is to identify and report the campaign expense in the "Other" category, with "full details". She exercised Option 1 with regard to the "BBQ events" (Exhibit 1, page 2). Option 2 is to report the two events as "meetings hosted", as is required by the MEA. Rosanna DeFrancesca did not report the Tim Horton's events using either Options 1 or 2, which appears to be a contravention of the MEA.</p>	<p>Greet" events took place at Ms DeFrancesca's campaign office, as a result, the related costs, save and except brochure printing and delivery (reported under the expense heading of "brochures"), are accurately reported under the "Office Expense" heading. Moreover, the "BBQ events" related costs, save and except brochure printing and delivery (reported under the expense heading of "brochures") and certain related sign materials (reported under the expense heading of "signs"), are accurately listed under the heading of "BBQ events".</p> <p><i>See Schedules "2, 5, and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p>
<p>9. The two events appear to have been either inadvertently missed or intentionally removed from the Financial Statements. Rosanna DeFrancesca reported the "BBQ events" under the "Other" category (Exhibit 1, page 2, line 2). In light of the above, it is improper that the Financial Statement was skipped/blank at line 1.</p>	<p>9. This allegation is scandalous as there is no evidence or reasonable grounds to assert that these events have been inadvertently missed or intentionally removed. As described above, the supply cost of complimentary coffee and timbits for the two "Meet and Greet" events were listed under "Office expense" and appropriately allocated as "subject to campaign expense limitation".</p>
<p>10. The two "meetings hosted" events were not low key, inexpensive, casual or informal events held at a campaign office; instead, they were community-wide events that were advertised with multiple flyers and customized invitations - distributed through paid distribution - and held at a commercial venue to draw maximum visibility and exposure.</p>	<p>10. Ms DeFrancesca states that these were casual events hosted at a casual venue (Tim Hortons Colossus location with a seating capacity of approximately 40 persons). All literature and related distribution have been properly listed under the expense heading of "brochures" "subject to campaign expense limitation".</p> <p>All customized invitations and respective literature have been properly listed under "Brochures" and "subject to campaign expense limitation". Addressing and delivering of invitations was done by way of by volunteers with no postage cost to approximately 1,200 homes of known supporters. The approximate number of guests were between 15-20 at</p>

Allegation	Response
<p>11. A detailed review of the campaign activity and estimated campaign expenses for the two (2) "meetings hosted" events follows:</p> <p>a. Issue 1- Design/Print/Distribution By Admill of the "Meet & Greet" Event Flyer: Her campaign printed a full color flyer, and distributed (by Admill) within a sealed plastic bag to over 16,000 households in Ward 3 (Exhibit 3). The estimated cost of flyers is \$1,000.00 (Exhibit 17) and the actual distribution cost is \$967.00 (Exhibit 11), combining for a total campaign expense of \$1,967.00.</p>	<p>each event for a total of less than 50 guests including Ms DeFrancesca and seven other volunteers who also consumed coffee and timbits. Many attendees purchased their own drinks and food items.</p> <p><i>See Schedules "2 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p> <p>11.</p> <p>(a) All design, print and distribution of the two "Meet & Greet" event flyers consisted of two separate deliveries on April 12, 2010 and April 19, 2010.</p> <p>Each delivery consisted of 12,936 pieces for a total of 25,872 pieces at a rate of 4 cents per flyer plus HST for a total of \$1,086.62, which was paid by cheque #0009 (\$543.31) and #0012 (\$543.31) and properly listed under the expense heading of "brochures" and accounted for "subject to campaign expense limitation".</p> <p>Furthermore, the campaign had 34,000 "Meet & Greet" flyers (4.25"x 10") printed at a cost of \$819.25 including HST, which were paid for by cheque #0002 for a total print and distribution cost of \$1,905.87.</p> <p>A small portion, (approximately 2,100 brochures), of the residual flyers were hand delivered by volunteers in various areas. My campaign estimates that approximately 6000 brochures (approximate value \$144.57) were disposed of after the event as being stale-dated.</p> <p><i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p>

Allegation	Response
<p>b. Issue 2 - Print and Distribute the "Meet & Greet" Event Flyer: The second event; total campaign expense of \$1,967.00.</p> <p>c. Issues 1 and 2 - Print and Distribute by Volunteers "Meet & Greet" Event Flyer: Prior to and between events, the DeFrancesca campaign team distributed by hand, door-to-door, a loose leaf flyer; total campaign expense approximately \$1,000.00 (Exhibit 17).</p> <p>d. Issues 1 and 2 - Custom Printed Envelopes/Invitations for New Flyer: Rosanna DeFrancesca produced custom individualized invitations on custom printed and separately labelled envelopes, with color letter insert with a new postcard flyer (Exhibit 4). The estimated campaign expense is in the range of \$1,800.00 to \$2,500.00, or greater.</p> <p>e. New Postcard Flyer: Rosanna DeFrancesca's redesigned, reprinted and redistributed throughout Ward 3 retail stores the new flyer. Two stores located within Chancellor Square, in which Rosanna DeFrancesca had a campaign office, had visible stacks of the new flyer (i.e. Ital Pizza, who was a campaign donor, and a convenience store). The estimated campaign expense is \$1,000.00.</p> <p>f. Issues 1 and 2 - Actual Campaign Expenses for the two events: In her flyers and invitations, Rosanna DeFrancesca advertised "[c]omplimentary coffee, timbits, donuts ...". Based on documentary evidence, and assuming a conservative estimate of between 300 to 500 people in attendance at each event, the total campaign expenses for the two events is in the range of \$1,800.00 to \$3,000.00.</p>	<p>(b) Refer to (a), above.</p> <p>(c) Refer to (a), above.</p> <p>(d) Refer to sub-para. 10, above. The cost of custom printed envelopes (5,000 pcs), invitations (2,500 pcs), letterhead (2,500 pcs), small post card flyer (1500 pcs - letter insert size) and business cards (1,200 pcs) including HST is \$904.00, which was paid by cheque #0003.</p> <p>The approximate cost of 1,200 hand delivered invitations are as follows \$84 for envelopes, \$60 for invitation letters, \$120 small post card flyer (letter insert size) for a total cost \$264.</p> <p><i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p> <p>(e) Flyers for the two "Meet & Greet" events were made available at two locations within Chancellor Square plaza (Ital Pizza and Jiffy's Convenience). Approximately 75 were deposited at each location for a total of 150 pieces a value of approximately \$1.25.</p> <p>(f) Refer to sub-para. 10, above —total cost \$93.27 (complimentary coffee and timbits). Moreover, the Applicant has failed to adduce any evidence of where she derives her estimates and for the number of people in attendance, which is telling.</p>

Allegation	Response
<p>12. The total estimated campaign expenses resulting from the two (2) "meetings hosted" events is between \$9,700.00 to \$12,000.00. There is no evidence that these events have been reported.</p>	<p>See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p> <p>12. The campaign expenses resulting from the two Tim Horton "Meet & Greet" events is \$2,264.39, all of which are listed as "subject to campaign expense limitation". There is simply no reasonable or credible evidence led by the Applicant to support her assertion on this point.</p> <p>See Schedules "2 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>Issue 3: Conflict/Contradiction with Audited Financial statement Reported" Surplus and Deficit"</p> <p>1. The MEA and prescribed forms require candidates to include and carry forward any previous "surplus or deficit" from the 2006 election, to be reported and accounted for in the 2010 Municipal Election (Exhibit 1, page 1, plus page 3 of 8).</p> <p>2. There is a conflict and contradiction with Rosanna DeFrancesca's 2006 and 2010 audited Financial statements, in respect of the "deficit" as at December 31, 2006.</p>	<p>1. Agreed</p> <p>2. There is no conflict or contradiction with Ms DeFrancesca's audited Financial Statements for the 2006 and 2010 elections in respect of the "deficit" as at July 3, 2007. A supplementary Financial Statement filed in 2007 by Ms DeFrancesca reports a carry forward "deficit" of \$3.00. No application for a compliance audit was brought in respect of the Supplementary Financial Statement and thus, any challenge to that statement is statute-barred by virtue of s. 81 of the MEA and is beyond reproach. Moreover, no compliance audit was requested in respect of the Ms DeFrancesca's supplementary Financial Statement sworn September</p>

Allegation	Response
	<p>4, 2007 and thus, any challenge to that statement is statute-barred by virtue of s. 81 of the MEA and is beyond reproach.</p> <p><i>See Exhibit "C" of Written Submissions of Rosanna DeFrancesca - supplementary Financial Statement sworn September 4, 2007.</i></p>
<p>3. Rosanna DeFrancesca's 2006 Financial Statement reports a carry forward "deficit" of \$3,299.00 (Exhibit 2, pages 2 and 3); contrarily, her 2010 Financial Statement only declares a "deficit" of \$3.00, as at December 31, 2006 (Exhibit 1, page 1, plus 3 of 8). Therefore, this contradiction in the reported "deficit" to be carried forward is a contravention of the MEA, and gives rise to numerous violations of the MEA.</p>	<p>3. Ms DeFrancesca's 2007 supplementary Financial Statement sworn September 4, 2007 reports a carry forward "deficit" of \$3.00. Such was never challenged; see sub-para. 2, above.</p>
<p>4. It is unclear how the auditor could have determined the current "surplus/deficit", as well as the "refund to the candidate".</p>	<p>4. All calculations were based upon the actual \$3.00 "deficit" reported in Ms DeFrancesca's supplementary Financial Statement sworn on September 4, 2007 and not the \$3,299.00 alleged by the applicant.</p>
<p>5. The error has a direct impact on the "refund of contribution" to Mr. and Mrs. DeFrancesca (Exhibit 1, page 3), and any amount remaining to be "paid to the clerk". The understated "deficit" contributed to the improper calculation of a greater "surplus", and resulting in a greater "refund to the candidate and spouse"</p>	<p>5. There is no error on the "refund of contribution" to Mr. and Mrs. DeFrancesca as alleged by the applicant.</p>
<p>Issue 4: Failure/Misrepresentation To Determine Campaign "Surplus/Deficit" resulting in an Over Reimbursement to Mr. and Mrs. DeFrancesca</p>	

Allegation	Response
<p>1. Rosanna DeFrancesca's "Statement of Determination of Surplus or Deficit and Disposition of Surplus", reports a campaign surplus of \$15,368.20, adjusted by \$3.00 ("deficit") from the 2006 Municipal Election, resulting in a \$15,365.20 surplus (Exhibit 1, page 3).</p>	<p>1. These are the correct figures.</p>
<p>2. The surplus of \$15,365.20 is incorrect, as it neglects to fully account for the 2006 "deficit", as evidenced above.</p>	<p>2. There is no evidence of an incorrect "deficit" from the 2006 campaign. Moreover, no financial statements from Ms DeFrancesca's 2006 campaign were ever subject to a compliance audit.</p> <p>The surplus of \$15,365.20 is in fact correct and fully accounts for the 2006 "deficit" as declared in Ms DeFrancesca's supplementary Financial Statement filed and sworn on September 4, 2007 which accurately declares a \$3.00 deficit.</p>
<p>3. Rosanna DeFrancesca declared and received the full surplus of \$15,365.20. The "refund" paid by Mr. and Mrs. DeFrancesca to themselves, from campaign funds, appears to be overpaid by \$3,296.00 (\$3,299.00 less \$3.00).</p>	<p>3. Denied: The surplus of \$15,365.20 and the respective "refund" is accurate.</p>
<p>4. Mr. and Mrs. DeFrancesca claimed and received the full surplus that had existed at the end of the 2010 Municipal Election, resulting in no monies remaining to be "paid to the municipal clerk", which appears to be contrary to the MEA (Exhibit 1, page 3), as the "surplus" was not misstated.</p>	<p>4. The "paid to the Municipal Clerk" amount is accurately reported.</p>
<p>Issue 5: Personal Benefit and Failure/Misrepresentation to Report and Disclose Companies Owned/Operated by Mr. and Mrs. DeFrancesca</p>	
<p>1. Rosanna DeFrancesca has stated in her literature that she "owns and operates" a business, with her husband, Carlo DeFrancesca. A Corporate Search</p>	<p>1. The term "owns and operates" did not appear in any of Ms</p>

Allegation	Response
<p>of "Cleanigans Home Services Inc." and "Greenigans Lawn Care Inc." (Exhibits 12 and 13) has revealed that Mr. DeFrancesca is the owner and President of both of these corporations.</p>	<p>DeFrancesca's literature and Ms DeFrancesca denies making such a claim. The lack of evidence on this point by the Applicant is telling.</p> <p>Moreover, a Corporation Profile Report does not list owners of corporations; rather, only officers and directors are listed, who are not to be confused with shareholders, who are not listed.</p>
<p>2. During the 2010 campaign period, Rosanna DeFrancesca had numerous brochure deliveries to Ward 3 at large, encompassing nearly 16,000 households. In particular, at least two (2) of these deliveries were conducted by "Media Mail Inc.", and included delivery not only of Mrs. DeFrancesca's campaign flyer, but also flyers associated with Cleanigans and Greenigans (Exhibit 5). The candidate's association with these companies was never disclosed, and on its face, this appears to be a deliberate attempt to gain a personal benefit (i.e. promotion of her private businesses) through the use of campaign funds. This may amount to serious contraventions of the MEA, as there appears to be evidence of intent and a deliberate attempt to gain a personal benefit.</p>	<p>2. A review of the brochure delivery expenses of the campaign confirms that Media Mail Inc. delivered at least 32,000 brochures as indicated by the Applicant. All related costs payable to Media Mail Inc. have been accurately invoiced to the campaign and properly reported and listed as "subject to campaign expense limitation" under the expense heading of "brochures".</p> <p>Media Mail Inc. also distributed flyers for at least three other City of Vaughan candidates during the 2010 election period (one of whom was re-elected) as well as for other local businesses.</p> <p><i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. Secondly, a Corporate Search of the delivery company, "Media Mail Inc.", reveals that that company too is owned by Mr. DeFrancesca (Exhibit 15). As such, this raises further questions as to the extent of the personal benefit gained above by Cleanigans and Greenigans, administered by Media Mail. Simply put- this adds insult to injury and goes beyond reasonable grounds to base a belief of numerous, and serious, contraventions of the MEA (including resulting impacts on campaign expense limitations).</p>	<p>3. Ms DeFrancesca is not a director or officer of Media Mail Inc. nor does she have any ownership in Greenigans Lawn Care Inc., Cleanigans Home Services Inc. or Media Mail Inc. as alleged by the Applicant.</p> <p>Moreover, a Corporation Profile Report does not list owners of corporations; rather, only officers and directors are listed, who are not to be confused with shareholders, who are not listed.</p>

Allegation	Response
<p>Issue 6: Failure to Report or Claim Unpaid Campaign Expenses</p>	
<p>1. The "Statement of Assets and Liabilities as at December 31, 2006" reports Rosanna DeFrancesca had 'inventory' at the end of the campaign of \$310.02. Rosanna DeFrancesca did bring this forward to the 2010 Financial Statement, (Exhibit 2, page 3) as 'inventory contributed to the candidate's campaign'. Rosanna DeFrancesca did address the 'asset'.</p>	<p>1. Agreed</p>
<p>2. The "Statement of Assets and Liabilities as at December 31, 2006" also included Rosanna DeFrancesca having reported a \$3,341.00 'accounts payable'. While Rosanna DeFrancesca brought forward the 'asset', there is no evidence, she reported as a campaign expense, or settled the 'liability' as at December 31, 2006 with the 2010 Financial Statements.</p>	<p>2. Denied: the "Statement of Assets and Liabilities as at July 3, 2007" contained within Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007 accurately reported a \$3.00 "accounts payable". Furthermore, the "liability" as at July 3, 2007 was accurately settled with Ms DeFrancesca's 2010 Financial Statement that is subject to the Applicant's compliance audit request.</p>
<p>3. Based on the audited Financial Statements, Rosanna DeFrancesca declared and acknowledged having an outstanding amount owing to a supplier for \$3,341.00, as at December 31, 2006 (Exhibit 2, page 3). Rosanna DeFrancesca did not submit a supplementary Financial Statement.</p>	<p>3. Denied: Ms DeFrancesca's supplementary Financial Statement sworn on September 4, 2007 for the period ending July 3, 2007 accurately reports a \$3.00 "deficit".</p>
<p>4. Further, she reported Mr. DeFrancesca had made a contribution of \$400 towards the "liability" as at December 31, 2006, see Exhibit 2, page 4 list of contributions. It is a statement of fact, Rosanna DeFrancesca had incurred the liability and reported it; declared having monies owing; commence to pay the campaign expense; and it completely disappeared, from the Financial statement or subsequent Financial Statement; and not reported as a campaign expense. If she reported this campaign expense, she would have been over her campaign limit by over \$3,000 for 2006, contrary to the MEA, and not qualified</p>	<p>4. Ms DeFrancesca's financial statements from the 2006 campaign were accurately reported as prescribed by the MEA. Moreover, Ms DeFrancesca's Financial Statements from the 2006 election (both of them) were never subject to a compliance audit, which are now statute-barred by the MEA.</p>

Allegation	Response
<p>to be a candidate. There is no evidence, the liability was brought forth, while the asset was brought forth, both are required.</p>	
<p>5. Candidates are required to include within 'excess (deficiency) of income over expenses from the Statement of Campaign Period and Expenses'. She failed to do so.</p>	<p>5. Denied. Moreover, there is no cross-reference in the Applicant's materials to substantiate this allegation. Ms DeFrancesca's Financial Statements have been accurately reported as prescribed by the MEA.</p>
<p>6. Rosanna DeFrancesca incurred and declared having an outstanding liability of \$3,341 as at December 31, 2006, and failed to include the liability within the Financial Statement, for legal bills having been incurred by her campaign manager, in which she had acknowledged were owing as at December 31, 2006.</p>	<p>6. Ms DeFrancesca's outstanding "liability" as at July 3, 2007 was accurately reported as \$3.00 in her supplementary Financial Statement sworn September 4, 2006. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>7. Rosanna DeFrancesca, had a 'deficit' reported of \$3,299 and an amount owing \$3,341.00. The possibility existed she had a 'deficit', from the declared amount to be, \$6,640 and \$3,000 over her spending limit.</p>	<p>7. The outstanding "liability" as at July 3, 2007, was accurately reported as \$3.00 in Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007. There was no overspending. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>8. Mr. and Mrs. DeFrancesca reimbursement a 'refund' of the full surplus as at December 2010, per Exhibit 1, page 3. The 'refund' claimed by them fails to include \$3,341.</p>	<p>8. The outstanding "liability" as at July 3, 2007, was accurately reported as \$3.00 in Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007. There was no overspending. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>

Allegation	Response
<p>9. Rosanna DeFrancesca did not report or include within the 2006 Financial Statement this campaign expense, did not file a supplementary Financial Statement as provided by the MEA. As a result, the audited Financial Statements are inconsistent with the matters brought forward to the 2010 Financial Statement.</p>	<p>9. Denied: Ms DeFrancesca filed a supplementary Financial Statement sworn September 4, 2006 for the period ending July 3, 2007. All matters brought forward to Ms DeFrancesca's Financial Statement for the 2010 election are accurate and as prescribed by the MEA. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>10. The DeFrancesca campaign by their own submission have acknowledged in part the liability, declared it was outstanding and then, it completely disappeared. There is a conflict between the two audited Financial Statements. The source of the conflict/contradiction are the audited Financial Statements and not based on speculation.</p>	<p>10. There is no conflict between any of the audited Financial Statements related to either of the campaigns as alleged by the Applicant.</p>
<p>Issue 7: Failure to report 'barbeque expenses'</p>	
<p>1. Rosanna DeFrancesca's 2010 Financial Statement reports "BBQ events" spending of \$3,015.07, which is "subject to limitation" (Exhibit 1, page 2).</p>	<p>1. Agreed</p>
<p>2. The MEA, and prescribed form, require candidates to "include the value of contribution of goods and services" within the campaign expenses (Exhibit 1, page 2). She received a contribution of "goods and services" for \$350 (Exhibit 1, Schedule C). Rosanna DeFrancesca had out-of-pocket campaign expenses of \$2,665.07 for the 'BBQ events'.</p>	<p>2. All contributions of "goods and services" and "BBQ events" have been properly reported and listed as "subject to campaign expense limitation" as prescribed by the MEA. The contribution of "goods and services" of \$350.00 is unrelated to either of the "BBQ events;" rather, it was a contribution of services kind by Artur Winiarczyk and is listed in the "Contributions in Kind" and contained within Schedule "C" of the Financial Statement for the 2010 election.</p>

Allegation	Response
<p>3. The review and investigation found that the "BBQ events" were not low key, inexpensive, informal, or casual events. Instead, one such event alone, held on September 26, 2010, produced thousands of flyers distributed throughout Ward 3 both by both volunteers and paid distributions, with customized printed invitations. Further, the event was promoted by custom printed BBQ street signs, and featured "live band and entertainment", rented tents, picnic tables, and "free" barbeque (Exhibits 6 and 7).</p>	<p>See page 2.43 of the Agenda for the July 8, 2011 Compliance Audit Committee meeting.</p> <p>See also Schedule "5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p> <p>3. The "BBQ event" held on September 26, 2010 and related costs are all accurately reported and listed as "subject to campaign expense limitation" under the expense headings of "BBQ events" and "brochures". Furthermore, the BBQ street signs were assembled by volunteers using digitally printed labels affixed to mostly recycled coroplast from my damaged and unusable signs; the campaign did use new coroplast for some of the signs which were paid for and reported and listed "subject to campaign expense limitation" under the expense heading of "signs". The tables and chairs were expensed under the "BBQ events" expense heading. The tents utilized at the BBQ events belong to Ms DeFrancesca personally and were purchased several years ago for family picnics and have no real monetary value. Although "live band and entertainment" was advertised on the brochure advertising the event, Ms DeFrancesca used personally owned music equipment that was operated by volunteers. All food and beverage items are also accurately expensed under the "BBQ events" expense heading.</p> <p>See Schedules "2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p> <p>The Applicant fails to describe what "review and investigation" was conducted and by whom. Moreover, the Applicant does not substantiate her assertion that that the barbeque events were "not low key, inexpensive, informal, or casual events"; rather, she makes sweeping and</p>

Allegation	Response
<p>4. The scale and magnitude of one of "BBQ event" alone exceeds the total campaign amount reported of \$2,665.07 for all of the "BBQ events". Furthermore, the estimated expense for one event alone is approximately four (4) times the amount reported for all the 'BBQ events';</p>	<p>subjective allegations that are impossible to respond to.</p> <p>4. The Applicant fails to substantiate what scale and magnitude to which she is referring and how it exceeds whatever amounts she is claiming. The \$3,015.07 reported under the "BBQ events" expense heading includes the costs related to both "BBQ events", save and except the related brochure print (flyers & invitations) and distribution costs, which are reported under the expense heading of "brochures". Many of the flyers which advertised the "BBQ events" were distributed by volunteers as a costs-saving strategy.</p> <p><i>See Schedules "2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>5. A thorough review of the expenses associated with only one (1) of the "BBQ events", held on September 26, 2010, follows:</p> <p>a. Flier and Door-to-Door Distribution by Media Mail Inc.: Full color flyer (Exhibit 5), produced and distributed to 16,000 households, \$2,200.00;</p> <p>b. Flyer Distributed by DeFrancesca campaign team: \$1,000.00;</p>	<p>5.</p> <p>(a) Brochure printing and door-to-door distribution for the September 26, 2010 BBQ event consists of an invoice for 18,000 brochures as indicated in Exhibit 5 of the Applicant for the cost of \$607.38 including HST. Distribution by Media Mail Inc. of 16,400 at a cost of \$926.60 including HST for a total cost of \$1533.98. Of the 1,600 residual flyers approximately, 400 or so were hand delivered in conjunction with addressed invitations. The remaining brochures were discarded at a value of approximately \$37.00. Please note that brochures were primarily used for general campaign purposes as well as for "BBQ events" purposes and therefore should not necessarily be applied to "BBQ events".</p> <p>(b) Although a great deal of brochures were delivered by Ms DeFrancesca's campaign team only, 400 or so of the residual flyers with the approximate value of \$13.50 were hand delivered in conjunction with addressed envelopes.</p>

Allegation	Response
<p>c. Custom printed invitations to the BBQ: Custom color envelopes, custom color inserts, BBQ flyer, individualized, computer printed and labelled (Exhibit 6), costing in the range of \$1,100.00 to \$1,490.00;</p> <p>d. Advertising signs: Production of color chloroplast "BBQ" signs attached to street poles along Chancellor Drive and other arterial roads, approximately \$250.00;</p> <p>e. Outdoor sound system: \$250.00;</p> <p>f. "Live band and entertainment" . per fiver: \$1,000.00 -\$1,500.00;</p> <p>g. Rental of picnic tables and working tables for volunteer, family, guests/residents: \$200.00;</p>	<p>Moreover, the Applicant fails to substantiate the \$1,000.00 alleged;</p> <p>(c) The September 26, 2010 addressed invitations consists of flyers valued at approximately \$13.50 (refer to sub-paragraph b), envelopes valued at approximately \$28.00 (refer to issue 1 & 2 paragraph 11 sub-paragraph d) and letterhead valued at approximately \$20.00 (refer to issue 1 & 2 paragraph 11 sub-paragraph d) at a total cost of \$61.50. Please note that the letter invitations were printed on letterhead previously offset printed (refer to issue 1 & 2 paragraph 11 sub-paragraph. Moreover, the Applicant fails to substantiate the amounts alleged</p> <p>d) not all invitations were printed in colour; as a costs-saving measure, many were printed using black ink only. The total ink cost is valued at approximately \$20.00. The total cost of the 400 or so addressed invitations hand delivered by volunteers has a total value of \$81.50.</p> <p>The advertising signs for the September 26, 2010 "BBQ event" consists of 150 digitally printed (peel n'stick) BBQ sign stickers at a cost of \$169.50 including HST, paid for by cheque #0033 and accurately reported under the expense heading of "brochures". Much of the coroplast used was recycled (refer to paragraph 3); an additional 6 (4x8) sheets of coroplast was purchased at a cost of \$67.80 including HST and paid for by cheque #0065 accurately reported under the expense heading of "signs" at a total cost of \$237.30 (note: these signs were reused for the October 9, 2010 BBQ event.)</p> <p>(e) and (f) Although "live band and entertainment" was advertised on the brochure, Ms DeFrancesca opted to use personally owned equipment operated by volunteers at no cost to the campaign (please refer to paragraph 3). Moreover, the Applicant fails to substantiate the amounts alleged</p> <p>(g) The total cost of the table and chair rental for the September 26, 2010 "BBQ event" is \$336.18 paid for by cheque #0028 and accurately reported the under the expense heading of "BBQ events". Moreover, the Applicant fails to</p>

Allegation	Response
<p><i>h. Rental of tents and barbeque equipment: \$250.00;</i></p> <p><i>i. Decorations and supplies: including tee shirts for volunteer team, \$300.00; and</i></p> <p><i>j. "Free" food and drink, and barbeque supplies for the estimated 300-500 guests: \$900.00-\$2,500.00.</i></p>	<p>substantiate the amounts alleged</p> <p>(h) There is no applicable tent cost, however there is a barbeque rental cost for the September 26, 2010 "BBQ event" of \$214.70 accurately reported under the expense heading of "BBQ events". Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p>(i) The total cost of decorations and supplies (including drinks and condiments) for the September 26, 2010 "BBQ event" is \$496.26 paid for using campaign account debit card and accurately reported under heading of "BBQ events". Furthermore, the campaign purchased 54 T-shirts for the amount of \$396.63 including HST paid for by cheque #0064 under the expense heading of "Advertising", and screen printed same at a cost of \$183.06 including HST paid for by cheque #0007 under the expense heading "Office Expenses" for a total T-shirt cost of \$579.69, accurately reported under "subject to campaign expense limitation". T-shirts are primarily used for general campaign purposes and do not exclusively apply to "BBQ event" costs. The total cost of decorations, supplies including T-shirts is \$1075.95. Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p>(j) The food cost related to the September 26, 2010 "BBQ event" consists of meat expense of \$960.00 paid by cheque #0029 and bread expense of \$475.20 paid by chq #0030 for a total of \$1,435.20, which is accurately reported under the expense heading of "BBQ events" and "subject to campaign expense limitation".</p> <p>Please note that due to a smaller number of guests than anticipated at the first BBQ, approximately 60% of the bread purchased (approximate value \$285.12) was not used and later discarded. Also note that approximately 60% of the meat purchased (approximate value \$576.00) was largely consumed later at a second "BBQ event" on October 9, 2010. All of these amounts were nevertheless listed as expenses subject to the campaign limit. Furthermore, approximately 50% of decorations, supplies, drinks, and condiments</p>

Allegation	Response
	<p>(approximate value \$248.13) were later used at the October 9, 2010 "BBQ event" and by volunteers throughout the remainder of the campaign, having already been expensed.</p> <p>The "BBQ event" signs were also reused for the October 9, 2010 "BBQ event" by applying (by volunteers) a small sticker over the original to replace the date and location at a cost of \$45.20 including HST and reported under the expense heading "brochures". Please note that no other T-shirts were purchased at any other time. Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p><i>See Schedules "1, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>6. The estimated campaign expenses for one (1) "BBQ event" ranges from \$8,075.00 and \$10,650.00, based on the above. Rosanna DeFrancesca has reported out-of-pocket BBQ expenses of only \$2,665.00 for all the "BBQ events".</p>	<p>6. The Applicant completely fails to substantiate any of amounts alleged. The proportionate purchases related to the September 26, 2010 "BBQ event" consists of flyer and door to door distribution costs (refer to paragraph 5 sub-paragraph a) of \$1,533.98, custom printed invitation cost (refer to paragraph 5 sub-paragraph c) of \$81.50, advertising signs cost (refer to paragraph 5 sub-paragraph d) of \$237.30, outdoor sound and music cost (refer to paragraph 5 sub-paragraph e) is nil, live band and entertainment cost (refer to paragraph 5 sub-paragraph f) is nil, rental of picnic table and chairs cost (refer to paragraph 5 sub-paragraph g) is \$336.18, rental of tents and BBQ equipment cost (refer to paragraph 5 sub-paragraph h) is \$214.70, decorations and supply cost including drinks and condiments (refer to paragraph 5 sub-paragraph i) is \$248.13, meat and bread cost (refer to paragraph 5 sub-paragraph j) is \$859.20, the remaining meat was used at the October 9, 2011 BBQ.</p> <p>Of these total purchases, various supplies were utilized at a second "BBQ event" held on October 9, 2011.</p>

Allegation	Response
	<p>In total, all expenses relating to both BBQs have been applied "subject to campaign expense limitation" as prescribed by the MEA. Also note that the T-shirt and related general brochure print and distribution costs are allocated under more appropriate alternative expense headings (i.e., advertising and brochures).</p> <p><i>See Schedules "1, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 8: Failure to report phone and internet expenses</p>	
<p>1. Rosanna DeFrancesca's 2010 Financial statement reports \$387.20 as "telephone and internet expenses" for the 10 month period from January 13, 2010 (date filed as a candidate) to December 31, 2010 (Exhibit 1, page 2).</p>	<p>1. Agreed</p>
<p>2. Rosanna DeFrancesca declared upon filing and throughout her campaign, the same telephone, fax, and website references (Exhibit 9).</p>	<p>2. This comment is undecipherable.</p>
<p>3. Rosanna DeFrancesca reported a contribution of "goods and services" to include the website for \$93.55 (Exhibit 1, Schedule C). The MEA requires candidates to include the "goods and services" contribution with the monetary campaign expenses to provide the total campaign expense (Exhibit 1, page 2). Rosanna DeFrancesca did so; as a result, Rosanna DeFrancesca reported out-of-pocket "telephone" campaign expenses of \$293. 65.</p>	<p>3. A portion of \$93.55 "goods and services" referred to by the Applicant, are expenses that are related to website hosting and campaign email and other related costs donated by my son, Robert DeFrancesca, who also voluntarily designed and built the website and included as expenses in accordance with the MEA.</p> <p>The \$387.20 telephone and website expense are related to the various phone costs.</p>

Allegation	Response
<p>4. Rosanna DeFrancesca purchased an additional telephone line and included it with her with her street signs and news releases (i.e. telephone number 416-678-1522) (Exhibit 20).</p>	<p>4. The 416-678-1522 is Ms DeFrancesca's husband's personal cell phone number, which has been in service for the previous fourteen years. The Applicant has never produced her Exhibit 20.</p>
<p>5. She opened a "campaign headquarters" in a vacant commercial unit, at Chancellor Square. Bell Canada provided special services and rates for municipal election office services and installations. The Bell Canada standard installation rate alone nearly exceeds the total amount reported by Rosanna DeFrancesca, without any telephone or fax line considered.</p>	<p>5. This comment is mostly undecipherable. To that extent that meaning can be derived from it, all telephone, internet installation and related services have been invoiced and expensed by the campaign and listed as "subject to campaign expense limitation". Moreover, the Applicant fails to substantiate the Bell Canada amounts she is alleging. The lack of evidence on this point is telling.</p>
<p>6. The MEA and prescribed form, has been amended to require candidates to become more transparent with their campaign expenses and show separately "phone and internet expenses" (Exhibit 1 and 2, comparison of the 2006 and 2010 Financial Statements).</p>	<p>6. All "phone and internet expenses" are accurately reported under the expense heading of "phone and internet expenses" as provided in the standard forms. The MEA speaks for itself. <i>See Schedule "3" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>7. From January 13, 2010 (date of registration), to October 25, 2010 (date of Municipal Election), the DeFrancesca campaign declared the use of three (3) accounts (i.e. telephone account, fax account, 416-678-1486, 416-631-9936, website, and email/internet) (Exhibit 5 and 9).</p>	<p>7. These phone numbers were provided for contact purposes at the time of filing and operational for a decade or more at the time of filing. Furthermore, the email address is also a personal contact email and the website domain is maintained for purposes other than election campaigning. The campaign website was not operational until July or August of 2010 and the "nomination form" requires that candidates provide business phone, fax phone, email address and home phone. Furthermore, both the 416-678-1522 cell phone number and the 416-678-1486 are personal cell</p>

Allegation	Response
<p>8. Rosanna DeFrancesca opened a campaign headquarters at 270 Chancellor Drive, Unit 7; previously being a vacant office/commercial unit. It is reasonable to conclude that she needed and required installation and service to the campaign headquarters. As such, Bell Canada established a special rate and services for candidates in the Municipal Election, although it does not appear that Rosanna DeFrancesca reported these expenses. Based on the facts, it is unreasonable to believe that these expenses were not incurred.</p>	<p>phone numbers with unlimited outbound and inbound calling features.</p> <p>8. This comment is mostly undecipherable. To the extent that meaning can be derived from it, it is based on conjecture and the Applicant fails to substantiate the allegation. All phone, internet installation and related services has been invoiced and expensed by the campaign and listed as "subject to campaign expense limitation". See Schedules "1, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>Issue 9: Failure to report office expenses</p>	
<p>1. Rosanna DeFrancesca reported office expenses of \$4,015.97 (Exhibit 1, page 2), and "contributions in goods and services", included within the office expense category, of \$698.41 for the office banner and utilities contributed by the landlord (Exhibit 1, Schedule C). The resulting total reported office expense for her campaign was \$3,317.56.</p>	<p>1. The campaign reported \$4,015.97 under the expense category of "Office Expenses". A contribution in lieu of payment for utilities was made by the Landlord in the amount of \$444.43 and is included under the heading of "Office Expenses" and "subject to campaign expense limitation". Please note that the vinyl banner was used for both outdoor events and office display and was badly damaged at the October 9, 2010 "BBQ event". Moreover, Ms DeFrancesca no longer has this banner and presumes that it was discarded during the campaign office clean up. See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>2. Rosanna DeFrancesca also purchased a large exterior illuminated sign for her campaign headquarters (Exhibit 18). The fair market value of the sign is</p>	<p>2. The Applicant utterly fails to substantiate the amount alleged. The illuminated signboard was repainted with new graphics at a cost of</p>

Allegation	Response
<p>\$1,500.00. Deducting this amount from her reported office expense total, the balance of available monies for all other office purposes is \$1,817.56.</p>	<p>\$395.50 inc HST, which was paid for by cheque #0024 and accurately reported under the expense heading of "Signs" and "subject to campaign expense limitation".</p> <p><i>See Schedule "4" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. Rosanna DeFrancesca rented a vacant commercial unit at 270 Chancellor Drive, Unit 7, several months prior to the Municipal Election, and for a few weeks following, to serve as a campaign headquarters. The fair market value for the rent expense and TMI (taxes, maintenance, and insurance) is \$3,950.00, based on a formula established by the Ministry of Municipal Affairs and Housing and using MLS Listings (Exhibit 16).</p>	<p>3. The campaign office was opened on Saturday September 18, 2010 after extensive clean-up and painting and vacated on Friday October 29, 2010 for a total of a 42-day occupancy.</p> <p>Using the formula contained within the Compliance Audit Report For the City of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited (Ken Froese) and the Compliance August Report For the City of Vaughan Re: Bernie DiVona dated April 24, 2009, the value of Ms DeFrancesca's rent in the 2010 election for office rental cost was calculated as follows:</p> <p>50% of the fair market value per square foot for short-term leases of premises usually rented on a long-term basis (i.e., a lower amount) plus 100% of additional rental cost (i.e. taxes, common area costs, utilities etc) plus applicable HST (see s. 2.15 of the Compliance Audit Report For the City of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited).</p> <p>Trelle Contracting Services Ltd. (the "Landlord"), informed Ms DeFrancesca that it would normally and for a long-term lease rent the premises at the rate of \$14 per square foot net rent. The common area and taxes were quoted at \$9.63 per square foot, and the total area of the space was 1039 square feet.</p>

Allegation	Response
	<p>The resulting calculation is as follows, using the LECG formula: $\{1039 \text{ sq ft} \times \\$7/365 \times 42 = \\$836.89(\text{net rental value})\} + \{1039 \text{ sq ft} \times \\$9.63/365 \times 42 = \\$1151.33\} + \{\text{utilities (electric)}\}$ as quoted after the occupancy by the landlord at $\{175\} + \text{HST}$.</p> <p>The rental value is therefore \$2,444.43. The Applicant has no evidence to contradict this calculation nor has she led any credible evidence on this point.</p> <p>The lease agreement provided for a one-month or less "fixturing period", commencing on September 1, 2010. Ms DeFrancesca and the landlord agreed to a \$2000 rental fee for the entire period, including HST. Ms DeFrancesca and the landlord agreed that the landlord would be provided with a contribution receipt in lieu of the campaign having to pay for utilities for any amount above \$2,000.00 up to the LECG calculation of the rental expense to declare, which was \$444.43 in this case.</p> <p>In that the LECG formula required \$2,444.43 to be included on the campaign return in respect of rent and utilities, the campaign issued a contribution receipt in the amount of \$444.43 to the landlord in lieu of utilities (2,444.43-2,000.00).</p> <p><i>See Exhibit "F" of Written Submissions of Rosanna DeFrancesca - Compliance Audit Report For The City Of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited (Ken Froese) at pages 11-12</i></p> <p><i>See also Exhibit "G" of Written Submissions of Rosanna DeFrancesca - Compliance Audit Report For The City Of Vaughan Re: Bernie DiVona dated April 24, 2009 of LECG Canada Limited (Ken Froese) at pages 47-49</i></p>

Allegation	Response
<p>4. At issue is the fact that Rosanna DeFrancesca's total office expense does not have sufficient room to include rent expense, let alone the illuminated sign and the various other office expenses that are reasonably presumed to have been incurred.</p>	<p><i>See also Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p> <p>4. All rental, painting and repair supplies and other related expenses are accurately reported under the expense heading "Office Expenses" and listed as "subject to campaign expense limitation". However, the illuminated sign costs are accurately reported under the expense heading of "signs".</p> <p><i>See Schedules "4 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>5. At further issue is the reasonable expectation that additional office expenses normal and typical to a campaign have not been yet been considered and/or accounted for. Office expenses not yet considered include: interior office banner as displayed; office supplies; volunteer supplies, including car flags that were purchased; computer supplies, as she had printed labels for custom invitations; volunteer expenses; kitchen expense; food and drink; etc. It is unreasonable to assume that these expenses were not incurred (Exhibit 18).</p>	<p>5. Also included in the campaign's total "Office expenses" are various other expenses, such as purchases from Kinkos and Staples as well as an office coffee expense. Other purchases made for volunteer appreciation as well as car flags can be found under the respective expense headings such as "Advertising" and "Voting Day Party".</p> <p><i>See Schedules "1, 7 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 10: Ineligible Corporate Donation; Contribution from a law firm</p>	
<p>1. The updated and current Municipal Election 2010 Guide, produced by the Ministry of Municipal Affairs and Housing (the "Ontario Guide"), was provided by the City Clerk to all candidates upon registration.</p>	<p>1. Agreed</p>

Allegation	Response
<p>2. The Ontario Guide, at page 24, clearly states that: Not all businesses meet the legal definition of a 'corporation'. LLP's and organizations such as ratepayer groups may not be eligible to contribute to a candidate's campaign. [Emphasis added.]</p>	<p>2. Agreed</p>
<p>3. Rosanna DeFrancesca improperly accepted and reported a contribution from "DeFrancesca Law Office Professional Corporation", in the amount of \$75.00. This contribution does not meet the eligibility criteria for a "corporation", as provided by the Ontario Guide. As such, this appears to amount to a contravention of the MEA.</p>	<p>3. The Applicant's allegation is deficient on its face. "DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION" is a corporation and therefore a legal donor as prescribed by the MEA. <i>See Exhibit "E" to Written Submissions of Rosanna DeFrancesca - Corporation Profile Report for DeFrancesca Law Office Professional Corporation</i></p>
<p>Issue 1.1: Failure to report Brochure Expenses</p>	
<p>1. At issue is the fact that during the municipal election, Rosanna DeFrancesca held a community meeting as President on behalf of the East Woodbridge Ratepayers Association (the "EWRA"), in February, 2010, while a candidate in that year's Municipal Election) (registered on January 13, 2010). The subject of the meeting was a proposed high-rise development located within Ward 3, an issue that was very politically charged and identified by the media. Rosanna DeFrancesca produced and distributed a flyer throughout the community discussing this subject matter.</p>	<p>1. The East Woodbridge Community Association hosted a community meeting with invitations sent out to several local politicians including Greg Sorbara, planning staff from the City of Vaughan, as well as the former Mayor Linda Jackson, who was in attendance, former Regional Councillor Mario Ferri, who was also in attendance, Regional Councillor Gino Rosati, who was also in attendance, and former Ward 3 Councillor Bernie Divona, who did attend. Representatives of Liberty Developments (the project applicant), were also invited but did not attend. Members of the EWCA and other residents within community were encouraged to attend and ask questions to obtain information regarding a proposed development within the community. This is a practice that commonly occurs with all ratepayer associations and was not advertised with the intention to solicit any voter</p>

Allegation	Response
	<p>support nor did the public advisory contain any wording that could be construed as being associated with Ms DeFrancesca's campaign. The meeting advisory notice did not make any mention of Ms DeFrancesca's nomination for Ward 3 Councillor. To suggest that Ms DeFrancesca was not entitled to continue to volunteer on behalf of the EWCA is preposterous.</p> <p>Moreover, nothing in this allegation relates to campaign finances.</p>
<p>2. We submit this literature was premised on a political issue, unique to a specific community in which the candidate was running for office. Furthermore, this issue was highly contentious and formed part of Rosanna DeFrancesca's platform, in which she ran for office on. As such, it is our submission that this literature should properly be treated as a campaign expense.</p>	<p>2. To suggest that Ms DeFrancesca was not entitled to continue to volunteer on behalf of the EWCA is preposterous. Moreover, nothing in this allegation relates to campaign finances.</p>
<p>3. The MEA defines a campaign expense as at section 67 as "... costs incurred for goods and services on or on behalf of a person wholly or partly for use in his or her election campaign are expenses" [Emphasis added].</p>	<p>3. Agreed</p>
<p>4. At issue is the fact that her spouse/campaign manager, Mr. Carlo DeFrancesca, as Acting President of the EWRA, sent out flyers to each household in Ward 3 on an election related issue in a community that his wife was running for office (Exhibit 8). It is unreasonable to assume that this action and expense was incurred without any regard to the potential benefits - either "wholly or partly" - to his wife's campaign.</p>	<p>4. A letter was distributed from the EWCA advising members and other residents of a campaign flyer which was distributed by former Councillor Bernie DiVona's campaign team which stated that he was "Chair, East Woodbridge Community Association", which he was not. The EWCA made an immediate request to former Councillor DiVona to distribute and advertise a clarification. After numerous requests, no response was given by him. It is Ms DeFrancesca's understanding that the acting President, Carlo DeFrancesca, along with other executives decided that a clarification letter was necessary to avoid confusion and misrepresentation of the statement made within Bernie DiVona's campaign material and therefore, a community advisory was printed and</p>

Allegation	Response
<p>5. At further issue is that Mr. DeFrancesca enlisted the services of a private company, Media Mail Inc., to distribute a flyer that denounced the incumbent and promoted his spouse, as candidate for Ward 3. Mr. DeFrancesca's flyer from the EWRA included the same telephone number as that advertised for the campaign, directing voters to contact the campaign office. This set of facts further illuminates the intent of the activity as election motivated. The expense of this flyer should not have been incurred by the EWRA; firstly because this is not the proper function of a "ratepayers group"; and secondly because this expense should properly have been reported as a campaign expense and subject to the limitation of same, under the MEA.</p>	<p>distributed by association members.</p> <p>5. The Applicant has failed to lead any credible evidence to substantiate her allegations, such as what constitutes the "proper function" of a ratepayers' group. As a "group", the EWCA speaks for itself and its members are entitled to express themselves, especially in a political context. As much is protected by the <i>Charter of Rights and Freedoms</i>. Nor is there any prohibition in the <i>MEA</i> on which the Applicant could rely that would address this spurious allegation.</p>
<p>Issue 12: Misrepresentation/Failure to report campaign fundraising expenses</p> <p>1. The MEA, and prescribed form (Schedule 2 'Fundraising Function', Section IV), requires all candidates to detail the expenses related to every "fundraising function". Rosanna DeFrancesca reported fundraising income of \$5,250.00 and fundraising expenses incurred on November 24, 2010, of \$1, 136.55.</p> <p>2. Further, Rosanna DeFrancesca reported - in her Financial Statement at "Statement of Campaign Period Income and Expenses" - "costs of fundraising function" of \$3,323.07. Contrarily, "Schedule 2, Part IV" to the Financial Statement reported \$1, 136.55 and not \$3,323.07 for the same matter.</p>	<p>1. Agreed</p> <p>2. The Applicant is misinformed. Ms DeFrancesca held two fundraising events, the first, held on June 29, 2010, and the second, on November 24, 2010. Furthermore, all necessary <i>MEA</i> forms, costs, and expenses have been accurately reported.</p> <p>The Exhibit relied upon by the Applicant from Ms DeFrancesca's 2010 Financial Statement includes two separate "Schedule 2" forms for two separate fundraising events as prescribed by the <i>MEA</i>. The total cost</p>

Allegation	Response
	of the two fundraising events is \$3,322.87 and not the amount alleged by the applicant.
<p>3. No understanding or determination can be made with the conflict in reporting between the detailed Schedule and the Financial Statement. As such, this discrepancy appears to give rise to contraventions of the MEA.</p>	<p>3. Given the above (sub-para. 2), there is no conflicting reporting between the fundraising "Schedule 2" forms and Ms DeFrancesca's 2010 Financial Statement.</p>
<p>4. Secondly, Rosanna DeFrancesca claimed at Schedule 3, "contributions in kind", Exhibit C, page 1, "fundraising supplies" from Vince De Luca, in the amount of \$118.65. However, Schedule 2 of reports the "fundraising supplies" to be \$67.85. Again, no understanding or determination can be made with the conflict in reporting between the detailed Schedule and the Financial Statement. As such, this gives rise to further contraventions of the MEA.</p>	<p>4. The total fundraising supplies for the two fundraising events is accurately reported as \$240.37.</p>
<p>5. The source of the contradiction and conflict are with the audited, and declared, filed 2010 Financial Statements of Rosanna DeFrancesca.</p>	<p>5. This allegation is undecipherable.</p>
<p>Issue 13: Failure to report Sign Expenses</p>	
<p>1. It was witnessed a few days prior to the election, several hundred new large arterial road signs, on large new stakes, screwed on with washers, were piled and ready for installation in the campaign headquarters of Rosanna DeFrancesca.</p>	<p>1. The Applicant has failed to lead any credible or reasonable evidence of this allegation nor the names of who witnessed what. Ms DeFrancesca's inventory of road signs on the three to four prior to election day was approximately 100 pieces.</p>
<p>2. While Rosanna DeFrancesca did report expenses incurred for signs, the visible presence of hundreds of large new signs causes concern as the cost of</p>	<p>2. The Applicant has failed to lead any credible or reasonable evidence of this allegation nor has she produced affidavits or pictures</p>

Allegation	Response
<p>such signs for a day or two does not seem reasonable, in light of the strict campaign expense limitations. This extraordinary observation prompted individuals to take photos to document this fact.</p>	<p>from such individuals and it is doubtful whether such "evidence" would meet any burden of proof. All signs and related costs have been accurately reported under the signs expense section and listed as "subject to campaign expense limitation".</p> <p><i>See Schedule "4" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. In the context of a long Municipal Election that spanned a large land area and relied heavily on candidate signage throughout, it is unreasonable to believe that any prudent candidate would incur such a large proportion of their expense limit for signs to only receive a benefit for a couple days. On the facts, it is not unreasonable to infer that the expense of these "eleventh hour" signs were not properly reported and subject to the campaign expense limitation.</p>	<p>3. The Applicant has failed to lead any credible or reasonable evidence of this allegation or what is reasonable or not in the circumstances. She relies on bald allegations that are incapable of proof, which are completely unreasonable.</p> <p>The fact is that City and Regional by-laws prevent candidates from erecting signs until a few short weeks before election day. Furthermore, it is common for most candidates to reserve an inventory of signs in the final approach to election day for the purpose of replacing damaged and missing signs.</p>
<p>4. Based on the foregoing, it appears that there are numerous contraventions to the MEA, stemming from this set of facts. An audit should be conducted to determine the extent of the apparent contraventions.</p>	<p>4. The Applicant fails to appreciate that there must be reasonable grounds. Given the lack of any reasonable and credible evidence led by her and the above responses of Ms DeFrancesca, any audit request should be denied.</p>
<p>Issue 14: Failure to Report closing inventory of signs</p>	

Allegation	Response
<p>1. The City's By-law requires all candidates to pick up their campaign road signs - that were left along arterial roads and collected by the City - within 72 hours of the election. Further, the City of Vaughan and York Region each had a yard to collect arterial road signs confiscated if they were illegally installed.</p>	<p>1. Agreed</p>
<p>2. Each candidate had an option and were notified to pick up their election signs or they would be destroyed. Photos show that numerous signs belonging to Rosanna DeFrancesca existed at each of the two yards and were subsequently collected. The DeFrancesca campaign team, including her immediate family, were observed picking up the signs and returning the signs after the Municipal Election to their campaign office. Further photos were taken to substantiate this claim.</p>	<p>2. The Applicant has failed to produce these photos and/or any witness statements. That anything is improper in collecting one's property is ridiculous. Any signs collected by the campaign were brought to the campaign office as temporary storage facility.</p>
<p>3. Rosanna DeFrancesca, while having made a substantial purchase of chloroplast arterial road signs, have failed to report any signs in the campaign ending inventory, which is required by the MEA and prescribed form. This amounts to an apparent contravention of the MEA.</p>	<p>3. The campaign disposed of all of its elections signs for the following reasons:</p> <ul style="list-style-type: none">(a) the signs read "elect" and in 2014 they will read "re-elect";(b) the majority were heavily weathered and unusable;(c) Ms DeFrancesca's intention is to change the design and the colour scheme of her 2014 campaign election signs and she therefore had no purpose to keep the 2010 signs;(d) regarding wooden stakes, the majority were four feet or less and will be too short for the larger signs that Ms DeFrancesca intends to use in 2014;(e) as a cost-saving measure, the campaign opted to use a lower grade lumber, which was not worth saving, nor did Ms DeFrancesca have a suitable location for storage for four years. <p>As a result of the above, Ms DeFrancesca's sign and lumber inventory is nil. The Applicant has led no credible evidence to contradict this fact.</p> <p>Ms DeFrancesca's husband and sons can attest to the fact that the signs</p>

Allegation	Response
	were disposed of.
<p>4. It is normal and typical practice for candidates to pick up their signs and reuse them for the following election. Candidates are required to complete Schedule 4, and list the "goods and materials" as inventory.</p>	<p>4. The Applicant fails to substantiate what "normal and typical" is in the circumstances. Also, refer to paragraph 3, above.</p>
<p>5. The DeFrancesca team were observed collecting the large arterial road signs, among other kinds, and returning them to the campaign office where they were piled and returned to Mr. DeFrancesca. There is no reporting of "goods and material" (ie. used signs), while it is normal and typical to report them in order to be put toward the campaign spending in any subsequent election to provide fairness for all candidates.</p>	<p>5. The Applicant fails to substantiate what "normal and typical" is in the circumstances. Moreover, the Applicant has failed to produce a witness or evidence of any objection on the basis of fairness. Also, refer to paragraph 3, above.</p>
<p>6. Based on the foregoing, it is unreasonable on the facts to believe that these signs were not collected for the purpose of storing same for future use. As such, it appears that the failure to declare the goods as inventory amounts to a contravention.</p>	<p>5. The Applicant assertion is based on conjecture and speculation, neither of which are "reasonable grounds" to order an audit.</p>
<p>Issue 15: Incurring Campaign Expenses Prior to Registration as a Candidate</p>	
<p>1. Rosanna DeFrancesca registered with the Clerk as a candidate in the Municipal Election on January 13, 2010 (Exhibit 9).</p>	<p>1. Agreed</p>
<p>2. Section 68 of the MEA defines a "campaign period" to commence upon the filing as a candidate, and only then are candidates able to incur campaign expenses.</p>	<p>2. Agreed</p>

Allegation	Response
<p>3. Section 69(1)(d) of the MEA provides that "all payments for expenses, except for a nomination filing fee, are made from the campaign account". Therefore, the MEA contemplates that no campaign expense can be incurred before filing, nor can it be incurred outside of the campaign account.</p>	<p>3. 69(1)(c) provides "all payments for expenses, except for a nomination filing fee, are made from the campaign account". Not 69(1)(d) as alleged by the applicant.</p>
<p>4. On the date of registration, Rosanna DeFrancesca had personally disclosed and declared to the Clerk the fact of having incurred "payment for expenses", which appear to be contrary to the MEA sections set out above. Of these questionable expenses include: website; internet domain name; email; hosting; etc.</p>	<p>4. The Applicant fails to lead any credible evidence to substantiate this allegation. It is wholly unreasonable and simply not credible. Ms DeFrancesca denies having ever made such an assertion.</p>
<p>5. As these campaign related expenses had all been disclosed by Rosanna DeFrancesca on the date of filing, this signifies that they had all been incurred prior to the date of registration. As such, this amounts to a contravention of the MEA.</p>	<p>5. The Applicant fails to lead any credible evidence to substantiate this allegation.</p>
<p>Issue 16: Overspending the Statutory Campaign Expense Limit</p>	
<p>Impact on Spending Limit of Relevant Apparent Contraventions:</p> <ul style="list-style-type: none"> • Issues 1 and 2: Failure to report "Meet & Greet" events = \$9,700.00 to \$12,000.00 • Issue 8: Failure to report BBQ expenses = \$6,000.00 to \$8,000.00 • Issue 9: Failure to report phone and internet= \$1,000.00 • Issue 10: Failure to report office expenses= \$2,500.00 • Issue 12: Failure to report brochure expenses= \$2,000.00 • Issue 14: Failure to report sign expenses= \$3,000.00 <p>Total Estimated Underreporting of Expenses= . \$24,200.00 to \$28,500.00</p>	<p>Denied. The figures suggested by the Applicant are fanciful, are not based on any reasonable grounds, and are simply not credible.</p>

Allegation	Response
<p><i>Spending Limit (as issued by Clerk)= \$35,346.70</i></p> <p><i>2010 Reported Campaign Expenses by Rosanna DeFrancesca= \$34,224.52</i></p> <p><i>Total Adjusted Campaign Expenses= \$58,424.52 to \$62,724.52-</i></p> <p><i>Resulting in campaign expenses that exceeded the statutory limitation by between 65% to 77%.</i></p>	

Exhibit “B”

Black's Law Dictionary[®]

Seventh Edition

Bryan A. Garner
Editor in Chief



ST. PAUL, MINN., 1999

real statute. See STATUTE.

real suretyship. See SURETYSHIP.

real things. Property that is fixed and immovable, such as lands and buildings; real property. — Also termed *things real*. See *real property* under PROPERTY. Cf. *chattel real* under CHATTEL.

realtor (reel-tar). 1. (*cap.*) *Servicemark*. A member of the National Association of Realtors. 2. Loosely, any real-estate agent or broker.

realty. See *real property* under PROPERTY.

quasi-realty. *Hist.* Things that the law treats as fixed to realty, but are themselves movable, such as title deeds.

real wages. See WAGE.

real wrong. See WRONG.

reapportionment, n. Realignment of a legislative district's boundaries to reflect changes in population. • The U.S. Supreme Court has required federal reapportionment. See U.S. Const. art. I, § 2, cl. 3. — Also termed *redistricting*. — **reapportion, vb.** Cf. GERRYMANDERING.

reargument, n. The presentation of additional arguments, which often suggest that a controlling legal principle has been overlooked, to a court (usu. an appellate court) that has already heard initial arguments. — **reargue, vb.** Cf. REHEARING.

rearrest. See ARREST.

reasonable, adj. 1. Fair, proper, or moderate under the circumstances <reasonable pay>. 2. According to reason <your argument is reasonable but not convincing>.

"It is extremely difficult to state what lawyers mean when they speak of 'reasonableness.' In part the expression refers to ordinary ideas of natural law or natural justice, in part to logical thought, working upon the basis of the rules of law." John Salmond, *Jurisprudence* 183 n.(u) (Glanville L. Williams ed., 10th ed. 1947).

"In one sense the word [*reasonable*] describes the proper use of the reasoning power, and in another it is no more than a word of assessment. Reasoning does not help much in fixing a reasonable or fair price or a reasonable or moderate length of time, or in estimating the size of a doubt. Lawyers say a reasonable doubt, meaning a substantial one; the Court of Appeal has frowned upon the description of a reasonable doubt as one for which rea-

sons could be given." Patrick Devlin, *The Judge* 134 (1979).

3. (Of a person) having the faculty of reason <a reasonable person would have looked both ways before crossing the street>. 4. *Archaic*. Human <criminal homicide is traditionally called the unlawful killing of a "reasonable person">. — **reasonableness, n.**

reasonable accommodation. 1. An action taken to adapt or adjust for a disabled person, done in a way that does not impose an undue hardship on the party taking the action. • Under the Americans with Disabilities Act, an employer must make reasonable accommodations for an employee's disability. Examples of reasonable accommodations that have been approved by the courts include providing additional unpaid leave, modifying the employee's work schedule, and reassigning the employee to a vacant position. 2. An action taken to adapt or adjust for an employee's religious need or practice, done in a way that does not impose an undue hardship on the employer.

reasonable care. See CARE.

reasonable cause. See PROBABLE CAUSE.

reasonable diligence. See *due diligence* (1) under DILIGENCE.

reasonable doubt. The doubt that prevents one from being firmly convinced of a defendant's guilt, or the belief that there is a real possibility that a defendant is not guilty. • "Beyond a reasonable doubt" is the standard used by a jury to determine whether a criminal defendant is guilty. In deciding whether guilt has been proved beyond a reasonable doubt, the jury must begin with the presumption that the defendant is innocent. See BURDEN OF PERSUASION.

"Reasonable doubt ... is a term often used, probably pretty well understood, but not easily defined. It is not a mere possible doubt; because every thing relating to human affairs, and depending on moral evidence, is open to some possible or imaginary doubt. It is that state of the case, which, after the entire comparison and consideration of all the evidence, leaves the minds of jurors in that condition that they cannot say they feel an abiding conviction, to a moral certainty, of the truth of the charge." *Commonwealth v. Webster*, 59 Mass. (5 Cush.) 295, 320 (1850) (per Lemuel Shaw, J.).

"The gravamen of Lord Goddard's objection to the formula of 'reasonable doubt' seems to have been the muddle occasionally created by an impromptu effort to explain to a jury the meaning of this phrase. A simple solution would be to refrain from explaining it, relying on the common sense of the jury. As Barton J. said in an

Australian case, "attempts to defir ordinary use with which is usually s as a well underst of embellishment probably no harm that a reasonabl reason can be su Law 873 (2d ed. 1

reasonable-expectation. The rule that requires a finding of ambiguity in favor of the party with the higher expectations.

reasonable force.

reasonable ground.

reasonable-inference principle. Provides that, in a case, a proper inference may be drawn from the facts.

reasonable man.

reasonable medical care. The cause of an injury or death, showing that the injury or death was not caused by the general conduct of the defendant. — Also termed *certainty*.

reasonable notice.

reasonable person. A legal fiction used as a standard to determine whether someone's conduct is reasonable without serious or excessive precaution. — *prudent person*; *reasonable care* under CONTRACT.

"The reasonable man and standards of conduct with those general ideas of our society at the time are not necessarily the same. It implies an amount of foresight and caution which the average man would exercise." R.F.V. 56 (17th ed. 1977)

2. *Archaic*. A hypothetical person.

"In the antique sense, the time of the reasonable man is since the time of the reasonable man."

Devlin, *The Judge* 134

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Australian case, 'one embarks on a dangerous sea if he attempts to define with precision a term which is in ordinary use with reference to this subject-matter, and which is usually stated to a jury without embellishment as a well understood expression.' However, some modes of embellishment seem to be unobjectionable. There is probably no harm in telling the jury, as some judges do, that a reasonable doubt is one for which a sensible reason can be supplied." Glanville Williams, *Criminal Law* 873 (2d ed. 1961).

reasonable-expectation doctrine. *Insurance.*

The rule that resolves an insurance-policy ambiguity in favor of the insured's reasonable expectations.

reasonable force. See FORCE.

reasonable grounds. See PROBABLE CAUSE.

reasonable-inference rule. An evidentiary principle providing that a jury, in deciding a case, may properly consider any reasonable inference drawn from the evidence presented at trial.

reasonable man. See REASONABLE PERSON.

reasonable medical probability. In proving the cause of an injury, a standard requiring a showing that the injury was more likely than not caused by a particular stimulus, based on the general consensus of recognized medical thought. — Also termed *reasonable medical certainty*.

reasonable notice. See NOTICE.

reasonable person. 1. A hypothetical person used as a legal standard, esp. to determine whether someone acted with negligence. • The reasonable person acts sensibly, does things without serious delay, and takes proper but not excessive precautions. — Also termed *reasonable man*; *prudent person*; *ordinarily prudent person*; *reasonably prudent person*. See *reasonable care* under CARE.

"The reasonable man connotes a person whose notions and standards of behaviour and responsibility correspond with those generally obtained among ordinary people in our society at the present time, who seldom allows his emotions to overbear his reason and whose habits are moderate and whose disposition is equable. He is not necessarily the same as the average man — a term which implies an amalgamation of counter-balancing extremes." R.F.V. Heuston, *Salmond on the Law of Torts* 56 (17th ed. 1977).

2. *Archaic.* A human being.

"In the antique phraseology which has been repeated since the time of Lord Coke the *actus reus* of murder

(and therefore of any criminal homicide) was declared to be unlawfully killing a reasonable person who is in being and under the King's peace, the death following within a year and a day. In this sentence the word 'reasonable' does not mean 'sane', but 'human'. In criminal law, a lunatic is a *persona* for all purposes of protection, even when not so treated for the assessment of liability." J.W. Cecil Turner, *Kenny's Outlines of Criminal Law* 102 (16th ed. 1952).

reasonable royalty. See ROYALTY (1).

reasonable suspicion. A particularized and objective basis, supported by specific and articulable facts, for suspecting a person of criminal activity. • A police officer must have a reasonable suspicion to stop a person in a public place. See STOP AND FRISK. Cf. PROBABLE CAUSE.

reasonable time. 1. *Contracts.* The time needed to do what a contract requires to be done, based on subjective circumstances. • If the contracting parties do not fix a time for performance, the law will usu. presume a reasonable time. 2. *Commercial law.* The time during which the UCC permits a party to accept an offer, inspect goods, substitute conforming goods for rejected goods, and the like.

reasonable use. See USE (1).

reasonable-use theory. *Property.* The principle that owners of riparian land may make reasonable use of their water if this use does not affect the water available to lower riparian owners.

reasonably prudent person. See REASONABLE PERSON.

reason to know. Information from which a person of ordinary intelligence — or of the superior intelligence that the person may have — would infer that the fact in question exists or that there is a substantial enough chance of its existence that, if the person is exercising reasonable care, the person's action would be based on the assumption of its possible existence.

reassurance. See REINSURANCE.

rebate, n. A return of part of a payment, serving as a discount or reduction. — *rebate, vb.*

rebellion. 1. Open, organized, and armed resistance to an established government or ruler. 2. Open resistance or opposition to an authority

ters as the rights of captors and the distribution of the proceeds.

prize money. 1. A dividend from the proceeds of a captured vessel, paid to the captors. 2. Money offered as an award.

PRO. *abbr.* PEER-REVIEW ORGANIZATION.

pro (proh). [Latin] For.

proamita (proh-am-ə-tə). [Latin] *Roman & civil law.* A great-great aunt; the sister of one's great-grandfather.

proamita magna (proh-am-ə-tə mag-nə). [Latin] *Civil law.* A great-great-great-aunt.

proavia (proh-ay-vee-ə). [Latin] *Roman & civil law.* A great-grandmother.

proavunculus (proh-ə-vəŋk-yə-ləs). [Latin] *Civil law.* A great-grandmother's brother.

probabilis causa (prə-bay-bə-lis kaw-zə). [Latin] Probable cause.

probable cause. A reasonable ground to suspect that a person has committed or is committing a crime or that a place contains specific items connected with a crime. • Under the Fourth Amendment, probable cause — which amounts to more than a bare suspicion but less than evidence that would justify a conviction — must be shown before an arrest warrant or search warrant may be issued. — Also termed *reasonable cause; sufficient cause; reasonable grounds.* Cf. REASONABLE SUSPICION.

"Probable cause may not be established simply by showing that the officer who made the challenged arrest or search subjectively believed he had grounds for his action. As emphasized in *Beck v. Ohio* [379 U.S. 89, 85 S.Ct. 223 (1964)]: 'If subjective good faith alone were the test, the protection of the Fourth Amendment would evaporate, and the people would be "secure in their persons, houses, papers, and effects" only in the discretion of the police.' The probable cause test, then, is an objective one; for there to be probable cause, the facts must be such as would warrant a belief by a reasonable man." Wayne R. LaFave & Jerold H. Israel, *Criminal Procedure* § 3.3, at 140 (2d ed. 1992).

probable-cause hearing. See PRELIMINARY HEARING.

probable consequence. An effect or result that is more likely to follow its supposed cause than not to follow it.

probable-desistance test. *Criminal law.* A common-law test for the crime of attempt, focusing on whether the defendant has exhibited dangerous behavior indicating a likelihood of committing the crime. See ATTEMPT (2).

probable evidence. See *presumptive evidence* under EVIDENCE.

probandum (proh-ban-dəm), *n.* A fact to be proved. Pl. **probanda.** See *fact in issue* under FACT.

probata (proh-bay-tə). [Latin] *pl.* PROBATUM.

probate (proh-bayt), *n.* 1. The judicial procedure by which a testamentary document is established to be a valid will; the proving of a will to the satisfaction of the court. • Unless set aside, the probate of a will is conclusive upon the parties to the proceedings (and others who had notice of them) on all questions of testamentary capacity, the absence of fraud or undue influence, and due execution of the will. But probate does not preclude inquiry into the validity of the will's provisions or on their proper construction or legal effect. — Also termed *proof of will.*

informal probate. Probate designed to operate with minimal involvement of the probate court. • Most modern probate codes encourage this type of administration, with an independent personal representative. — Also termed *independent probate.*

probate in common form. *Hist.* Probate granted in the registry, without any formal procedure in court, on the executor's ex parte application. • This type of probate is revocable.

probate in solemn form. *Hist.* Probate granted in open court, as a final decree, when all interested parties have been given notice. • This type of probate is irrevocable for all parties who have had notice of the proceeding, unless a later will is discovered.

small-estate probate. An informal procedure for administering small estates, less structured than the normal process and usually not requiring the assistance of an attorney.

2. Loosely, a personal representative's actions in handling a decedent's estate. 3. Loosely, all the subjects over which probate courts have jurisdiction. 4. *Archaic.* A nonresident plaintiff's proof of a debt by swearing before a notary public or other officer that the debt is correct, just, and due, and by having the notary attach a jurat.

Exhibit “C”



RECEIVED
 SEP 4 2007
 CITY OF VAUGHAN
 CLERKS DEPARTMENT



FINANCIAL STATEMENT AND AUDITOR'S REPORT

MUNICIPAL ELECTIONS ACT, 1996 (SECTION 78)

To be filed if the contributions received by a candidate exceed \$10,000 and/or expenses incurred by such candidate exceed \$10,000.

For the campaign period from AUGUST 28, 2006 to JULY 3, 2007

NAME OF CANDIDATE AND OFFICE

Name of Candidate ROSANNA DEFRANCESCA			
Mailing Address 18 ZUCCHET COURT WOODBRIDGE, ONTARIO L4L 7M5			
Business Phone no. (416) 678-1486	Fax no. (416) 631-9936	E-Mail Address RosannaDefrancesca@hotmail.com	Home Phone No. (905) 264-7349
Name of Office for which the Candidate sought election. WARD COUNCILLOR			Ward No (If any) 3
Name of Municipality CITY OF VAUGHAN			

ATTESTATION OF CANDIDATE

I, ROSANNA DEFRANCESCA, a candidate in the municipality
 Name of Candidate
CITY OF VAUGHAN
 of Name of Municipality hereby attest that to the best

of my knowledge and belief these financial statements and supporting schedules as set out herein are true and correct

.....
 (Signature of Candidate) Sept 4, 2007
 (Date)

Form V5 *signed before me the 4th day of September 2007*

SUMMARY OF CAMPAIGN INCOME AND EXPENSES

Campaign Expense Limitation (as certified by the municipal clerk) -	26,476	
Campaign Expenses Subject to Limitation*	26,364	
Total Campaign Income*	27,985	
Total Period Expenses*	27,988	

*(from the Statement of Campaign Period Income and Expenses)

STATEMENT OF ASSETS AND LIABILITIES AS AT JULY 3, 20 07

Assets		\$
Cash	7.00	
Accounts Receivable	--	
Other (provide full details):		
<u>INVENTORY</u>	<u>310.02</u>	
Total		<u>317.02</u>
Liabilities and Excess (Deficiency) of Income over Expenses		
Accounts Payable		
Borrowings, Overdraft		
Other (provide full details)		
Excess (Deficiency) of Income over Expenses	<u>(3.00)</u>	
(from the Statement of Campaign Period Income and Expenses)		
Total		<u>(3.00)</u>

STATEMENT OF DETERMINATION OF SURPLUS OR DEFICIT AND DISPOSITION OF SURPLUS

Part I - Determination of Surplus or Deficit		\$
Amount of Excess (deficiency) of Income Over Expenses from Statement of Campaign Period Income & Expenses	(3.00)	A
Deduct any deficit carried forward by the Candidate from the immediately preceding election if the offices are with respect to the same jurisdiction	(--)	B
Surplus (or Deficit) for the Campaign Period (A minus B)	(3.00)	C
Deduct any refund of contributions to the Candidate and/or the spouse or same sex partner of the candidate (only if there is a surplus)	(--)	D
Total	<u>(3.00)</u>	E

Part II - Disposition of Surplus

If Line E shows a surplus greater than \$500.00, the amount must be paid in trust, at the time the financial statements are filed, to the City Clerk who was responsible for the conduct of the election.

Surplus paid to the City Clerk of the Municipality of the City of Vaughan

STATEMENT OF CAMPAIGN PERIOD INCOME AND EXPENSES

FROM AUGUST 28, 2006 TO JULY 3, 2007

FOR CANDIDATE ROSANNA DEFRANCESCA

INCOME

\$

Candidate's Surplus from immediately preceding election released by Clerk	---
Contributions (from Schedule 1)	<u>23,935</u>
Fund-Raising Activities (from Schedule 2, Part III)	<u>4,050</u>
Interest Income	---
Other (provide full details):	

TOTAL CAMPAIGN PERIOD INCOME 27,985 A

EXPENSES

	Expenses Subject to Limitation	Expenses Excluded from Limitation	Total
Accounting & Audit.....	N/A	424	424
Advertising.....	8,052		8,052
Bank Charges.....	387		387
Brochures.....	3,260	N/A	3,260
Fund-Raising Expenses.....	N/A	1,200	1,200
Interest on Loans.....	N/A		
Inventory Contributed to Candidate's Campaign(from Schedule 3).	1,394	N/A	1,394
Meetings Hosted.....		N/A	
Nomination Filing Fee.....	N/A		
Office Expenses.....	1,827		1,827
Recount Expenses.....	N/A		
Salaries & Benefits/Professional Fees....			
Signs.....	7,144	N/A	7,144
Voting Day Party/Appreciation Notices ..	N/A		
Other (provide full details):			
RENT	<u>2,300</u>		<u>2,300</u>
MARKETING	<u>2,000</u>		<u>2,000</u>
TOTAL CAMPAIGN PERIOD EXPENSES	<u>26,364</u>	<u>1,624</u>	<u>27,988</u> B

EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES (A-B) (3)

AUDITOR'S REPORT

MUNICIPAL ELECTIONS ACT, 1996 (SECTIONS 78, 82.1)

To: ROSANNA DEFRANCESCA, candidate

I/we have audited the statement of assets and liabilities and income and expenses of ROSANNA DEFRANCESCA, candidate, for the campaign period from AUGUST 28, 2006 to JULY 3, 2007 relating to the election held on NOVEMBER 13, 2006. My/our audit was made in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I/we considered necessary in the circumstances except as explained in the following paragraph.

Due to the nature of the types of transactions inherent in an Election Campaign, it is impracticable through auditing procedures to determine that the accounting records include all donations of goods and services, and receipts and disbursements. Accordingly, my/our verification of these transactions was limited to ensuring that the financial statements reflect the amounts recorded in the accounting records of ROSANNA DEFRANCESCA, candidate, in accordance with the accounting procedures established by the **Municipal Elections Act, 1996** and I was/we were not able to determine whether any adjustments might be necessary to receipts and disbursements.

In my/our opinion, except for the effect of adjustments, if any, which I/we might have determined to be necessary had I/we been able to satisfy myself/ourselves as to the completeness of the records as described in the preceding paragraph, these statements present fairly the information contained in the accounting records on which the statements are based in accordance with the accounting treatment prescribed by the Act.

The Act does not require me/us to report, nor was it practicable for me/us to determine that contributions reported included only those which may be properly retained in accordance with the provisions of the Act.

Signature _____



Professional Designation MICHAEL CERISANO, CHARTERED ACCOUNTANT		
City VAUGHAN	Date AUGUST 30, 2007	
Contact Person MICHAEL CERISANO	Licence # 050959	
Address 111 REGINA ROAD, UNIT #4 VAUGHAN, ONTARIO L4L 8N5		
Telephone No. (905) 856-8260	Fax No. (905) 856-8261	E-Mail Address Cerisano_2000@Yahoo.com

Rosanna DeFrancesca
 Contribution Listing
 Luncheon Tickets Purchased

Name	Address	Amount
TD Canada Trust (Toronto-Dominion Bank Inc. Branch 1800)	580 Sheppard Ave. West Toronto, Ontario M3H 2S1	\$ 300.00
1120018 Ontario Inc.	101 Zinnia Place Woodbridge, Ontario L4L 6G8	\$ 300.00
Sevenview (Sevenview Plymouth Chrysler Ltd.)	2685 Highway #7 West Concord, Ontario L4K 1V8	\$ 300.00
F.M. Socol Professional Corp	5109 Steeles Ave. West # 310 Toronto, Ontario M9L 2Y8	\$ 300.00
Occhiuto & Papaconstantinou Law Office	7694 Islington Avenue 2 nd Floor Suite 201 Woodbridge, Ontario L4L 1W3	\$ 300.00
Sovereign Funding Inc.	2289 Lakeshore Boulevard West Unit 146 Toronto, Ontario M8V 3Y4	\$ 300.00
Marrick Investments Ltd.	246 Treelawn Boulevard Kleinburg, Ontario L0J 1C0	\$ 300.00
Seal Tight Waterproofing (Seal Tight Waterproofing Inc.)	39 Tumbleweed Court Woodbridge, Ontario L4L 8Y5	\$ 300.00
Giuseppe Marrone	14 Orlando Boulevard Scarborough, Ontario M1R 3N4	\$ 750.00
Irma DeFrancesca	29 Clubhouse Court Downsview, Ontario M3L 2L7	\$ 300.00

Rosanna DeFrancesco
Contribution Listing
Political Contributions > \$100

<u>Name</u>	<u>Address</u>	<u>Amount</u>
Pine Valley Painting Inc.	7500 Martin Grove Road Woodbridge, Ontario L4L 8S9	\$ 350.00
Morley's Appliance Centre (Morley's Appliance Centre Inc.)	8001 Weston Road Woodbridge, Ontario L4L 9C8	\$ 200.00
Jack Manchisi	555 Main Street East, Unit 1 Milton, Ontario L9T 3J2	\$ 200.00
Carlo DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 14,147.00
Rosanna DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 7,394.00
<hr/>		
Total		\$ 22,291.00

Rosanna DeFrancesca
Contributions Listing
Luncheon Tickets Purchased
Page 2

Name	Address	Amount
PMG Marketing (PMG Marketing Inc.)	3000 Langstaff Road # 12A Concord, Ontario L4K 4R7	\$ 300.00
City Kitchens (City Kitchens Inc.)	216 Doughton Road Concord, Ontario L4L 1R4	\$ 300.00
Total		\$ 4,050.00

Rosanna DeFrancesca
Contributor's Listing
Campaign Goods and Materials

<u>Name</u>	<u>Address</u>	<u>Amount</u>
Cleanigan's (Cleanigans Home Services Inc.)	21 Penn Drive, Unit #8 Toronto, Ontario M9L 2A6	\$ 528.00
Carlo DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 126.00
Carlo DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 100.00
Carlo DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 400.00
Carlo DeFrancesca	18 Zucchet Court Woodbridge, Ontario L4L 7M5	\$ 200.00
Cleanigan's (Cleanigans Home Services Inc.)	21 Penn Drive, Unit #8 Toronto, Ontario M9L 2A6	\$ 40.00
<hr/>		
Total		1,394.00

SCHEDULE 2 – FUND-RAISING ACTIVITIES
(attach separate schedule for each activity held)

M D Y
Date 22 / 10 / 2006

Description of activity LUNCHEON

Admission charge (per person)* \$ 1.50 A
* If admission charge per person is not consistent, provide complete breakdown of all ticket sales.
Number of tickets sold..... 27 B

PART I - TICKET REVENUE

A x B (Included in Contributions - Schedule 1) 4,050

**PART II - OTHER REVENUE DEEMED A CONTRIBUTION
(PROVIDE FULL DETAILS):**

..... --

..... --

Total Part II Revenue (Included in Contributions-Schedule 1) 4,050

**PART III - OTHER REVENUE NOT DEEMED A CONTRIBUTION
(PROVIDE FULL DETAILS):**

..... --

..... --

Total Part III Revenue 4,050

**SCHEDULE 3 - INVENTORY OF CAMPAIGN GOODS AND MATERIALS
CONTRIBUTED TO CANDIDATE'S CAMPAIGN**

* Receipts Must be Issued for All Inventory Contributions

Description	Date Acquired	Supplier	Unit Value \$	Quantity	Total Value \$
BARBEQUE SUPPLIES	21/10/06	CLEANIGAN'S	528	1	528
LUMBER & SCREWS	23/10/06	CARLO DEFRANCESCA	126	1	126
ELECTION SIGN FINE	26/09/06	CARLO DEFRANCESCA	100	1	100
LEGAL FEES	10/10/06	CARLO DEFRANCESCA	400	1	400
FUND RAISING LUNCHEON	01/09/06	CARLO DEFRANCESCA	200	1	200
PHOTOCOPIES	14/10/06	CLEANIGAN'S	40	1	40
TOTAL VALUE OF INVENTORY CONTRIBUTED TO CANDIDATE'S CAMPAIGN.....					1,394

**SCHEDULE 4 - INVENTORY OF CAMPAIGN GOODS AND MATERIALS
AT THE END OF CAMPAIGN PERIOD**

Description	Date Acquired	Supplier	Unit Value \$	Quantity	Total Value \$
72 LAWN SIGNS	11/10/06	CAR-MERCIALS	3.27	46	150.42
24 ROAD SIGNS	11/10/06	CAR-MERCIALS	11.40	14	159.60
TOTAL VALUE OF INVENTORY OF CAMPAIGN GOODS AND MATERIALS.....					310.02

Exhibit “D”

Box C Statement of Campaign Period Income and Expenses

From
 YYYY MM DD To
 2010 01 13 2010 12 31
 For Candidate
 Rosanna DeFrancesca

INCOME

Candidate's surplus from immediately preceding election released by the clerk	+	\$	0.00
Contributions from candidate	+	\$	14,933.49
Contributions from spouse of candidate	+	\$	1,663.62
All other contributions	+	\$	38,442.06
Revenue from fund-raising functions not deemed a contribution (from Schedule 2, Part III)	+	\$	
Interest income	+	\$	
Other (provide full details)			
1. Nomination Fee Refund	+	\$	100.00
2.	+	\$	
3.	+	\$	

Total Campaign Period Income = **\$ 55,139.17** C1

EXPENSES (Note: include the value of contributions of goods and services)

Expenses Subject to Spending Limit

Advertising	+	\$	1,519.81	Schedule 1
Bank charges	+	\$	367.66	
Brochures	+	\$	12,218.24	Schedule 2
Interest on loan	+	\$		
Inventory contributed to candidate's campaign (Schedule 3)	+	\$	310.02	
Meetings hosted	+	\$		
Nomination filing fee	+	\$	100.00	
Office expenses	+	\$	4,015.97	Schedule 8
Phone and/or Internet	+	\$	387.20	Schedule 3
Salaries and benefits/honoraria/professional fees	+	\$		
Signs	+	\$	12,290.55	Schedule 4
Other (provide full details)				
1.	+	\$		
2. BBQ Events	+	\$	3,015.07	Schedule 5
3.	+	\$		

Subtotal = **\$ 34,224.52** C2

Expenses Not Subject to Spending Limit

Accounting and audit	+	\$	678.00	
Costs of fund-raising function (from Schedule 2, Part IV)	+	\$	3,323.07	Schedule 6
Expenses related to compliance audit	+	\$		
Expenses related to controverted elections	+	\$		
Expenses related to recounts	+	\$		
Voting day party / appreciation notices	+	\$	1,545.38	Schedule 7
Expenses related to candidate's disability (provide details)				
1.	+	\$		
2.	+	\$		
3.	+	\$		
Other (provide full details)				
1.	+	\$		
2.	+	\$		
3.	+	\$		

Subtotal = **\$ 5,546.45** C3

Total Campaign Period Expenses (C2) + (C3) = **\$ 39,770.97** C4

Excess (Deficiency) of Income over Expenses (C1) - (C4) = **\$ 15,368.20**

Schedule 1

Advertising

<u>Invoice/Expense Detail</u>		<u>Amount</u>
Media Mail Cheque #64	\$	396.60
Flag Makers Rosanna Re-imbusement		1,064.86
Import Dues & Taxes on Flags Chq#17		58.35
		<hr/>
		1,519.81
		<hr/> <hr/>

Schedule 2

Brochures

<u>Invoice/Details</u>	<u>Amount</u>
Swan Printing Inv. # 15277 Chq #002 \$	819.25
Swan Printing Inv. # 15356 Chq #003	904.00
Swan Printing Inv. # 15523 Chq #010	452.00
Swan Printing Inv. # 15723 Chq#014	508.50
Swan Printing Inv. # 15896 Chq#016	621.50
Swan Printing Inv. # 16031 Chq#018	649.75
Swan Printing Inv # 16169 Chq#034	607.38
Swan Printing Inv. # 16229 Chq#033	169.50 (BBQ)
Swan Printing Inv. # 16269 Chq#049	607.38
Swan Printing Inv. # 16315 Chq# 056/069	1,907.70
Admill Group Distribution Chq#009	543.31
Admill Group Distribution Chq#012	543.31
Admill Group Distribution Chq#043	353.76
Arthur Winiarczyk (Contribution in Kind)	350.00 (Receipt 5805)
Media Mail Inc. Chq#061/063	305.10
Media Mail Inc Chq#061/063	282.50
Media Mail Inc. Chq#061/063	237.30
Media Mail Inc. Chq#061/063	299.45
Media Mail Inc. Chq#061/063	926.60

Media Mail Inc.	Chq#061/063	519.80
Media Mail Inc.	Chq#061/063	678.00

12,286.04

Amount Allocated to Fundraising

Envelops & Letterheads from invoice #15352	(67.80)
--	----------

12,218.24

Schedule 3

Phone and or Internet

<u>Invoice/Details</u>	<u>Amount</u>
Bell Canada Chq#059	\$ 376.20
Bell Canada Chq#076	11.00
<hr/>	
	387.20
<hr/>	

Schedule 4

Signs

<u>Invoice/Details</u>		<u>Amount</u>
Carmercials	Chq#019/023	\$ 2,553.80
SPI-Screen	Chq#025/026/027	1,836.25
Over all Signs	Chq#024	395.50
SPI-Screen	Chq#038/039/040	3,135.75
Carmercials	Chq#035/042	2,553.80
Argo Lumber	Carlo Re-imburement	180.80
Argo Lumber	Carlo Re-imburement	54.24
Argo Lumber	Carlo Re-imburement	235.04
Argo Lumber	Carlo Re-imburement	144.64
Argo Lumber	Roseanna Re-imburement	133.63
Home Depot	Carlo Re-imburement	51.31
Home Depot	Carlo Re-imburement	118.44
Home Depot	Carlo Re-imburement	208.13
Home Depot	Carlo Re-imburement	32.42
Media Mail Inc	Chq#65	67.80
Life Like Images	Service in Kind	113.00 (Receipt # 5806)
Greenview Lawncare	Service in Kind screws for signs	100.00 (Receipt # 5807)
Overall Signs	Chq # 50	226.00
City of Vaughan	Sign Deposit Chq#022	150.00
		<hr/>
		12,290.55
		<hr/>

Schedule 5

BBQ Events

BBQ Events- BBQ at Campaign Office

<u>Invoice/Details</u>	<u>Amount</u>
Bunsmaster Bread Chq # 030	\$ 475.20
European Meats Chq #029	960.00
Fiesta for Kids Carlo Re-Imbursement	214.70
Alamo Party Rental Chq#028	336.18
Debit Memos on Bank Statements – Food	496.26
Costco Carlo Re-Imbursement	13.55

BBQ Events – BBQ at Weston Road & Major Mac

<u>Invoice/Details</u>	<u>Amount</u>
Alamo Party Rentals	\$ 72.32
Bunsmaster Bread	150.00
Debit Memos on Bank Statements-Food	283.31
Robert Defrancesca in Kind (Propane)	13.55
	<hr/>
	3,015.07
	<hr/>

Schedule 6

Fund Raising Functions

June 29, 2010 Davinci Banquet Hall

<u>Invoice/Details</u>			<u>Amount</u>
Canada Post	Chq#011	\$	179.55
Swan Printing	Chq#013		56.50
Party Packagers	Debit on Bank Statement		53.87
Davinci Banquet Hall	Chq#015		1,777.75
Vince Deluca	service in kind		118.65 (Receipt 5811)

November 24, 2010 DaVinci Banquet Hall

<u>Invoice/Details</u>			<u>Amount</u>
Swan Printing	Chq#068	\$	146.90
Canada Post	Chq#046		128.82
DaVinci Banquet Hall	Chq#72		793.00
500 Envelopes	allocated Brochures Inv. 15356		39.55
500 Letterheads	allocated Brochures Inv. 15356		28.25
			3,323.07

Schedule 7

Appreciation Notice & Events

<u>Invoice/Detail</u>				<u>Amount</u>
November 4, 2010	Vaughan Citizen	Chq 044	\$	740.15
October 25, 2010	Giuliano's Bakery	Chq#048		805.13
				<hr/>
				1,545.38
				<hr/> <hr/>

Schedule 8

Offices Expenses

<u>Invoice/Details</u>			<u>Amount</u>
Trelle Contracting - Rent	Chq# 021	\$	2,000.00
Trelle Contracting	Service in Kind		444.43 (Receipt # 5805)
Anthony's Espresso	Chq#060		276.00
Levit Insurance Co. Insurance	Chq#062		404.56
Home Depot	Carlo Re-Imbursement		6.73
Staples	Carlo Re-Imbursement		4.48
Kinko's	Carlo RE-Imbursement		4.18
Home Depot	Carlo Re-Imbursement		54.07
Home Depot	Carlo Re-imburement		8.55
Party Packagers	Carlo Re-imburement		16.94
Home Depot	Carlo Re-Imbursement		49.08
Home Depot	Carlo Re-Imbursement		266.32
Major West 3	Chq # 70		113.00
Robert DeFrancesca	service in kind - wall map		25.00 (Receipt # 5808)
Robert Defrancesca	service in kind – web site		55.00 (Receipt # 5808)
Splat Graphics	Chq#007		183.06
Tim Hortons	Chq#006		24.28
Tim Hortons	Chq#008		21.56
Tim Horton's	service in kind		47.43 (Receipt #3829)
City of Vaughn CD voters Lits	Chq#031		11.30
			<hr/>
			4,015.97
			<hr/>



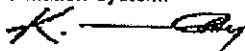
Exhibit “E”

Request ID: 013287292
Transaction ID: 44705164
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2011/06/24
Time Report Produced: 14:53:25
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2100999	DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION	2006/04/28
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
744 BROADVIEW AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 100 TORONTO ONTARIO CANADA M4K 2P1	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	
744 BROADVIEW AVENUE	NOT APPLICABLE	
Suite # 100 TORONTO ONTARIO CANADA M4K 2P1	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Transferred Out Date	Cancel/Inactive Date
NOT AVAILABLE	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	
	Minimum	Maximum
	00001	00010
	Date Commenced In Ontario	Date Cessed In Ontario
	NOT APPLICABLE	NOT APPLICABLE

Request ID: 013287292
Transaction ID: 44705164
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2100999

Corporation Name

DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION

Corporate Name History

DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION

Effective Date

2006/04/28

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

PAUL
DE FRANCESCA

Address

744 BROADVIEW AVENUE
Suite # 100
TORONTO
ONTARIO
CANADA M4K 2P1

Date Began

2006/04/28

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

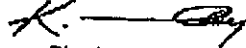
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Request ID: 013287292
Transaction ID: 44705164
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2100999

Corporation Name

DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION

Administrator:
Name (Individual / Corporation)

PAUL

DE FRANCESCA

Address

744 BROADVIEW AVENUE

Suite # 100
TORONTO
ONTARIO
CANADA M4K 2P1

Date Began

2006/04/28

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

PAUL

DE FRANCESCA

Address

744 BROADVIEW AVENUE

Suite # 100
TORONTO
ONTARIO
CANADA M4K 2P1

Date Began

2006/04/28

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

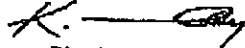
Y

Request ID: 013287292
Transaction ID: 44705164
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2100999

DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2008	1C	2009/08/01

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

Exhibit “F”

LECG

**Compliance Audit Report
For the City of Vaughan
Re: Joyce Frustaglio**

October 17, 2008

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	<i>Companies at Suite 801, 625 Cochrane Drive, Markham.....</i>	<i>20</i>
	<i>Companies at 650 Creditstone Road, Concord.....</i>	<i>20</i>
	<i>Companies at Suite 380, 8500 Leslie Street, Thornhill and Suite 500, 365 Evans Ave., Toronto.....</i>	<i>21</i>
	<i>Companies at 144 Woodstream Boulevard, Woodbridge.....</i>	<i>23</i>
	<i>Companies at 200 Bradwick Drive, Concord.....</i>	<i>23</i>
	<i>Companies at 10737 Bathurst Street, Richmond Hill.....</i>	<i>24</i>
	<i>Companies at 970 Lawrence Ave. West, Toronto.....</i>	<i>24</i>
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Schedule 1 – Adjusted Listing of Contributors

1 Introduction

1.1 Background to the Compliance Audit

1.1 This Report is the result of a request for a compliance audit under Section 81 of the Municipal Elections Act, 1996 ("the Act") by two electors, Carlo DeFrancesca and Raymond Plouffe ("the Applicants") in relation to the 2006 municipal election. Vaughan City Council authorized a compliance audit of Joyce Frustaglio's municipal election campaign finances for the campaign period ended December 31, 2007.

1.2 On June 23, 2008, Council directed that Ken Froese of LECG Canada Ltd. ("LECG") and Glen R. Davison, CA, be retained to conduct the compliance audit in accordance with the Act. This Report contains our findings related to Joyce Frustaglio's campaign finances as reported in the financial statements filed February 26, 2008, September 4, 2007 and April 2, 2007.

1.3 Subsection 81(6) of the Act requires that the auditor prepare a report "*outlining any apparent contravention by the candidate.*" This Report contains our findings in relation to our compliance audits of the 2006 and 2007 Financial Statements. Our findings relate to both the 2006 and 2007 Financial Statements unless the Report specifically refers to only one of the Financial Statements.

1.2 Chronology of the Frustaglio Campaign and Subsequent Events

1.4 Joyce Frustaglio filed election papers for Local and Regional Councillor on February 20, 2006.

1.5 The 2006 Financial Statement was signed by Joyce Frustaglio, dated April 2, 2007, and identified the following fundraising activities:

- (1) June 12, 2006 - Campaign kick-off;
- (2) August 23, 2006 - Main Fundraising dinner;
- (3) September 17, 2006 - Office Opening; and
- (4) October 19, 2006 - McMichael Collection.

- 1.6 The Financial Statement for the period from January 1. to July 31, 2007 was signed by Joyce Frustaglio and dated September 4, 2007. No additional fundraising activities were reported.
- 1.7 The 2007 Financial Statement was signed by Joyce Frustaglio and dated February 26, 2008. No additional fundraising activities were reported.

1.3 Our Approach to the Compliance Audit

- 1.8 The objective of our compliance audit report is to outline any apparent contravention of the Act as identified through the course of our compliance audit.
- 1.9 Our compliance audit included the following general procedures, addressing issues raised by the applicants, and other issues as identified by the candidate or through our audit procedures:

- (1) Contributions: An analysis of the lists of contributors in order to identify possible apparent contraventions, and communications with selected contributors in relation to possible ineligible contributions;
- (2) Expenses: A detailed review of certain expenses, including obtaining information from third parties for selected expense items and reviewing completeness of expenses in order to determine the likelihood of unreported contributions in kind; and
- (3) Financial Statements: A review of the Financial Statements and related supporting documents and evaluation of the appropriateness of financial reporting, including the allocation of expenses between those subject to, and not subject to, limitation.

- 1.10 The applicants identified the following issues regarding the Financial Statements:

- (1) That the Financial Statement included duplicate contributions of \$750 from each of the following contributors, representing possible ineligible contributions:
 - (a) Paul Bailey;
 - (b) Delores Franco;
 - (c) Silvio DeGasperis;
 - (d) Nick Melatti;
 - (e) Benedetto (Benny) Marotta; and
 - (f) Ray Lecce.

- (2) That the 2006 Financial Statement included contributions from Memmeco Holdings Inc. and Maico Holdings Inc., companies with common Officers and Directors, representing possible ineligible contributions;
- (3) That the list of contributors included ineligible contributors who were not individuals, were corporations carrying on business in Ontario, or trade unions holding bargaining rights for employees in Ontario, including the following:
 - (a) Add Rom Bookkeeping Services;
 - (b) The Rexlaw Management Limited Partnership;
 - (c) Toronto Decorative Painting;
 - (d) Decora Windows & Doors Systems;
 - (e) Steeles & Weston Repair;
 - (f) Vellore Chiropractic & Wellness Centre;
 - (g) Parente, Borean;
 - (h) Great Vineyards;
 - (i) Angora Park Developments;
 - (j) Sam;
 - (k) Paradise Banquet & Convention Centre;
 - (l) Country Wide (Thornhill Estates) CONDOR.
- (4) That contributions in kind were not appropriately accounted as expenses in the Statement of Campaign Period Income and Expenses;
- (5) That addresses were not included for each and every contributor; and
- (6) That the financial information in the first financial statement does not appear in the first supplementary financial statement and that the financial information in the first two financial statements does not appear in the second supplementary financial statement.

1.11 The compliance audit addressed the issues raised in the applicants' various Affidavits, as well as addressing other matters identified through the compliance audit process, including the following:

- (1) Whether the 2006 and 2007 Financial Statements included contributions from additional contributors with common addresses and/or Officers and Directors representing possible ineligible contributions;

- (2) The appropriateness of the allocation of costs between expenses subject to limitation and those not subject to limitation in the 2006 and 2007 Financial Statements; and
- (3) The reasonableness of rent charged for the campaign office.
- 1.12 The Frustaglio campaign operated under a campaign expense limitation of \$117,919. The 2007 Financial Statement reported campaign expenses subject to limitation of \$90,180, or \$27,739 less than the limitation.

1.4 What the Act Says About Contributions

- 1.13 The Act only permits contributions from an individual normally resident in Ontario, a corporation that carries on business in Ontario, a trade union that holds bargaining rights for employees in Ontario, and the candidate and/or his or her spouse or same-sex partner (Subsection 70(3)).
- 1.14 Subsection 70(8) of the Act does not permit contributions of cash in excess of \$25 to be either made by contributors or accepted by the candidate.
- 1.15 The Act states that contributions may only be made from money that belongs to the contributor (Subsection 74(1)). It does not address whether one cheque may be issued on behalf of two or more individuals or entities. We have interpreted the Act to permit contributions on another's behalf where there is supporting documentation, such as a letter, advising the candidate that the funds are contributed on the other party's behalf, using the other party's funds. For example, when a candidate is advised that a contribution is made on behalf of a number of individuals, each of whom is reimbursing the entity, or where the funds are charged to their shareholder loan account, or a similar situation. The Municipal Elections 2006 Guide suggests the following:¹

“Before issuing a receipt for a contribution received by cheque, the candidate should ensure that the cheque is honoured at the bank and, if the contribution is:

- from an individual, ensure the contributor meets the requirement of being a resident in Ontario;*
- from a sole proprietorship, determine the name of the owner and issue a receipt in the owner's name, not the name of the business, as a good practice;*

¹ Municipal Elections 2006 Guide, pages 22 to 24.

- *from a corporation, ensure that it meets the requirement of carrying on business in Ontario;...*

Helpful Hints

- *... If a cheque for a contribution is drawn from a joint personal bank account, the receipt must be issued only to the person who signed the cheque. Where two people have signed a cheque drawn from the joint personal account, the candidate must determine who made the contribution and issue the receipt to that person.*
- *Unincorporated groups, such as a law partnership, may contribute to a candidate's campaign, however the candidate should:*
 - *Request a list of the names and addresses of the individual contributors that shared in the contribution and the amount contributed by each individual;*
 - *Issue receipts to the individual contributors, not the unincorporated group. The individual's portion of the group's contribution counts towards that individual's campaign contribution limit of \$750; and*
 - *Report these contributions on the candidate's financial disclosure in the same manner as contributions."*

1.16 The Act permits contributions from associated corporations but only to the same contribution level as applies to a single corporation. Associated corporations are defined in Section 72 of the Act by reference to Section 256 of the Income Tax Act (Canada). The Income Tax Act relies on the concept of control, either directly or indirectly, by the same corporation, individual or related group of individuals. Control relates primarily to share ownership, not to the position an individual holds within a corporation – such as an Officer and/or Director. Corporate searches identify Officers, Directors and Administrators of a corporation but do not identify shareholders. As a result, the ability to identify associated companies relies in large part on information available only from the contributor.

1.17 The Act, by identifying only corporations, apparently does not permit contributions from unincorporated income trusts, limited and general partnerships, unincorporated co-tenancies, and other legal but non-corporate entities through which business is conducted in Ontario.

1.18 Subsection 66(3) of the Act requires that the value of goods and services provided as a contribution, by someone in the business of supplying the goods and services, be valued

at “the lowest amount the contributor charges the general public in the same market area for similar goods and services provided at or about the same time.”

- 1.19 Where a contribution is made or received in contravention of the Act, paragraph 69(1)(m) requires that the contribution be returned to the contributor “as soon as possible after the candidate becomes aware of the contravention”.

1.5 What the Act Says About Fundraising Events

- 1.20 Paragraph 5 of subsection 67(2) of the Act includes “the cost of holding fund-raising functions” as a campaign expense, and subsections 76(4) and 76(5) provide that these costs are not subject to limitation.

- 1.21 Although the Act does not define a fundraising event, the Municipal Elections 2006 Guide included the following guidance:²

“Fund-raising functions are events intended to raise money for a person’s election campaign. Such activities include dinners, dances, garden parties, etc. for which there is an admission charge, as well as auctions, button sales, etc. for which there may not be an admission charge.” [underlining added]

- 1.22 The candidates were required to file financial statements that included a schedule addressing each fund-raising activity (a Schedule 2). The schedule includes a description of the fund-raising activity, the amount of the admission charge, the number of tickets sold and ticket revenue. The form includes the notation “if admission charge per person is not consistent, provide complete breakdown of all ticket sales”.

1.6 What the Act Says About Financial Records

- 1.23 Subsection 69(1) of the Act, under the heading “Duties of candidate”, requires candidates to:

- (1) Open one or more bank accounts exclusively for the purposes of the election campaign (69(1)(a));
- (2) Deposit all contributions into campaign bank accounts (69(1)(b));
- (3) Make all payments of expenses from the campaign bank accounts other than the nomination filing fee (69(1)(c));

² Page 26 of the Ontario Municipal Election 2006 Guide.

- (4) Value all contributions of goods and services (69(1)(d)); and
- (5) Retain receipts for all expenses (69(1)(e) and (g)).

1.7 What the Act Says About Expenses

- 1.24 Subsection 67(1) of the Act states that "*costs incurred for goods and services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses*" [underlining added].
- 1.25 Subsection 67(2) sets out amounts that are expenses, and includes item 2, "*the value of contributions of good and services*".
- 1.26 The Municipal Elections 2006 Guide provided guidance to candidates, stating that "*undeposited cash contributions should not be used to pay off debts or to pay for purchases*".³ This is consistent with the requirement that all contributions be deposited to campaign bank accounts and that all expenses be paid using campaign bank accounts.⁴

1.8 What are Reasonable Expectations from a Candidate?

- 1.27 Paragraph 69(1)(l) of the Act requires that a candidate ensures that "*proper direction is given to the persons who are authorized to incur expenses and accept or solicit contributions on behalf of the candidate.*" The proper direction presumably includes ensuring that the authorized persons understand the candidate's responsibilities under the Act in relation to accepting contributions, incurring expenses, using bank accounts, retaining proper financial records, and preparing financial statements.
- 1.28 When a contribution is received, a candidate may reasonably be expected to identify contributions that exceed the \$750 contribution limit or are clearly from inappropriate sources, such as contributions from out-of-Province businesses, charities, federal or provincial political parties, or similar sources. Where accepting contributions is delegated to others, a candidate's instructions should include appropriate procedures to identify clearly inappropriate contributions.
- 1.29 Our compliance audit was conducted on the basis of information reasonably available to Joyce Frustaglio when contributions were accepted, without assuming that she (or persons to whom she delegated this function) had a level of knowledge potentially available after conducting a forensic investigation of campaign contributions.

³ Ontario Municipal Elections 2006 Guide, page 34.

⁴ The Ontario Municipal Elections 2006 Guide suggests the use of a petty cash fund, so presumably incurring some cash expenses, paid from the petty cash account, is considered to be acceptable (page 33).

- 1.30 Prior to finalizing a financial statement, a candidate may reasonably be expected to identify potential multiple contributions that result in an over-contribution, contributions from different individuals or corporations sharing a common address, or other commonalities that suggest a possible association resulting in an over-contribution. The candidate's responsibility is to then promptly refund over-contributions. However, in our view the candidate cannot reasonably be expected to do more than enquire of the contributors as to whether they are associated or are otherwise not permitted to contribute to the candidate's municipal election campaign.
- 1.31 A candidate may also be reasonably expected to monitor the level of expenses subject to limitation during the course of the campaign to ensure that the campaign does not exceed the limitation. As well, the candidate may reasonably be expected to provide direction to persons delegated financial responsibilities to ensure processes are in place to ensure expense limitations are not exceeded.
- 1.32 Our compliance audit considered that it is a reasonable expectation of a candidate who has delegated financial authority to others that the candidate will review expenses, by category, and consider the reasonableness of overall financial reporting.
- 1.33 Our compliance audit also considered it a reasonable expectation that a candidate consider whether there is inventory to report at the end of the campaign period (reusable signs, furniture, or other equipment or supplies), whether the amount loaned to the campaign agrees with the candidate's own financial records, whether the price of tickets and the number of attendees at fund-raising events is consistent with the candidate's recollection, and whether the total of expenses for fundraising are consistent with the cost of fundraising.

2 Summary of Our Findings

2.1 Summary

- 2.1 The candidate and her campaign team cooperated with the compliance audit and provided us with all requested information. We also appreciated the input of the applicants in identifying further potential areas of apparent contraventions.
- 2.2 The majority of the apparent contraventions detailed in the following sections resulted from the candidate and her CFO not adequately reviewing the financial statement contents after they were compiled by the external accountants.
- 2.3 The following sections summarize our findings in relation to contributions, expenses and financial reporting.

2.2 Contributions

Incomplete Addresses and Incorrect Contributor Names

- 2.4 The financial statements for Joyce Frustaglio's election campaign did not properly disclose complete addresses for 2006 contributors and did not disclose the correct contributor names for many of the 2006 contributors. We accept the candidate's explanation that this occurred as a result of unintentional mistakes in finalizing the financial statements, with the external accountants printing incorrect columns in an electronic spreadsheet containing contributor details and including the inaccurate listing in the financial statements.
- 2.5 Joyce Frustaglio and Bert DiVincenzo (campaign co-chair and chief financial officer) advised us that the 2006 Financial Statements were finalized by Mr. Fazzari, of Fazzari & Partners ("Fazzari") just prior to the filing deadline. As a result, they did not conduct a detailed review of the 2006 Financial Statements between the date they were prepared by Fazzari and the date Joyce Frustaglio signed the Financial Statements. The two subsequent Financial Statements were filed using the same schedule of contributors as was filed with the 2006 Financial Statement.

- 2.6 The candidate has a responsibility to review the financial statements prior to attesting that the financial statements are true and correct to the best of their knowledge and belief. In our opinion the failure to include complete contributor addresses and listing the contact name as opposed to the contributor are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "*be in the prescribed form*". (Section 3.2)
- 2.7 We identified a number of incomplete corporate names in the campaign's master list of contributors as attached to Mr. DiVencenzo's April 23, 2008 affidavit. In our opinion the listing of incomplete corporate names is an apparent financial reporting contravention of paragraph 69(1)(f) which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "*be in the prescribed form*". (Section 5.2)

Ineligible Contributions

- 2.8 The Frustaglio campaign team issued two refunds of over-contributions in early 2007, prior to finalizing the 2006 financial statement. These were appropriately reported in the 2006 financial statement. In addition, the Frustaglio campaign team identified a number of over-contributions as a part of the process of responding to the request for a compliance audit. Twelve refunds, totalling \$6,600, were issued in 2008 using funds personally contributed to the campaign by Joyce Frustaglio.⁵
- 2.9 Of the 12 refunds issued in 2008, we concluded that the contributions related to three of the refunds did not represent apparent contraventions of the Act by the candidate. Our conclusions related to the nine additional refunds are as follows:
- (1) One instance of contributions in excess of \$750 from companies or associated groups of companies returned to the contributors but not until months after the filing of the 2006 Financial Statement. In our opinion this is an apparent contravention of paragraph 69(1)(m) of the Act, which requires that contributions of money received in contravention of the Act be returned to the contributor as soon as possible after the candidate becomes aware of the contravention (Walaby Developments); (Section 3.4)

⁵ The candidate is permitted to pay outstanding liabilities or refund contributions using his or her personal funds or those of a spouse.

- (2) Four instances of contributions recorded in the name of partnerships, whereas the Ontario Municipal Elections 2006 Guide states that the candidate should obtain the name of the person on whose behalf the contribution was made, and record the contribution as such in the financial records. In our opinion this is an apparent financial reporting contravention of Section 78 of the Act. (Rexlaw Management Limited Partnership, Paine & Ceballos LLP, Davies Howe Partnership and Parente Borean LLP); (Section 3.6) and
- (3) Four instances of contributions recorded for unincorporated business, whereas the Ontario Municipal Elections 2006 Guide states that the candidate should obtain the name of the person on whose behalf the contribution was made, and record the contribution as such in the financial records. In our opinion this is an apparent financial reporting contravention of Section 78 of the Act. (Add-Rom Bookkeeping Services, Hilian Interiors, Toronto Decorative Painting, and Angora Park Developments). (Section 5.3)

2.10 We identified an additional two over-contributions that we concluded were apparent contraventions of the Act by the contributors. We concluded that the candidate had not contravened the Act in relation to these contributions on the basis of the information provided to the candidate by the contributors, either at the time of the contribution or on response to a request to clarify possible ineligible contributions. These include contributions from (Section 3.5):

- (1) Canada Clean Fuels, Castlepoint Investments Inc. and CCF International Group; and
- (2) East Maple Creek Lands Ltd. and Pinedale Properties Ltd.

2.11 We identified two instances of contributions recorded for unincorporated business, and not refunded by the campaign, whereas the Ontario Municipal Elections 2006 Guide states that the candidate should obtain the name of the person on whose behalf the contribution was made, and record the contribution as such in the financial records. In our opinion this is an apparent financial reporting contravention of Section 78 of the Act (Vellore Chiropractic & Wellness Centre and Maple Rehabilitation Centre). (Section 5.3)

2.3 Expenses

2.12 As addressed in Section 4, the Frustaglio campaign used approximately 1,600 square feet of office space at the Highland Farms Plaza at 3300 Rutherford Road for two months for its campaign offices. The campaign paid \$500 of rent for the space, although the landlord was willing to provide the space at no charge.

- 2.13 It is difficult to determine the fair value of a short term lease where a landlord is not in the business of short term rentals. However, subsection 66(3) of the Act requires that the value of goods and services provided as a contribution, in circumstances where the contributor is not in the business of supplying those goods or services, be valued at "*the lowest amount a business providing similar goods or services charges the general public for them in the same market area at or about the same time.*" [underlining added]
- 2.14 Although we were informed by the landlord that the same \$500 rental rate would have been provided to other politicians or to charities (who likely would not have been charged any rent), we concluded that the relevant comparison was the amount that would be charged to regular tenants.
- 2.15 A real estate advisory expert provided the view that a rate of 50% of longer term lease rates produces a reasonable estimation of the fair value of shorter term leases. Using this as a guideline, we concluded that the fair value of the space for a two month period was \$2,667 to \$3,333. Alternatively, Dan Frustaglio, a registered real estate agent, estimated the fair value of rent for the space on an "as is" basis to be \$4 to \$5 per square foot.
- 2.16 In our opinion, the exclusion of \$536 to \$833 (using fair values suggested by Dan Frustaglio) or \$2,167 to \$2,833 (using 50% of longer term lease rates as a guideline) is an apparent contravention of subsections 66(1) and 66(3) of the Act related to contributions in kind. (Section 4)

2.4 Financial Reporting

- 2.17 We identified the following apparent financial reporting contravention of Sections 69(1)(k) and 78 of the Act, which requires that the financial filings "*be in the prescribed form*":
- (1) The December 31, 2007 financial statement did not aggregate both 2006 and 2007 contributions and expenses; (Section 5.1)
 - (2) Two events were identified by the candidate as fund-raising events, whereas tickets were not sold for the events; (Section 5.1)
 - (3) The financial statement allocations to individual expense categories were inaccurately compiled by the external accountants and the inaccuracies were not identified by the candidate in her review of the financial statements; (Section 5.1) and
 - (4) Schedule 4 of the financial statements did not list inventory on hand at the end of the election campaign (a disclosure issue not impacting spending limits). (Section 5.4)

3 Our Findings - Contributions

3.1 Our Approach - Contributions

3.1 The applicants identified contributors recorded more than once in the listing, as well as identifying other possible ineligible contributors. As noted in Section 3.3 of our Report, many of the names of contributors were incorrectly reported in the financial statements. We reviewed the correct list of contributors and identified those with common addresses, those that may be ineligible contributors - unincorporated trade associations, partnerships, income trusts, or otherwise possible ineligible contributions, and those where contributors are listed more than once.

3.2 We obtained Corporate Profile Reports for certain identified contributors in order to identify common Officers and Directors and possible ineligible contributors and, where further information was required, corresponded with the contributors. For contributors with common addresses and/or Officers and Directors, we requested documentation from their 2006 shareholder records setting out the ownership of the companies or income tax information such as the certification portion of their 2006 federal income tax returns and Schedules 9 and 23, listing associated companies.

3.3 We interviewed Joyce Frustaglio and Bert DiVincenzo (Campaign Co-Chair and Chief Financial Officer), to discuss the process followed in soliciting and receiving contributions, as well as the process used in refunding contributions and reviewing Financial Statements. We were informed that:

- (1) Bert DiVincenzo was the Chief Financial Officer for several prior elections and, as a result, Joyce Frustaglio did not provide specific instruction to him. However, Joyce Frustaglio advised us that she ensured that campaign staff, including Mr. DiVincenzo, had access to the Municipal Elections Act and the City of Vaughan guidelines for candidates;
- (2) Bert DiVincenzo acknowledged that he was primarily responsible for the financial aspects of the campaign and for the preparation of the initial financial records provided to the auditor, Frank Fazzari of Fazzari & Partners, who compiled and audited the campaign's financial statements; and

- (3) Joyce Frustaglio and Bert DiVincenzo advised us that the financial statements were finalized by Fazzari, and that neither of them undertook a detailed review of the financial statements prior to the dates that the financial statements were signed due to the timing of their finalization.

3.2 Financial Statement Disclosure of Contributor's Names and Addresses

- 3.4 The Financial Statements did not contain complete address information for any contributors, nor did they disclose the correct name for many contributors.
- 3.5 Mr. DiVincenzo advised us that he prepared Excel spreadsheets listing contact names, company or business names, addresses, contact information, and the amount contributed for each contribution. He advised us that an Excel spreadsheet was provided to Fazzari but that Fazzari had created a summary schedule that, in error, left out an "Address" column for all contributors, adopting the wrong contributor name for some contributors. Mr. DiVincenzo provided us copies of his Excel spreadsheets.
- 3.6 We independently obtained copies of the spreadsheets directly from Fazzari. The main workbook utilized by Fazzari was entitled "Audit". It contained a spreadsheet entitled "DONORS Complete List" that included separate columns for "Company Name" and "Contact" information. The spreadsheet also contained complete address information for the contributors.
- 3.7 Fazzari advised us that the firm created separate spreadsheets in the "Audit" workbook that, in error, used the "Contact" column as the name of the contributor. Where the "Contact" information was missing, Fazzari used the company name. As a result, the only correct names of contributors are where the corporate name is listed or where a contribution was made on behalf of an individual. In many instances, the name of the contributor is incorrectly listed as the "Contact" as opposed to the actual contributor.
- 3.8 Schedule 1 compares the contributor names as listed in the Financial Statements to the names as included in the "DONORS Complete List" spreadsheet.
- 3.9 Based on our review of the spreadsheets and the explanation provided to us by Mr. DiVincenzo and Mr. Fazzari, we accept that the information was incorrectly compiled by Fazzari.
- 3.10 Both Joyce Frustaglio and Bert DiVincenzo advised us that the 2006 Financial Statements were finalized by Fazzari just prior to the filing deadline. As a result, they did not conduct a detailed review of the 2006 Financial Statements between the date they were prepared by Fazzari and the date Joyce Frustaglio signed the Financial Statements. The two subsequent Financial Statements were filed using the same schedule of contributors filed with the 2006 Financial Statement.

3.11 In our opinion the failure to include complete contributor addresses and listing the contact name as opposed to the contributor are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "be in the prescribed form".

3.3 Apparent Duplicate Contributions

3.12 Duplicate contributions were identified as Issues #1 to #5 in the Affidavit of Raymond Plouffe dated April 23, 2008 and as Issue #1 in the Affidavit of Raymond Plouffe dated May 16, 2008. As noted in the previous section, the listing reports contact names, whereas in many cases these were not the contributor's name. Mr. Plouffe's Affidavits identified duplicate contributions from each of:

- (1) Paul Bailey;
- (2) Delores Franco;
- (3) Silvio DeGasperis;
- (4) Nick Melatti;
- (5) Benedetto (Benny) Marotta; and
- (6) Ray Lecce.

3.13 The Applicants correctly identified apparent duplicate contributions by the above individuals. We reviewed copies of each of the above contributor's cheques and confirm that the actual contributors were as follows:

Per Financial Statement, As Filed	Per "DONORS Complete List" Spreadsheet	Per Contributor Cheque	Amount
Paul Bailey	Bazil Developments	Bazil Developments Inc.	\$750
Paul Bailey	Paul Bailey	Paul Bailey	750
Delores Franco	Vercesco Limited	Vercesco Limited	750
Delores Franco	Delores Franco	Dellores Franco	750
Silvio DeGasperis	TACC Construction Ltd.	TACC Construction Ltd.	750
Silvio DeGasperis	Silvio DeGasperis	Silvio DeGasperis	750
Nick Melatti	Fellmore Electrical Contractors	Fellmore Electrical Contractors Ltd.	750
Nick Melatti	Conelco	Con-Elco Ltd.	750
Benny Marotta	Solmar Homes	Marotta Enterprises Inc.	750
Benedetto Marotta	Benedetto Marotta	Louise Marotta	750

- 3.14 Delores Franco is also the cheque-signer for Add-Rom Bookkeeping Services, an unincorporated business that also contributed \$750 to the Frustaglio election campaign (see Appendix 1 of this Report).
- 3.15 We identified additional duplicate "contact names" that were similarly incorrectly identified as personal as opposed to corporate contributions.
- 3.16 As noted in the prior section, in our opinion listing the contact name as opposed to the contributor is an apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "*be in the prescribed form*".

3.4 Duplicate Contributions

Medi Group Incorporated

- 3.17 Medi Group Incorporated contributed two cheques totaling \$1,000, with the campaign refunding \$250, as follows:

	Date of Contribution	Amount of Contribution	Refunded Contribution	Date of Refund	Net Contribution
Medi Group Incorporated	August 14, 2006	\$ 250	\$ 250	March 19, 2007	\$ -
Medi Group Incorporated	November 2, 2006	750			750
		\$1,000	\$ 250		\$ 750

- 3.18 Paragraph 69(1)(m) the Act requires that contributions of money received in contravention of the Act be returned to the contributor as soon as possible after the candidate becomes aware of the contravention. The \$250 refund of the over-contribution in March 2007 was prior to filing the first Financial Statement for the election campaign period ended December 31, 2006.
- 3.19 In our opinion there were no apparent contraventions of the Act in relation to the timing of the refund of the over-contribution as the two contributions were received at different times and the over-contribution was detected prior to filing the first Financial Statement.

Walaby Developments Limited

3.20 Walaby Developments Limited contributed two cheques totaling \$1,500, with the campaign refunding \$750, as follows:

	Date of Contribution	Amount of Contribution	Refunded Contribution	Date of Refund	Net Contribution
Walaby Developments Limited	October 11, 2006	\$ 750			\$ 750
Walaby Developments Limited	December 27, 2007	750	\$ 750	May 5, 2008	-
		\$1,500			\$ 750

3.21 Paragraph 69(1)(m) the Act requires that contributions of money received in contravention of the Act be returned to the contributor as soon as possible after the candidate becomes aware of the contravention. The second contribution was received in December 2007, more than one year after the first contribution.

3.22 Mr. DiVincenzo advised us that he identified that the contribution put Walaby Developments over the contribution limit prior to filing the 2007 financial statement but that the refund was not issued until a later date.

3.23 In our opinion the delay in returning the \$750 contribution to Walaby Developments Limited is an apparent contravention of paragraph 69(1)(m) of the Act, which requires that contributions of money received in contravention of the Act be returned to the contributor as soon as possibly after the candidate becomes aware of the contravention.

3.5 Common Names / Addresses / Officers and Directors

3.24 Our review of the corrected list of contributors identified contributors with common addresses and/or Directors and Officers. The following sections address our findings related to these contributors.

Companies at 191 Toryork Drive, Weston

3.25 Contributions were received from two companies with an address of 191 Toryork Drive, Weston. Philip Locilento is the sole Director of Great Vineyards Inc. and the President of Mosto California Grape Ltd.

	Address	Date of Deposit	Amount of Contribution	Net Contribution
Mosto California Grape Ltd.	191 Toryork, Weston	October 26, 2006	\$500	\$500
Great Vineyards Inc.	191 Toryork, Weston	October 26, 2006	500	500
			\$1,000	\$1,000

- 3.26 A letter from Philip Locilento advised us that he is a shareholder of both of the above-noted companies and that the companies are associated for income tax purposes.
- 3.27 Great Vineyards Inc. is a corporation carrying on business in Ontario, and thus is an eligible contributor. The Frustaglio Financial Statements recorded the contributor's name as "Great Vineyards" without including "Inc." to indicate that the contributor was incorporated. However, this is consistent with the form of name on the corporation's cheque, which also does not include "Inc."
- 3.28 The cheque from Great Vineyards included the notation: "Re: Grace Locilento" and the contribution from Mosto California Grape Ltd. included the notation: "Re: Angelo Locilento".
- 3.29 Philip Locilento advised us that the \$500 payments were made on behalf of his parents as opposed to on behalf of the corporations. Angelo Locilento advised us in a telephone conversation that the two payments were charged to his and his wife's shareholder loan accounts, and thus represented personal contributions to the Frustaglio campaign. This is consistent with the notations on the cheques.
- 3.30 In our opinion the contributions from the two corporations are not apparent contraventions of the Act. However, based on the information provided by Philip and Angelo Locilento and the information on the cheques, the two payments should have been recorded as personal contributions in the Financial Statements. In our opinion this is an apparent financial reporting contravention of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "be in the prescribed form".

Companies at 71 Buttermill Ave., Vaughan

- 3.31 Contributions were received from five companies with an address of 71 Buttermill Ave., Vaughan. Sheldon Berg is the sole reported Director of Maioco Holdings Inc. Emilio Manzo and Miriam Manzo are the only two reported Directors of Manzoco Holdings Inc. Joe Maio and Claudio Memme are both Officers and Directors of Kapp Contracting Inc. and Maystar General Contractors Inc. Sheldon Berg and Claudio Memme are Directors of Memmeco Holdings Inc. The contributors are as follows:

	Address	Date of Cheque	Amount of Contribution	Net Contribution
Maioco Holdings Inc.	71 Buttermill Ave., Vaughan	October 17, 2006	\$750	\$750
Manzoco Holdings Inc.	71 Buttermill Ave., Vaughan	October 17, 2006	750	750
Kapp Contracting Inc.	71 Buttermill Ave., Vaughan	July 18, 2006	750	750
Maystar General Contractors Inc.	71 Buttermill Ave., Vaughan	July 18, 2006	750	750
Memmecco Holdings Inc.	71 Buttermill Ave., Vaughan	October 16, 2006	750	750
TOTALS			\$3,750	\$3,750

- 3.32 Certain of the above contributions were identified as Issue #6 in the Affidavit of Raymond Plouffe dated April 23, 2008.
- 3.33 We were provided information related to share ownership of the above-noted companies, as well as extracts from each of their income tax returns for the year ended September 30, 2007. This information is consistent with these companies not being associated with each other for income tax purposes.
- 3.34 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at 344 North Rivermede Road, Mississauga

- 3.35 Contributions were received from two companies with an address of 344 North Rivermede Road, Mississauga, although the companies have no Officers or Directors in common.

	Address	Date of Contribution	Amount of Contribution	Net Contribution
Jasper Construction Corp.	344 North Rivermede Road, Concord	July 24, 2006	\$ 750	\$ 750
Anacond Contracting Ltd.	344 North Rivermede Road, Concord	July 31, 2006	750	750
TOTALS			\$ 1,500	\$1,500

- 3.36 We were provided extracts from the two companies' income tax returns, as requested. The information is consistent with these companies not being associated with each other for income tax purposes.

3.37 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at Suite 801, 625 Cochrane Drive, Markham

3.38 Contributions were received from two companies with an address of Suite 801, 625 Cochrane Drive, Markham.

Company Name	Address	Date of Contribution	Amount of Contribution	Net Contribution
Paradise Homes Mahogany Ltd.	Suite 801, 625 Cochrane Drive, Markham	June 1, 2006	\$ 750	\$ 750
Realm Developments Limited	Suite 801, 625 Cochrane Drive, Markham	October 16, 2006	500	500
TOTALS			\$ 1,250	\$ 1,250

3.39 We were provided extracts from the income tax returns for the two companies for the year ended September 30, 2006. The information provided is consistent with these companies not being associated with each other for income tax purposes.

3.40 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at 650 Creditstone Road, Concord

3.41 Contributions were received from two companies with an address of 650 Creditstone Road, Concord.

Company Name	Address	Date of Cheque	Amount of Contribution	Refunded Contributions	Date of Refund	Net Contribution
York Disposal Service Limited	650 Creditstone Road, Concord	June 1, 2006	\$ 750			\$ 750
Vaughan Transfer & Recycling Inc.	650 Creditstone Road, Concord	Aug. 4, 2006	\$ 750	\$ 750	May 15, 2008	-
TOTALS			\$ 1,500	\$ 750		\$ 750

3.42 We were provided extracts from the 2006 income tax returns for the two companies. The information provided is consistent with the companies being related but not associated for income tax purposes.

- 3.43 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.
- 3.44 The Frustaglio campaign refunded \$750 to Vaughan Transfer & Recycling Inc. out of "an abundance of caution" as a result of the company not responding to a request from the campaign's lawyers regarding possible association with other companies.

Companies at Suite 380, 8500 Leslie Street, Thornhill and Suite 500, 365 Evans Ave., Toronto

- 3.45 Contributions were received from three companies with an address of Suite 380, 8500 Leslie Street, Thornhill and two companies with an address of Suite 500, 365 Evans Avenue, Toronto, as follows:

Company Name	Address	Date of Cheque	Amount of Contribution	Refunded Contributions	Date of Refund	Net Contribution
Castlepoint Investments Inc.	Suite 380, 8500 Leslie Street, Thornhill	May 29, 2006	\$ 750			\$ 750
2020502 Ontario Inc.	Suite 380, 8500 Leslie Street, Thornhill	May 29, 2006	750			750
CCF International Corp.	Suite 500, 365 Evans Ave., Toronto	Oct. 11, 2006	750			750
Canada Clean Fuels Inc.	Suite 500, 365 Evans Ave., Toronto	May 24, 2006	750	750	May 15, 2008	-
Vercesco Limited	Suite 380, 8500 Leslie Street, Thornhill	May 29, 2006	750			750
TOTALS			\$ 3,750			\$ 3,000

- 3.46 We were provided with share ownership records and extracts from income tax returns related to Castlepoint Investments Inc., CCF International Corp. and Canada Clean Fuels Inc. The information provided is consistent with the three companies being associated for income tax purposes. The information disclosed that CCF International Corp. was not included on Schedule 23 of the other companies, but that nevertheless it is an associated company.
- 3.47 One of the three contributions was refunded in May 2008, after counsel for Joyce Frustaglio obtained information from CCF International Corp. and Canada Clean Fuels Inc. advising that Canada Clean Fuels Inc. was associated with Castlepoint Investments Inc. The correspondence did not reveal that these companies were also associated with CCF International Corp.
- 3.48 We were advised that Add-Rom Bookkeeping Services provides accounting services for 2020502 Ontario Inc. and Vercesco Limited from Suite 380, 8500 Leslie Street, Thornhill, but that the companies are unrelated to other companies operating from that

address. We were also provided extracts from income tax returns for 2020502 Ontario Inc. and Vercesco Limited that is consistent with these companies not being associated with each other or with Castlepoint Investments Inc. et. al. for income tax purposes.

- 3.49 Contributions totaling \$2,250 from the three associated companies exceeded the contribution limit of \$750 for associated companies by \$1,500. Of this amount, \$750 was refunded in May 2008.
- 3.50 In our opinion, the excess contribution from Castlepoint Investments Inc., CCF International Corp. and Canada Clean Fuels Inc. is an apparent contravention of Sections 71(1) and 72 of the Act, which limit contributions to \$750 from any one contributor, and which deem associated corporations to be a single corporation / contributor.
- 3.51 The contributions from associated companies were received on different days and, as a result, we have concluded that there was no apparent contravention of the Act in relation to the receipt of the contributions.
- 3.52 Where a contribution is made or received in contravention of the Act, paragraph 69(1)(m) requires that the contribution be returned to the contributor "*as soon as possible after the candidate becomes aware of the contravention*". As discussed in Section 1.8 of this report, in our view reasonable expectations of a candidate include considering multiple contributions from the same address as part of the process in finalizing the financial statements prior to filing.
- 3.53 Joyce Frustaglio and her campaign staff did not identify the above contributions as being from the same addresses or otherwise follow up on these contributions as part of the process of finalizing the financial statements. When the issue was identified in 2008, Joyce Frustaglio advanced personal funds to her campaign bank account and returned \$750 to one of the three associated companies. Although requested, as the contributors did not identify the third associated company, it is reasonable that the candidate would not have identified this over-contribution.
- 3.54 In our opinion, the failure to obtain further information to determine whether these corporations were associated prior to finalizing the financial statements and the failure to return excess contributions are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor as soon as possible after the candidate becomes aware of the contravention.

Companies at 144 Woodstream Boulevard, Woodbridge

3.55 Contributions were received from two companies with an address of 144 Woodstream Boulevard, Woodbridge, as follows:

Company Name	Address	Date of Contribution	Amount of Contribution	Refunded Contribution	Net Contribution
Malfar Mechanical Inc.	144 Woodstream Boul., Woodbridge	July 21, 2006	\$ 750	\$ -	\$ 750
Torbear Contracting Inc.	144 Woodstream Boul., Woodbridge	July 19, 2006	750	-	750
TOTALS			\$ 1,500	\$ -	\$ 1,500

3.56 We were provided extracts from the 2006 income tax returns for the two companies. The information provided is consistent with these companies being related but not associated for income tax purposes.

3.57 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at 200 Bradwick Drive, Concord

3.58 Contributions were received from two companies with an address of 200 Bradwick Drive, Concord.

Company Name	Address	Date of Contribution	Amount of Contribution	Refunded Contribution	Net Contribution
Con-Elco Ltd.	200 Bradwick Drive, Concord	July 19, 2006	\$ 750	\$ -	\$ 750
Fellmore Electrical Contractors Limited	200 Bradwick Drive, Concord	July 19, 2006	750	-	750
TOTALS			\$ 1,500	\$ -	\$ 1,500

3.59 We were provided extracts from the income tax returns for the two companies. This information is consistent with the companies not being associated with each other for income tax purposes.

3.60 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at 10737 Bathurst Street, Richmond Hill

3.61 Contributions were received from three companies with an address of 10737 Bathurst Street, Richmond Hill, as follows:

Company Name	Address	Date of Contribution	Amount of Contribution	Refunded Contribution	Net Contribution
Keltree Developments Inc	10737 Bathurst St, Richmond Hill	July 20, 2006	\$ 750		\$ 750
Pennard Investors Inc	10737 Bathurst St, Richmond Hill	July 20, 2006	750		750
Garont Investments Limited	10737 Bathurst St, Richmond Hill	July 20, 2006	750		750
TOTALS			\$ 2,250		\$ 2,250

3.62 The companies provided the information we requested, including copies of shareholder registers and extracts from income tax returns, that was consistent with the companies not being associated.

3.63 Accordingly, in our opinion there are no apparent contraventions of the Act related to these contributions.

Companies at 970 Lawrence Ave. West, Toronto

3.64 Contributions were received from two companies with an address of 970 Lawrence Avenue West, Toronto (with separate suite numbers), as follows:

Company Name	Address	Date of Contribution	Amount of Contribution	Refunded Contribution	Net Contribution
East Maple Creek Lands Ltd.	Suite 300, 970 Lawrence Ave. West, Toronto	August 8, 2006	\$ 750		\$ 750
Pinedale Properties Ltd.	Suite 303, 970 Lawrence Ave. West, Toronto	October 20, 2006	250		250
TOTALS			\$ 1,000		\$ 1,000

3.65 Pinedale Properties responded in writing that, although the companies have separate management and administration, the two companies are technically associated companies, as defined by Section 256 of the Income Tax Act.

3.66 Contributions from the two companies exceeded the contribution limit of \$750 by \$250.

3.67 In our opinion, the excess contribution of \$250 from East Maple Creek Lands Ltd. and Pinedale Properties Ltd. is an apparent contravention of Sections 71(1) and 72 of the Act,

which limit contributions to \$750 from any one contributor, and which deem associated corporations to be a single corporation / contributor.

- 3.68 The contributions were made at different times, the contact person was different for each contributor, the contributors have slightly different addresses and the contributors have different management teams. In our opinion there was no reasonable expectation of the candidate to identify that the two companies were associated and we thus conclude that there was no apparent contravention of the Act on the part of the candidate.

Companies at 550 Oakdale Road, Toronto

- 3.69 Contributions were received from three companies at 550 Oakdale Road, Toronto (whose Corporate Profiles disclosed a current address of 240 Bartor Road, Toronto), as follows:

Company Name	Address	Date of Contribution	Amount of Contribution	Refunded Contribution	Net Contribution
1354400 Ontario Inc.	550 Oakdale Road, Toronto	October 24, 2006	\$ 750		\$ 750
1504546 Ontario Inc.	550 Oakdale Road, Toronto	July 25, 2007	750		750
Modern Cookware Enterprises Inc.	550 Oakdale Road, Toronto	October 17, 2006	750		750
TOTALS			\$ 2,250		\$ 2,250

- 3.70 The cheque from Modern Cookware Enterprises Inc. included six names, including Marocco. The cheque from 1354400 Ontario Inc. included the notation re: "*Norbert Marocco, Terrace on the Park, Woodbridge*". The cheque from 1504546 Ontario Inc. did not include any reference on the cheque but we were advised that this company is the bare trustee for Terrace on the Park, Woodbridge, and that the contribution would thus have been made on behalf of the Joint Venture.
- 3.71 The companies provided the information we requested, including details of shareholders and extracts from income tax returns, that was consistent with the companies not being associated.
- 3.72 A contribution by an incorporated bare trustee, where the contribution is made on behalf of a joint venture, may not be an eligible contribution. In our opinion there was no reasonable expectation of the candidate to identify that the company was a bare trustee making a contribution on behalf of a joint venture, and we thus conclude that there was no apparent contravention of the Act on the part of the candidate.
- 3.73 Accordingly, in our opinion there are no apparent contraventions of the Act on the part of the candidate related to these contributions.

TACC Construction Ltd. and Arista Homes Limited

- 3.74 TACC Construction Ltd. contributed \$750 to the Frustaglio campaign by cheque dated June 26, 2006. Arista Homes Limited contributed \$750 to the Frustaglio campaign by cheque dated October 19, 2006. Both companies have different addresses. The contact person for one of the contributions (TACC) was Silvio DeGasperis and for the other (Arista) was Michael DeGasperis.
- 3.75 In response to a query on another matter from counsel for Joyce Frustaglio, the companies informed counsel that the two companies were associated. A refund from the Frustaglio campaign bank account dated May 12, 2008 was provided to TACC Construction Ltd.
- 3.76 In our opinion, the excess contribution of \$750 from TACC Construction Ltd. and Arista Homes Limited is an apparent contravention of Sections 71(1) and 72 of the Act, which limit contributions to \$750 from any one contributor, and which deem associated corporations to be a single corporation / contributor.
- 3.77 In our opinion there was no reasonable expectation of the candidate to identify that the two companies were associated and we thus conclude that there was no apparent contravention of the Act on the part of the candidate.

3.6 Unincorporated Partnerships

- 3.78 The Act only permits contributions from an individual normally resident in Ontario, a corporation that carries on business in Ontario, a trade union that holds bargaining rights for employees in Ontario, and the candidate and/or his or her spouse or same-sex partner (Subsection 70(3)). Subsection 70(7) of the Act only permits a contribution to be accepted from a person or entity entitled to make a contribution.
- 3.79 Where a contribution is received from an ineligible contributor such as a partnership or proprietorship, the Ontario Municipal Election 2006 Guide recommends that candidates request the name, or a list of names, on whose behalf a contribution was made and the amount contributed by each individual, and issue receipts to the individuals as opposed to recording the contributions under the name of the unincorporated entity. The recommendation is that the financial statement also be prepared in a consistent manner.
- 3.80 Where a contribution is made or received in contravention of the Act, paragraph 69(1)(m) requires that the contribution be returned to the contributor "*as soon as possible after the candidate becomes aware of the contravention*". As discussed in Section 1.8 of this report, in our view reasonable expectations of a candidate to follow in finalizing the financial statements prior to filing includes considering the eligibility of contributors based on the contributor's name.

- 3.81 We evaluated whether the following contributors were eligible to contribute to the Frustaglio campaign under the requirements of the Act.

The Rexlaw Management Limited Partnership

- 3.82 The Rexlaw Management Limited Partnership ("Rexlaw") contributed \$750 to the Frustaglio campaign by cheque dated July 31, 2006. The Rexlaw contribution was refunded by the Frustaglio campaign by cheque dated May 2, 2008.
- 3.83 Rexlaw is a limited partnership, and is described as such on the cheque provided to the Frustaglio campaign. Rexlaw is the management entity for the law firm Loopstra Nixon LLP.
- 3.84 The Frustaglio campaign did not obtain a list of limited partners on whose behalf the contributions were received, but rather recorded the contribution under the name of The Rexlaw Management Limited Partnership. No additional queries of Rexlaw were made by the Frustaglio campaign team during the financial statement finalization process. Accordingly, in our opinion the receipt of this contribution is either an apparent contravention of subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention of the Act.

Paine Ceballos LLP

- 3.85 Pain Ceballos LLP contributed \$100 to the Frustaglio campaign by cheque dated July 20, 2006.
- 3.86 Pain Ceballos is a law firm operating as a limited liability partnership, and is described as such on the cheque provided to the Frustaglio campaign. Taps Pain, a partner in the law firm, advised us that the contribution was viewed as a promotional expense paid by the partnership that was not allocated to individual partners.
- 3.87 The Frustaglio campaign did not obtain a list of limited partners on whose behalf the contributions were received, but rather recorded the contribution under the name of Pain Ceballos LLP. No additional queries of Pain Ceballos LLP were made by the Frustaglio campaign team through the financial statement finalization process. Accordingly, in our opinion the receipt of this contribution is either an apparent contravention of subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention of the Act.

Davies Howe Partners

- 3.88 Davies Howe Partners contributed \$500 to the Frustaglio campaign by cheque dated September 27, 2006. The contribution was refunded by the campaign by cheque dated May 15, 2008.
- 3.89 Davies Howe Partners is a law firm operating as a partnership.
- 3.90 The Frustaglio campaign did not obtain a list of limited partners on whose behalf the contributions were received, but rather recorded the contribution under the name of Davies Howe Partners. No additional queries of Davies Howe were made by the Frustaglio campaign team through the financial statement finalization process. Accordingly, in our opinion the receipt of this contribution is either an apparent contravention of subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention of the Act.

Parente, Borean LLP

- 3.91 The law firm Parente, Borean LLP contributed \$250 to the Frustaglio campaign by cheque dated on or about October 18, 2006. The contribution was refunded by the campaign by cheque dated May 2, 2008.
- 3.92 Parente, Borean LLP is a law firm operating as a limited liability partnership. The law firm advised that the contribution had been intended to be on behalf of the firm's two partners.
- 3.93 The Frustaglio campaign did not obtain a list of limited partners on whose behalf the contributions were received, but rather recorded the contribution under the name of Parente, Borean LLP. No additional queries of Parente, Borean were made by the Frustaglio campaign team through the financial statement finalization process. Accordingly, in our opinion the receipt of this contribution is either an apparent contravention of subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention of the Act.

4 Rental of Campaign Office

- 4.1 Bert DiVincenzo and Joyce Frustaglio advised that one of their criteria for the campaign office was to lease space not owned by developers. Dan Frustaglio, a cousin of Joyce Frustaglio and a registered real estate agent, identified a number of possible sites for the campaign offices. The space selected for the campaign office was located in a retail unit at 3300 Rutherford Road, Unit 1, Building 1, part of the Highland Farms Plaza.
- 4.2 Bert DiVincenzo negotiated the rental of the space with Charles Coppa, acting on behalf of Coppa Properties Limited, the owner of 3300 Rutherford Road. Coppa Properties Limited and Highland Farms Inc. are associated companies.
- 4.3 Mr. Coppa advised us that the campaign office was approximately 1,600 square feet. The space was occupied as campaign offices for approximately two months, from mid-September to mid-November 2006.
- 4.4 The unit was unoccupied and unfinished prior to its use as campaign offices, as was most of the available retail space at the plaza. The landlord advised that the HVAC unit was already installed on the roof at the time and that the landlord just had to turn on the unit for the office space to be useable.
- 4.5 There was no lease or written agreement for the space. The campaign paid \$500 for the rental of the unit, with no additional cost for utilities or insurance, although the campaign incurred minor plumbing costs (as an in-kind contribution). Mr. Coppa advised us that there were only nominal costs for utilities for the two month period.
- 4.6 Mr. Coppa advised us that at the time Coppa Properties was willing to lease the space for \$20 to \$25 per square foot. However, he stated that he was willing to provide the space for a short period of time for free to charities such as the Cancer Society, and to certain other parties such as politicians for free or for a nominal amount. His rationale was that there is a public good to providing the space for this type of usage, the space was empty in any event, other landlords would do the same, and the exposure of the plaza to possible tenants was an additional benefit to the landlord.
- 4.7 Based on our experience, Mr. Coppa is accurate in suggesting that other landlords provide space at discounted prices to politicians and charities.
- 4.8 Mr. DiVincenzo advised us that the space was initially offered to the Frustaglio campaign for free, but that he advised Mr. Coppa that the campaign had to pay rent. An amount of

- \$500 was ultimately agreed upon and subsequently paid. Mr. DiVincenzo advised us that he was in the unusual situation of negotiating how much to pay for rent where the party didn't want to be paid anything.
- 4.9 Subsection 66(3) of the Act requires that the value of goods and services provided as a contribution, by someone who is in the business of supplying those goods and services, be valued at "*the lowest amount the contributor charges the general public in the same market area for similar goods and services provided at or about the same time.*" Where the contributor is not in the business of supplying those goods or services, the Act requires that they be valued at "*the lowest amount a business providing similar goods or services charges the general public for them in the same market area at or about the same time.*" [underlining added]
- 4.10 Coppa Properties is not in the business of short term rentals and thus does not have comparable rental information for other tenants. Our interpretation of the wording "*general public*" is that it is intended to refer to individuals and/or businesses, not to special tenants such as charities or politicians.
- 4.11 We were advised by a real estate expert that short term leases of otherwise empty space may be substantially discounted from longer term leases, but that a landlord would expect to recover at least the incremental costs of leasing out the space. The expert advised that a discount of 50% or more from long term lease rates was reasonable where a landlord had empty space and no immediately identified long term tenant.
- 4.12 Dan Frustaglio suggested to us that a fair value rental rate for the campaign offices, considering the two month term and the condition of the property, would have been in the range of \$4.00 to \$5.00 per square foot. Based on 1,600 square feet, this produces a suggested fair value of from \$533 to \$667 per month, or \$1,036 to \$1,333 for the two month rental period.
- 4.13 We accept that 50% of longer term lease rates is a reasonable estimation of the fair value of shorter term leases. Using a longer term lease rate of \$20 to \$25 per square foot for the 1,600 square feet, and discounting by 50%, produces monthly rent of from \$1,333 to \$1,667. The two month total of \$2,667 to \$3,333 represents an in-kind contribution of from \$2,167 to \$2,833.
- 4.14 In our opinion, the exclusion of \$536 to \$833 (suggested by Dan Frustaglio) or \$2,167 to \$2,833 (using 50% of longer term lease rates) is an apparent contravention of subsections 66(1) and 66(3) of the Act related to contributions in kind.

5 Our Findings – the Financial Statements

5.1 Allocation of Items in Financial Statements

- 5.1 The financial statements were compiled and audited by Fazzaro, who allocated items to expense categories based on invoice totals and cheque amounts. However, some invoices included expenses related to more than one expense category. For example, invoices for printing included costs of printing banners, signs and brochures in the same invoice, as well as including expenses for letterhead and envelopes.
- 5.2 The 2007 financial statement also did not incorporate expenses from 2006 in its totals, listing only 2007 expenses. To determine total campaign expenses thus required the addition of expense items from each of the financial statements.
- 5.3 In 2008, Mr. DiVincenzo reviewed the categorization by Fazzari and prepared a revised schedule of expenses for the entire campaign period to correct misallocated expenses. We substantially agreed with Mr. DiVincenzo's restated schedule except in relation to fundraising expenses.
- 5.4 As noted in Section 1.5 of this Report, the Act does not define costs of fundraising functions but the Municipal Elections 2006 Guide comments that fundraising functions are those events for which there is an admission charge. The costs of holding fundraising events are not subject to limitation.
- 5.5 The Financial Statements identified four events as fundraisers. Although all events advertised that contributions would be accepted on the premises, only two of the events, an event at the McMichael Gallery and the main fundraising dinner, had an admission charge. Accordingly, we reallocated fundraising expenses for the two other events (the campaign kickoff and the campaign office opening) to expenses subject to limitation.
- 5.6 The following table lists the combined expenses as reported in the financial statements, as compared to restated line items based on our review of Mr. DiVincenzo's schedule and a reallocation of expenses for events we concluded were not primarily fundraising events.
- 5.7 The LECG portion of the Table also includes \$2,167 of additional rent expense as an in-kind contribution and related expense in the "office expense" category (see Section 4 of our Report) and minor adjustments to adjust amounts to invoice totals for accounting and contributions in kind.

Expenses	As Reported - 2006/2007 Financial Statements		Per LECG	
	Subject to Limitation	Not Subject to Limitation	Subject to Limitation	Not Subject to Limitation
Campaign Spending Limit	<u>\$117,919</u>		<u>\$117,919</u>	
Accounting	N/A	4,122	N/A	3,825
Bank Charges	196	0	196	0
Advertising	60,835	7,064	37,780	0
Brochures	14,555	N/A	29,350	N/A
Fundraising	N/A	71,822	N/A	74,143
Office	12,035	1,701	13,367	0
Signs	2,560	N/A	17,937	N/A
Appreciation	<u>N/A</u>	<u>3,910</u>	<u>N/A</u>	<u>3,712</u>
Total Expenses	<u>\$ 90,181</u>	<u>\$ 88,620</u>	<u>\$ 98,630</u>	<u>\$ 81,680</u>

5.8 The adjusted expenses subject to limitation remained significantly below the campaign spending limit for Joyce Frustaglio.

5.9 However, the financial statements included inaccurate expense allocations and we disagree with the classification of fund-raising expenses. In our opinion the above items are apparent financial reporting contraventions of Sections 69(1)(k) and 78 of the Act, which requires that the Financial Statement "be in the prescribed form".

5.2 Incomplete Corporate Names

5.10 Issue #8 of Raymod Plouffe's April 23, 2008 Affidavit lists a number of contributors that appear to be businesses but that, based on the form of name, do not appear to be corporations.

5.11 The listing of contributors attached to the Affidavit of Bert DiVincenzo dated May 14, 2008 included businesses where the recorded name did not indicate whether the businesses were incorporated. These include the following companies where the contributor's cheque included the full corporate name (the square brackets indicate the missing portion of the company names not otherwise included in the Financial Statements):

- (1) Glen-50 Developments [Limited]
- (2) Glen-Keele Developments [Three Limited]
- (3) Solmar Homes [Marotta Enterprises Inc.]

- (4) Market Lane Property Management [Ltd.]
- (5) Conelco [Con-Elco Ltd.]
- (6) Diversicare Canada Management [Services Co., Inc.]
- (7) Valdor Engineering [Inc.]
- (8) Bazil Developments [Inc.]
- (9) Ferma Road Construction [Ltd.]
- (10) Lormel Developments [(Weston) Inc.]
- (11) NHD Land Developments /The Sorbara Group [N.H.D. Developments Limited]
- (12) Better Iron Works [Ltd.]
- (13) Shoeless Joe's [Limited]
- (14) Active Green and Ross [Active Tire & Auto Centre Inc.]
- (15) Arista Homes [Limited]
- (16) All Star Carpentry [Inc.]
- (17) Nova Valley Homes [Inc.]
- (18) Masters Insurance [Limited]
- (19) EMC Goup [Limited]
- (20) Romano Disposal Services [Inc.]
- (21) Schaeffer & Associates [Ltd.]

5.12 In our opinion the above items are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "be in the prescribed form".

5.13 The following contributors' cheques do not include an indication of whether the businesses are incorporated, but corporate searches disclosed the businesses were incorporated and thus the contributors were eligible contributors:

- (1) Country Wide (Thornhill Estates) CONDOR – a corporate search discloses that the company name is Country Wide (Thornhill Estates) Inc.;
- (2) Fellmore Electrical Contractors – the corporate income tax return for this business discloses that the company name is Fellmore Electrical Contractors Limited;
- (3) Downsview Drywall Contracting – a corporate search discloses that the company name is Downsview Drywall Contracting Limited;
- (4) Delisle Properties – a corporate search discloses that the company name is Delisle Properties Limited;

- (5) Decora Window & Door Systems – a corporate search discloses that the company name is Decora Window & Door Systems Ltd.;
 - (6) Steele & Weston Repair – a corporate search discloses that the company name is Steele & Weston Repair Centre Ltd.;
 - (7) Woodbridge Green Homes – a corporate search discloses that the company name is Woodbridge Green Homes Inc.;
 - (8) Paradise Banquet & Convention Centre – a corporate search discloses that the company name is Paradise Banquet Hall & Restaurant (Concord) Inc.;
 - (9) Al Palladini's Pine Tree Ford Lincoln – a corporate search discloses that the company name is Al Palladini's Pine Tree Ford Lincoln Limited;
 - (10) Reversomatic Manufacturing - a corporate search discloses that the company name is Reversomatic Manufacturing Ltd.; and
 - (11) Great Vineyards – a corporate search discloses that the company name is Great Vineyards Inc.
- 5.14 In our opinion the above items are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "be in the prescribed form".

5.3 Recording of Contributions from Unincorporated Businesses

- 5.15 The Ontario Municipal Elections 2006 Guide recommends that contributions from sole proprietorships and unincorporated businesses be recorded as contributions from the business owner. The following businesses that are apparently unincorporated were recorded in the Financial Statements under their business name as opposed to the owner's name:

- (1) ADD-ROM Bookkeeping Services;
- (2) Hilian Interiors;
- (3) Vellore Chiropractic & Wellness Centre;
- (4) Toronto Decorative Painting;
- (5) Angora Park Developments; and
- (6) Maple Rehabilitation Centre.

- 5.16 In our opinion the above items are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statement "be in the prescribed form".
- 5.17 ADD-ROM Bookkeeping Services contributed \$750 to the Frustaglio campaign by cheque dated May 19, 2006. The contribution was refunded by the campaign by cheque dated May 12, 2008.
- 5.18 ADD-ROM is an unincorporated business owned by Dolores Franco. In addition to the contribution by ADD-ROM, Dolores Franco contributed \$750 personally to the Frustaglio campaign. As a result, she exceeded the \$750 contribution limit by \$750, and Delores Franco is in apparent contravention of Section 71(1) of the Act, which limits contributions to \$750.

5.4 Campaign Inventory

- 5.19 We did not identify any issues with the use of campaign inventory from prior elections.
- 5.20 Inventory on hand at the end of the campaign period is to be included in the prescribed form of financial statement as Schedule 4 "Inventory of Campaign Goods and Materials at the End of Campaign Period". The Financial Statements recorded "N/A" in this Schedule.
- 5.21 Mr. DiVincenzo advised us that the campaign had approximately 1100 small lawn signs with a cost of \$2.78 each and 250 large signs with a cost of \$9.10 each on hand at the end of the campaign. However, Mr. DiVincenzo estimated that up to 40% of the signs were damaged and not reusable.
- 5.22 The requirement to disclose inventory at the end of a campaign is for disclosure purposes and does not impact the expenses otherwise reported in the financial statements.
- 5.23 In our opinion, not disclosing any inventory on hand at the end of the campaign period is an apparent financial reporting contravention of Sections 69(1)(k) and 78 of the Act, which requires that the financial filings "be in the prescribed form".

5.5 Other Matters

- 5.24 The Applicants advised us of several other matters that we addressed as part of the compliance audit, including:

- (1) Querying whether the financial statements included a liability and expense related to fines for signs confiscated by the City of Vaughan (an accrual was included);
- (2) Whether fund-raising activities continued past 2007, as funds were required to repay contributors in 2008 (not an issue as the funds used to repay contributors were from Joyce Frustaglio personally); and
- (3) Querying whether certain staff were paid to work on the election campaign (we were satisfied that they were unpaid volunteers).

6 Restrictions and Limitations

- 6.1 This Report was prepared for the City of Vaughan in relation to a compliance audit requested by City Council. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred through use of this Report for a purpose other than as described in this paragraph.
- 6.2 Although we reserve the right, we will be under no obligation to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.
- 6.3 This Report is respectfully submitted by Ken Froese of LECG Canada Ltd and Glen R. Davison. We were assisted in the compliance audit by Kent Rodway and Grace Lau of LECG.

Yours truly,



Ken Froese, CA-IFA, FCFI
Director
LECG Canada Limited



Glen R. Davison, CA

FRUSTAGLIO CAMPAIGN - 2006

Donor List over \$100.00

SCHEDULE 1

Ann & Lyman	Henderson	Lyman Henderson	6421 Rutherford Road - RR.3	Woodbridge, ON	L4L 1A7	150.00
Mauro	Baldassara	M.A.M. Group Inc.	8600 Dufferin Street	Concord, ON	L4K 5P5	500.00
George	Damiani	Serenity Park Cemetery Corp	228 Deer Run Court	Woodbridge, ON	L4L 9J4	750.00
Sam	Lepek	Glen-50 Developments	100 Seardsdale Road	Toronto, ON	M3B 2R8	500.00
Sam	Lepek	Glen-Keete Developments	100 Seardsdale Road	Toronto, ON	M3B 2R8	250.00
Leif	Fazel	1579670 Ont. Inc	505 Highway 7 East - Suite 303	Thornhill, ON	L3T 7T1	750.00
Peter	Cipriano	Midvale Estates Limited	55 Siltan Rd. - Unit 2	Woodbridge, ON	L4L 7Z8	750.00
John	Romano	Romano Disposal Services	8633 Jane Street	Concord, ON	L4K 2M6	750.00
Gary	Bensky	Wycliffe Management Service Limited	34 Doncaster Ave	Thornhill, ON	L3T 4S1	750.00
Sam	Ciccotini	Masters Insurance	7501 Keete Street - Suite 400	Vaughan, ON	L4K 1Y2	750.00
Fraser	Nelson	Metrus Development Inc. - 2	1700 Langstaff Road - Suite 2003	Concord, ON	L4K 3S3	750.00
Frank	Carinci	Royal Lane Homes Inc.	620 Wilson Ave. Suite 202	Toronto, ON	M3K 1Z3	750.00
Frank	Romeo	Pine View Pontiac Buick Sales Ltd.*	3790 Highway 7	Woodbridge, ON	L4L1A5	750.00
Mario	Cortellucci	MCN Financial Group Inc.	2800 Highway 7	Concord, ON	L4K1W8	750.00
Carlo	Baldassara	Greenpark International Inc	8700 Dufferin St.	Concord, ON	L4K4S6	750.00
Elvio	Demanghi	Lornel Developments	30 Pennsylvania Avenue - Unit 16	Concord, ON	L4K 4A5	750.00
Nick	Cortellucci	Four Valleys Excavating & Grading Ltd.	137 Bowes Rd.	Concord, ON	L4K 1H3	750.00
Steve	Carogiotello	Bralawn Developments Inc.	3550 Langstaff Rd - Suite 200	Woodbridge, ON	L4L 9G3	375.00
Steve	Carogiotello	Hurtdale Estates Inc	3550 Langstaff Rd - Suite 200	Woodbridge, ON	L4L 9G3	375.00
Paul	Bailey	Bazil Developments	2235 Sheppard Ave. E Suite 380	Thornhill, ON	L3T 7M8	750.00
Mario	Romano	Gaslepoint Investments Inc.	8500 Leslie St. - Suite 380	Thornhill, ON	L3T 7M8	750.00
Dolores	Franco	Vercesco Limited	8500 Leslie St. - Suite 380	Thornhill, ON	L3T 7M8	750.00
2020502 Ontario Inc.,		2020502 Ontario Inc.,	177 Wildwood Ave.	Richmond Hill, ON	L4E 4N3	750.00
Canada Clean Fuels Inc.		Canada Clean Fuels Inc.	365 Evans Ave. Suite 500	Toronto, ON	M8Z 1K2	750.00
Add-Rom Bookkeeping Services		Add-Rom Bookkeeping Services	54 Cromdale Ridge	Woodbridge, ON	L4L 8C9	750.00
Josie	Crimeri	Jos Crimeri	8500 Leslie St. - Suite 380	Thornhill, ON	L3T 7M8	750.00
Arthur	Miller	Arthur Miller	875 Cedarbrae Ave	Millon ON	L9T 3W9	750.00
Loretta	Lombardi	Loretta Lombardi	28 Garden Ave.	Richmond Hill, ON	L4C 8L9	750.00
Dolores	Franco	Dolores Franco	54 Cromdale Ridge	Woodbridge, ON	L4L 8C9	750.00
Maurice	Stevens	Maurice Stevens	1245 Landfair Cres.	Oakville, ON	L6H 2N5	750.00
Eddie	Weisz	Paradise Homes Mahogany Inc.	625 Cochrane Dr. - Suite 801	Markham, ON	L3R 9R9	750.00
Mario	Zuocato	EMC Goup	7577 Keete Street - Suite 200	Concord, ON	L4K 4X3	750.00
Roy	Mason	KLM Planning Partners Inc.	64 Jardin Drive Unit 1B	Concord, ON	L4K 3P3	200.00
A.	Ferragine	Ferma Road Construction	2666 Rena Road	Mississauga, ON	L4T 3C8	500.00
Benny	Marotta	Solimar Homes	122 Romina Drive	Concord, ON	L4K 4Z7	750.00
Silvio	DeGasperis	TACC Construction Co. Ltd.	270 Chrisslea Rd.	Woodbridge, ON	L4L8A8	750.00

Ray	Lecca	York Disposal Services Ltd.	850 Creditstone Rd.	Concord, ON	L4K 5C8	750.00
Peter	Weston	Weston Consulting Group Inc.	201 Millway Ave. Unit 19	Vaughan, On	L4K 5K8	750.00
Nadia	Pietrobon	The Michelin Construction Group Inc.	117 Planchett Road - Unit 3	Concord, ON	L4K 2C8	750.00
Claudio	Mamma	Kapp Contracting Inc.	71 Buttermill Avenue	Vaughan, ON	L4K 3X2	750.00
Louis	Greenbaum	The Vougue Development Group Inc	1118 Centre Street Suite 208	Thornhill, ON	L4J 7R9	750.00
Celeste	Iacobelli	Celeste Iacobelli	53 Queen Post Drive	Woodbridge, ON	L4L 3G3	750.00
Ned	Sanlarossa	Canamould Extrusions Inc.	101A Roytec Rd.	Concord, ON	L4L 8A9	750.00
Frank	Dodaro	Rosebay Estates Inc.	381 Four Valley Drive	Concord, ON	L4K 5Z3	750.00
John	Cirillo	John R. Cirillo - Barrister & Solicitor	7941 Jane St. - Suite 200	Concord, ON	L4K 4L6	400.00
Frank	Micoli	Mafar Mechanical Inc.	144 Woodstream Blvd.	Woodbridge, On	L4L 7Y3	750.00
Brian	O'Connor	U-Pak Disposals (1989) Limited	15 Tidemora Ave.	Toronto, ON	M9W 7E9	750.00
Charles	Harnick	Counsel Public Affairs Inc.	95 St. Clair Ave. W. Suite 1606	Toronto, ON	M4W 1N6	200.00
Joe	Meio	Maystar General Contractors Inc.	71 Buttermill Avenue	Vaughan, ON	L4K 3X2	750.00
Tiberio	Mascarin	Village Masonry Inc.	270 TorYork Dr.	Toronto, ON	M9L 1Y1	750.00
Steve	Gulfreund	Graywood Developments Ltd.	Box 42, 200 King Street W. Suite 1602	Toronto, ON	M5H3T4	750.00
Paradise Homes Mahogany Inc.		Torbear Contracting Inc.	144 Woodstream Blvd.	Woodbridge, ON	L4L 7Y3	750.00
Nick	Melatti	Fellmore Electrical Contractors	200 Bradwick Drive	Concord, ON	L4K 1K8	750.00
John	Apugliesi	Jasper Construction Corp.	344 North Rivermede Dr.	Concord, ON	L4K3N2	750.00
Andrew	Famiglietti	Atlas Corporation, The	111 Orlana Court	Concord, ON	L4K 3M3	750.00
Mario	Tedesco	Mardave Construction Ltd.	48 Millwick Drive	Toronto, ON	M5L 1V3	750.00
Garry	Zemil	Tizen Holdings Limited	3855 Keele St.	Toronto, ON	M3J 1M8	500.00
John	DiPoce	Di Poce Management Limited	488 Edgely Blvd.	Concord, ON	L4K 4G4	750.00
Torbear Contracting Inc.		Kenworth Toronto Ltd.,	500 Creditstone Rd.	Concord, ON	L4K 3Z3	750.00
Heldi	Kreiner-Ley	Garont Investments Limited	10737 Bathurst St	Concord, ON	L4C 5G8	750.00
Dorjel Ltd.,		Dorjel Ltd.,	149 Rowntree Dairy Rd.,	Richmond Hill, ON	L4L 6E1	200.00
Steve	Saccoccia	Crystal Glen Homes (2001) Inc.,	418 Harlan Rd. Unit 3	Woodbridge, ON	L4L 4Z1	750.00
Anthony	DiBattista	Clearway Construction Inc.	379 Bowes Road	Concord, ON	L4K 1J1	750.00
Lucy	Lupusella	1504548 Ontario Inc., (Shade-O-Matic)	555 Oakdale Rd.	Toronto, ON	M3N-1W6	750.00
Galli	Tiberini	ARG Group Inc.	111 Creditstone Road	Vaughan, ON	L4K 1N3	750.00
Pat	Lamanna	Bock Aggregates Inc.	401 Bowes Rd.	Concord, ON	L4K 1J4	250.00
Vinca	Naccarato	Kindwin Markham Limited	13-70 Gibson Drive	Markham, ON	L3R 4C2	200.00
Ernie	Rinomato	Country Homes Limited	741 Rowntree Dairy Rd., Unit 2	Woodbridge, ON	L4L 5T9	750.00
Scott	Cola	ColeEngineering Group Ltd	100 Renfrew Dr., Suite100	Markham, ON	L3R 9R6	200.00
1144801 Ontario Limite (Lovely Lingerie)		1144801 Ontario Limite (Lovely Lingerie)	7600 Weston Rd., - Unit 41	Woodbridge, ON	L4L 8B7	750.00
Sam	Sgotto	Downsview Drywall Contracting	280 Applewood Cres	Concord, ON	L4K4B4	750.00
Dinko	Muzich	Nova Valley Homes	789 Arrow Rd. - Unit 3	Weston, ON	M9M 12L4	400.00
Pat	Di Paolo	UCC Group Inc.,	262 Galxy Blvd.,	Toronto, ON	M9W 5R8	250.00
Trinily Development Group Inc.,		Trinily Development Group Inc.,	150 Isabella Street - Suite 610	Ottawa, ON	K1S 1V7	500.00
Al	Steedman	Schaeffer & Associates	84 Jardin Drive	Concord, ON	L4K 3P3	500.00
Enzo	Macri	Gracious Living Corporation	7200 Martin Groverd.,	Woodbridge, ON	L4L 8J3	750.00
Miguel	Singer	McCowan Wismer Development Corp	369 Rimrock Rd.,	Toronto, ON	M3J 9G2	750.00

Bruno	Belisario	Concord Steel Centre Ltd.	147 Ashbridge Cir.	Woodbridge, ON	L4L3R5	750.00
Michael	Burns	Michael Burns	1314 King Vaughan Road	Maple, ON	L6A 2A5	200.00
Joseph	Sgro	Zzen Group Of Companies Limited	100 Zenway Blvd	Woodbridge, ON	L4H 2V7	750.00
Bill	De Luca	Aldershot Landscape Contractors Limited	166 Flatt Road	Burlington, ON	L7R 3X8	750.00
D.	Presta	Group 45 Management Inc.	8400 Jane St, Suite 300	Concord, ON	L4K 4L8	750.00
William A.	Doherty	William A. Doherty, P.Eng	27 Sheasa Drive	Thornhill, ON	L4J 1Z7	200.00
Charles	Coppa	Highland Farms Inc.	4750 Duffern St.	Toronto, ON	M3H 5S7	750.00
Larry	Lecca	Sunfield Homes (Bartie) Limited	120 Whitmore Ave, Suite 800	Woodbridge, ON	L4L 6A5	375.00
Cherlene	Willcock	Sunfield Homes (Waterdown) Limited	120 Whitmore Ave, Suite 800	Woodbridge, ON	L4L 6A5	375.00
James	Bunyan	East Maple Creek Landis Ltd.,	970 Lawrence Ave. W. - Suite 300	Toronto, ON	M6A 3B6	750.00
Hilda	Renzetti	Hillen Interiors	27 Southlawn Ave.,	Woodbridge, ON	L4H 1A1	200.00
Carlo	Simone	Carlo or Maria Simone	109 Golden gate Circle	Woodbridge, ON	L4L 1A6	750.00
Luigi	Vescio	Fratelli Vescio Funeral Homes Ltd	8101 Westin Rd.	Woodbridge, ON	L4L 1A6	200.00
Tony	De Cicco	Gasmo Investments Inc	2146 Kipling Avenue	Toronto, ON	M9W 4K9	750.00
Jory	Kesten	Jory Kesten	10744 Hwy 27	Kleinburg ON	LoJ 1C0	750.00
Joseph	Tanzola	Joseph Tanzola	28 Tregella Rd.	Downsview, ON	M3H 1K2	200.00
BFI Canada Inc.		BFI Canada Inc.	135 Queens Plate Drive - Suite 300	Toronto, ON	M9W 6V1	750.00
Maria	Da Silva	Fierose Investments Ltd	270 Drumlin Circle - Unit 5	Concord, ON	L4K 3E2	750.00
Patrick	Capobianco	Valdor Engineering	218 Christie Road - Suite 501	Woodbridge, ON	L4L 8S5	500.00
Pat	Fallone	Anacord Contracting Ltd.	344 North Rivermade Rd. - Unit 1	Concord, ON	L4K 3N2	750.00
John	Penzo	Lanierma Group Ltd.	175 Willowdale Ave.	Willowdale, ON	M2N 4Y9	600.00
Angelo	Contardi	Pizzaville Inc.	741 Rowntree Dairy Rd.	Woodbridge, ON	L4L 5T9	200.00
Antonio	Baldassara	A. Baldassara Architect Inc	7800 Jane St. - Suite 200	Concord, ON	L4K 4R6	300.00
Hanif	Kassam	Hanif Kassam	34 Zola Gate	Vaughan, ON	L4J 9A7	150.00
John	Gennaro	Gennaro Investments Limited	13 Parson Crt	Toronto, ON	M6M4Z9	750.00
Edward	Sorbara/Sandra	NHD land Developments /The Sorbara Group	3700 Steeles Avenue West - Suite 800	Woodbridge, ON	L4I 8M9	750.00
Frank	Dicciolamo	Better Iron Works	45 Freshway Drive	Concord, ON	L4K 1R9	750.00
The Rexlaw Management Limited Partnership		The Rexlaw Management Limited Partnership	135 Queens Plate Drive - Suite 600	Toronto, ON	M9W 6V7	750.00
S.	Saccoccia	Sky Homes Corporation	3300 Steeles Ave. W - Unit 9	Concord, ON	L4K 2Y4	750.00
Rosanna	Mignotta	Magnotta Winery Corp.	271 Christie Rd.	Woodbridge, ON	L4L8N6	300.00
Sen. Consigilio	DININO	Sen. Consigilio DiNino	Station "Q" P.O. Box 304	Toronto, On	M4T 2m5	250.00
Paul	Breda	Dream Works Property Inc (Senator Homes)	250 Lesmill Rd	North York, On	M3B 2T5	750.00
Jack	Gsenberger	Fieldgate Land Developments Limited	5400 Yonge St. Suite 50	Toronto, ON	M2N 5R5	780.00
Vince	Leto	All Star Carpentry	665 Millway Ave., Unit 33	Concord, ON	L4K 3T8	750.00
Paradise Banquet & Convention Centre		Paradise Banquet & Convention Centre	7601 Jane St	Concord, ON	LAK 1X2	750.00
Angelo	Tuzi	Grand Alarms Ltd.	8700 Duffredn St-Unit 17	Concord, ON	L4K 4S2	250.00
Angelo	Tuzi	Deluxe Alarms Inc	8700 Duffern St. Unit 17	Concord, ON	L4K 4S2	250.00
Joe	Salerno	Reversomatic Manufacturing	790 Rowntree Dairy Road	Woodbridge, ON	L4L 5V3	750.00
Joe	Salvatore	Intra Architects Inc.	2501 Rutherford Rd., Building B Suite 25	Vaughan, ON	L4K 2N6	750.00
Paul	Pellegrini	Paul Pellegrini	101 Yorkville Ave. Suite 203	Toronto, ON	M5R 1C1	750.00
Ray	Lecce	Vaughan Transfer & Recycling Inc	650 Creditstone Rd.	Concord, ON	L4K 5L8	750.00

Romas	Kartavicius	JRN Holdings Inc (Eden Oak)	1443 Hurontario St.	Mississauga, ON	L5G 3H5	750.00
Benito	Di Biase	Benito DiBiase	51 Squire Graham Lane	Woodbridge, ON	L4L 7C6	200.00
Italo	Alfano	2012746 Ontario Limited (Southview Paving)	340 Bowes Rd.	Concord, ON	L4K 1K1	750.00
Fred	Loprelato	Shoelless Joe's	55 Administration Rd - Suite 27	Concord, ON	L4K 4G9	200.00
Gus	Gougoulas	Gusgo Transport Ltd.	7050 Major Mackenzie Drive	Vaughan, ON	L0J 1C0	300.00
Frank	Spendorio	Ori's gas and Oil Ltd.	9400 Highway 27	Woodbridge, ON	L4L 1A7	750.00
Donenic	Montemurro	Medit Group Incorporated	56 Brockport Drive	Toronto, ON	M3W 5N1	250.00
Frank	Sgro	Fourth Floor Equities Ltd	7050 Weston Rd., - Suite 4000	Woodbridge, ON	L4L 8G7	500.00
Ralph	Chiodo	Active Green and Ross	580 Evans Ave	Toronto, ON	M8W 2W1	500.00
Dalton	Hicks	Pitway Holdings Limited (Cardinal Golf Course)	2740 Highway 9	Kettleby, ON	L0G 1J0	200.00
Flavio	Velpe	Smart Centres Management Inc.	700 Appiewood Cres	Concord, ON	L4K 5X3	750.00
Sandra	Mammone	Mammone Disosal Systems Ltd.	8840 Jane Str.	Concord, ON	L4K 2M9	500.00
Tony	Guglietti	Astone Centre Inc.	1 Bradwick Dr. Unit -1	Concord, ON	L4K2R4	750.00
Steven	Frustaglio	Vitriflex Surfaces Inc.	203 Langstaff Rd. East	Concord, ON	L3T 3Z6	750.00
Brendan	Murphy	Brendan Murphy	65 Time Avenue PHO5	Thornhill, ON	L3T 7X9	750.00
Mario	Gentile	Mario Gentile	14 Valencia Cres	Thornhill, ON	M6L 1M4	250.00
Nick	Melatti	Conelco	200 Bradwick Drive	Toronto, ON	L4K 1K8	750.00
Pennard Investors Inc		Pennard Investors Inc	10737 Bathurst Street	Richmond Hill, ON	L4C 5G8	750.00
Dorsay Development Corporation		Dorsay Development Corporation	150 York St. - Suite1701	Toronto, ON	M5H 3S6	500.00
Riccardo F.	Bozzo	Bostar Inc	1378 Yonge St.	Toronto, ON	M4T 1Y6	750.00
Rudi	Covre	Rudi Covre	7050 Weston Rd. - Suite 807	Toronto, ON	L4L 8Gz	200.00
Ruth	Hunt	Kimrey Enterprises Inc	3190 Steeles Ave., East - Suite 300	Woodbridge, ON	L3R1G9	750.00
Keltree Developments Ltd.		Keltree Developments Ltd.	10737 Bathurst Street	Markham, ON	L4C 5G8	750.00
Country Wide (Thornhill Estates) CONDOR		Country Wide (Thornhill Estates) CONDOR	1500 Highway 7	Concord, ON	L4K5Y4	750.00
Nick	D'Urzo	D'Urzo Demolition Inc.,	700 Flirt Rd., Suite 200	Toronto, ON	M3J 2J5	500.00
Nick	Falvo	759764 Ontario Limited	1 Ashbridge Circle - Unit 3C	Toronto, ON	L4L3R5	750.00
Jeff	Davies	Davies Howe Partners	99 Spadina Ave.	Toronto, ON	M5V 3P8	500.00
Dan	Frustaglio	Walaby Developments Limited	168 Silver Arrow Cres	Maple, ON	L8A 1K2	750.00
Robert E.	Graham	K.J. Beamish Construction Co. Limited	P.O. Box 250	King City, ON	L7B 1B2	500.00
Attilio	Llo	Zodiec Landey Management Inc.	71 Lawrie Rd	Thornhill, ON	L4J3N6	750.00
Beaver Valley Stone Limited		Beaver Valley Stone Limited	25 Langstaff Rd. E	Thornhill, ON	L3T3P7	200.00
Samuel	Sarick	Samuel Sarick	95 Barber Greene Rd. # 305	Toronto, ON	M3C 3E9	350.00
Julia	Galloro	Julia Galloro	2 Wycliffe	Woodbridge, ON	L4L 8T8	250.00
Sandra	Maori	Sandra Maori	161 Fenyrose Cres.,	Woodbridge, ON	L4L 7B1	250.00
Paul	Bailey	Paul Bailey	107 Buckingham Ave.	Woodbridge, ON	M4N 1F5	750.00
Steele & Weston Repair		Steele & Weston Repair	47 Shaft Rd	Toronto, ON	M9W 4M3	250.00
Mosto California Grape Ltd		Mosto California Grape Ltd	191 Torkynk Dr.,	Toronto, ON	M9L 1Z9	500.00
Modern Cookware Enterprises Inc.		Modern Cookware Enterprises Inc.	550 Oakdale Rd.	Toronto, ON	M3N1W6	750.00
Luisa	Salerno	Luisa Salerno	98 Finglen Ridge	Woodbridge, ON	L4L 1N4	250.00
Anna	Bartolus	Anna Bartolus	303 Westridge Dr	Kleinburg ON	L0J 1C0	250.00
Lorraine	Bartolussi	Lorraine Bartolussi	3300 Highway 7 - Suite 210	Vaughan, ON	L4K 4M3	750.00

Rosella	DiPede	Rosella DiPede	153 Charmaine Rd	Woodbridge, ON	L4L 1K3	250.00
Morena	Pizzimenti	Morena Pizzimenti	7625 Keele St	Concord, ON	L4K 1Y4	250.00
Velloro Chiropractic & Wellness Centre		Velloro Chiropractic & Wellness Centre	9587 Weston Rd., Unit 7	Woodbridge, ON		250.00
Parente, Borean		Parente, Borean	3883 Highway #7, Suite 207	Woodbridge, ON	L4L 6C1	250.00
Roma Moulding Inc.,		Roma Moulding Inc.,	380 Harlan Rd	Woodbridge, ON	L4L 8V6	750.00
Mike	Cannone	Global Moulding Inc.,	2101 Teston Rd	Maple, ON	L6A 1R3	750.00
Cathy	Gareil	Cathy Gareil	9 Trevi Court	Woodbridge, ON	L4L 8S7	250.00
Giuseppina	Marando Imola	Giuseppina Marando Imola	456 Nahant Way	Mississauga, ON	L4Z 3V7	750.00
Wanda	Mazza	Wanda Mazza	49 Ibis Road	Woodbridge, ON	L4L 8R6	750.00
Prima Mazda / Prima Auto Sales Limited		Prima Mazda / Prima Auto Sales Limited	7635 Martin Grove Rd	Woodbridge, ON	L4L 2C5	500.00
Delta Urban Inc.,		Delta Urban Inc.,	7501 Keele Street, Suite 505	Vaughan, ON	L4K 1Y2	750.00
Michael	DeGasparis	Arista Hornes	600 Applewood Cres.	Vaughan, ON	L4K 4B4	750.00
Silvio	DeGasparis	Silvio DeGasparis	270 Chrislea Rd.	Woodbridge, ON	L4L 8A8	750.00
Lucia	Speranza	Lucia Speranza	23 Wilkie Ave.	Nobleton, ON	L0G 1N0	500.00
Rita	Vitall	Rita Vitall	310 Veimar Dr.	Woodbridge, ON	L4L 8J7	500.00
Jeffrey G.	Kerbel, Dr	Dr. Jeffrey G. Kerbel	26 Lemsmill Rd., Unit 3	Toronto, ON	M3B 2T5	500.00
Lucio	Angelucci	CCF International Corp.,	365 Evans Ave., Suite 500	Toronto, ON	M8Z 1K2	750.00
Aviva	Eisenberger	Aviva Eisenberger	88 Hillmount Ave.	Toronto, ON	M6B 1X6	500.00
Angela	DeGasparis	Angela DeGasparis	86 Pine Valley Cres	Woodbridge, ON	L4L 2W5	500.00
Marilyn	Weisz	Realm Developments Ltd.	825 Cochrane Drive, Suite 801	Markham, ON	L3R 9R9	500.00
Carla	Tatangelo	Great Vineyards	91 Toneyork D	Toronto, ON	M8L 1X9	500.00
Mary	Iacobelli	Carla Tatangelo	63 Hayhoe Ave.	Woodbridge, ON	L4L 1S5	250.00
1591420 Ontario Ltd. (Monte Carlo Inn Vghn)		Mary Iacobelli	53 Queen Post Dr.	Woodbridge, ON	L4L 3G8	500.00
Alfonso	Gallucci	Alfonso Gallucci General Construction Limited	705 Applewood Cres	Vaughan, ON	L4K 5W8	250.00
Schickdenz Bros. Limited		Schickdenz Bros. Limited	5160 Explorer Dr., Unit 2	Mississauga, ON	L4W4T7	750.00
Rocco	Cicchino	Cicchino Holdings Ltd.	3311 Bayview Avenue, Suite 105	Toronto, ON	M2K1G4	500.00
Sam	Frustaglio	Woodbridge Green Homes	471 Jewlan Drive - Unit 10	Woodbridge, ON	L4L 8A1	750.00
Parallel Realty Inc.		Parallel Realty Inc.	5332 Highway 7, 2nd Floor	Woodbridge, ON	L4L 1T3	750.00
Rescon Financial Corporation		Rescon Financial Corporation	162 Cumberland St., Suite 300	Toronto, ON	M5R 3N5	250.00
Angora Park Developments		Verdi Inc.,	3300 Highway No. 7 - Suite 801	Vaughan, ON	L4K 4M3	250.00
Neimar Drywall Company Limited		Angora Park Developments	4001 Weston Rd	Toronto, ON	M8L 2S8	250.00
Norbert	Marocco	Neimar Drywall Company Limited	7007 Islington Ave., Unit 1	Woodbridge, ON	L4L 4T5	750.00
Tony	Topaira	1354-400 Ontario Inc.	68 Romina Drive	Concord, ON	L4K 4Z7	750.00
Pinegrove At Kipling Inc.		913976 Ontario Limited	559 Oakdale Rd	Toronto, ON	M3N1W8	750.00
Edward	Favor	Pinegrove At Kipling Inc.	245 Eddystone Ave	Toronto, ON	M3N 1H8	750.00
Ada	DeGasparis	Edward Favor Chartered Accountant	323 Deerhurst Dr	Brampton, ON	L6T 5K3	750.00
Blair	McArthur	Ada DeGasparis	7007 Islington Ave., Unit 1	Woodbridge, ON	L4L 4T5	750.00
Ganz Realty Limited		Don Mills Golf Centre Limited	270 Chrislea Rd	Woodbridge, ON	L4L 8A8	750.00
Peter	Zepfert	Ganz Realty Limited	6050 Woodbine Ave.	Woodbridge, ON	L3R 9R9	350.00
		Zepcon Investments Ltd.	1 Pearce Road	Woodbridge, ON	L4L 3T2	750.00
			80 Costa Rd.	Concord, ON	L4K 1N2	750.00

Leo A.	McArthur	Miller Paving Limited	P.O. Box 4080	Makham, ON	L3R 9R8	400.00
Lynda	Trudel	Trudel & Sons Roofing Ltd	5 Paisley Lane	Stouffville, ON	L4A 7X4	750.00
Rocky J.	Pantalone	National Homes Management Inc.	291 Edgely Blvd.- Suite 1	Concord, ON	L4K 3Z4	750.00
Mermeco Holdings Inc.		Mermeco Holdings Inc.	71 Butternill Ave	Concord, ON	L4K 3X2	750.00
Benedetto	Merotta	Benedetto Merotta	30 Buck's Place	Woodbridge, ON	L4L 3P9	750.00
Wendy	Dyer	Pinedale Properties Ltd.	970 Lawrence Ave., W. - Suite 303	Toronto, ON	M6A 3E6	250.00
James	Egnalis	James Egnalis	203 Bogart Ave	Toronto, ON	M2N 1L1	750.00
John	D'Angelo	John D'Angelo	38 Thistle Ridge Dr.	Woodbridge, ON	L4L 3K4	750.00
Manzoco Holdings Inc.		Manzoco Holdings Inc.	71 Butternill Ave	Vaughan, ON	L4K 3X2	750.00
Cindy	Deen	Cindy Deen	173 Marbeta Rd.,	Woodbridge, ON	L4H1L2	750.00
Dragan	Volvodic	DraganVojvodic	25 West dean Park, -Unit 1	Toronto, ON	M9B 2R5	750.00
Luciano	Di Giuseppe	Luciano Di Giuseppe	80 Cherokee Dr.,	Vaughan, ON	L6Q 1X1	750.00
Antonio	Coffa	Antonio Coffa	1269 Clarence St.,	Woodbridge, ON	L4H 2J4	750.00
Dantele	Sirizzotti	Dantele Sirizzotti	284 Gary Dr.,	Toronto, ON	M9N 2N4	750.00
Zoran	Stojanovic	Zoran Stojanovic	36 Moresby St.,	Richmond Hill, ON	L4B 4K9	750.00
Wayne	Garrett	Wayne Garrett	R.R. 2, 4066 30th. Sideroad	Rockwood, ON	N0B 2K0	750.00
Anihony	Bendici	Anthony Bendici	181 Rushworth Cres.,	Kleinburg ON	L0J 1C0	750.00
Aldo	Panzica	Aldo Panzica	102 Angelina Ave.,	Woodbridge, ON	L4L 8N9	750.00
Maloco Holdings Inc.		Maloco Holdings Inc.	71 Butternill Ave.,	Vaughan, ON	L4K 3X2	750.00
Barry A.	Horosko	Barry A. Horosko	44 St. Clair Ave., West	Toronto, ON	M4V 3C9	750.00
Sam	Bruno	Sam Bruno	7501 Keele St., - Suite 301	Concord, ON	L4K 1Y2	750.00
David N.	Harvey	David Harvey	135 Queen's Plate Dr., Suite 200	Toronto, ON	M9W 6V1	750.00
Daniel	Guizzetti	Empire (Estates of Wyndance) Ltd.	135 Spy Court	Markham, ON	L3R 5H6	750.00
Pat	Condo	Weston Flooding Ltd.	87 Westcreek Drive	Woodbridge, ON	L4L 9N6	750.00
Rocco	Cerone	Market Lane Property Management	140 Woodbridge Ave - Suite 203	Woodbridge, ON	L4L 4K9	750.00
Luigi	Capodanno	Luigi Capodanno	89 Korright Pl.	Woodbridge, ON	L4L 8S6	200.00
Jack R.	Loneragan	Nalton Enterprises Inc.	16 Edgethll Rd.,	Toronto, ON	M9A 4N3	200.00
Heathwood Homes (Tranquillity) Ltd		Heathwood Homes (Tranquillity) Ltd	245 Yorkland Blvd., Suite 100	Toronto, ON	M2J 4W9	750.00
Mark	Gazzola	Gazzola Paving Limited	529 Carlingview Drive	Toronto, ON	M9W 5H2	250.00
David	Rubino	Silver Carpentry (1997) Limited	129 Rowntree Dairy Rd., Unit 10	Woodbridge, ON	L4L 6C9	750.00
Paul	Richardson	Diversicare Canada Management	2121 Argenta Road, Suite 301	Mississauga, ON	L5N 2X4	750.00
Artibus Development Corporation		Artibus Development Corporation	218 Christie Rd., Suite 305	Woodbridge, ON	L4L 8S5	750.00
Giancola Aluminum Contractors Inc.		Giancola Aluminum Contractors Inc.	2010 Albion Road	Toronto, ON	M9W7K5	500.00
G. G.	Piccin	Piccin, Boitos	4370 Steeles Ave., West - Suite 201	Woodbridge, ON	L4L 4Y4	150.00
Nancy	DeGasperis	Nancy DeGasperis	7071 Bayview Ave., Suite 405	Thornhill, ON	L3T 7Y8	750.00
Balsano Professional Corporation		Balsano Professional Corporation	121 Hanlan Rd.,	Woodbridge, ON	L4L 3P5	750.00
Toronto Decorative Painting		Toronto Decorative Painting	830 Rowntree Dairy Rd., Unit 16	Woodbridge, ON	L4L 5V3	300.00
Pan Can Painting Ltd.		Pan Can Painting Ltd.	57 Veestand Dr.,	Toronto, ON	M6L 1R8	500.00
Romeo	DeGasperis	Romeo DeGasperis	17 Limcombe Dr.,	Thornhill, ON	L3T 2V6	750.00
Connie	Fung	Connie Fung	9 Walnut Grove Crescent	Richmond Hill, ON	L4S 1Z1	750.00
Rayson Electric Ltd.,		Rayson Electric Ltd.,	45 Neltherford Rd.,	Maple, ON	L6A 1C8	750.00

Trican Masonry Contractors Inc.	Trican Masonry Contractors Inc.	305 Incoits Ave., Unit A	L5G 1MB	Mississauga, ON	750.00
1206880 Ontario Limited	1206880 Ontario Limited	10042 Keele St., Suite 102	M9N 2A1	Toronto, ON	500.00
Burt Transportation Service Ltd.	Burt Transportation Service Ltd.	89A Connie Crescent - Unit 2	L6A 1G3	Maple, ON	250.00
Sam	Ralling Excellence Inc.	87 Wycliffe Ave.	L4K 1L3	Concord, ON	750.00
Tony	Mentana Sports Management Inc.	311 Clarence St.	L4L 3N4	Vaughan, ON	750.00
Domenic	Forest Contractors Ltd.	17 Wycliffe Ave.	L6W 1T6	Brantford, ON	750.00
Nancy	Nancy Furlato	45 Connie Crescent - Unit A&B	L4L 3N4	Vaughan, ON	750.00
Decora Windows & Doors Systems	Decora Windows & Doors Systems	120 Sharer Road	L4L 8Z3	Concord, ON	500.00
Ellitrex Plumbing Ltd.	Ellitrex Plumbing Ltd.	38 Roxton Rd.	M6J 2Y2	Vaughan, ON	750.00
Riverwood Carpentry Inc.	Riverwood Carpentry Inc.	7777 Weston Road	L4L 1A8	Toronto, ON	500.00
Franco	Al Palladini's Pine Trees Ford Lincoln	105 Industrial Rd., - Suite 200	L4C 2Y4	Woodbridge, ON	300.00
Joe	Martsteel Limited	103 Firglen Ridge	L4L 1N3	Richmond Hill, ON	250.00
Pinegrove Realty Inc.	Pinegrove Realty Inc.	315 Towers Rd.	L4L 6A2	Woodbridge, ON	500.00
Andre'	Triumph Trim Ltd.	330 Edgeley Blvd	L4K 3Y3	Concord, ON	300.00
Joe	North York Tile Contractors Limited	120 Carlauren Rd., - Unit 9	L4L 8E5	Woodbridge, ON	500.00
Keele Finch Masonry Ltd.	Keele Finch Masonry Ltd.	100 Macintosh Blvd.	L4L 4P3	Concord, ON	750.00
Roni Excavating Limited	Roni Excavating Limited	6731 Columbus Rd., - Units 9 & 10	L5T 2M4	Concord, ON	500.00
Skoko Aluminium Ltd.	Skoko Aluminium Ltd.	3850 Steeles Ave., W. Unit 2	L4L 4Y6	Mississauga, ON	400.00
Nordale Realty & Associates Inc.	Nordale Realty & Associates Inc.	171 Marycroft Ave., Units 4 & 5	L4L 5Y3	Woodbridge, ON	750.00
D'Amaro Tile Ltd.	D'Amaro Tile Ltd.	100 Bass Pro Mills Dr., Unit 45	L4K 5X1	Woodbridge, ON	750.00
Miranda Painting Inc.	Miranda Painting Inc.	56 Pennsylvania Ave., Unit 1	L4K 3V9	Vaughan, ON	250.00
Architectural Design Co. Inc.	Architectural Design Co. Inc.	88 Brockport Drive	M3W 5N1	Concord, ON	750.00
Medi Group Incorporated	Medi Group Incorporated			Toronto, ON	
				TOTAL	157,500.00

Exhibit “G”

LECG

**Compliance Audit Report
For the City of Vaughan
Re: Councillor Bernie DiVona**

April 24, 2009

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1 Introduction

1.1 Background to the Compliance Audit

- 1.1 This Report is the result of a request for a compliance audit under Section 81 of the Municipal Elections Act, 1996 (“**the Act**”) in relation to the campaign finances of Councillor Bernie DiVona (“**DiVona**”) by four applicants, Carlo DeFrancesca, Richard Lorello, Robert Zuccarini, and Paul DeBuono (“**the Applicants**”) submitted to the City of Vaughan Council on June 8, 2007.
- 1.2 The City of Vaughan Council provided Mr. DiVona with an opportunity to respond to the request for a compliance audit. Mr. DiVona filed a response with the City Clerk on June 22, 2007 through his counsel, Mr. Christopher Ashby.
- 1.3 On October 7, 2008, Justice H.I. Chisvin ordered the City of Vaughan to conduct a compliance audit of the financial statements for the 2006 election campaign finances of Councillor Bernie DiVona pursuant to Subsection 81(3.3) of the Act.
- 1.4 Ken Froese of LECG Canada Ltd. (“**LECG**”) and Glen R. Davison, CA, were retained to conduct the compliance audit in accordance with the Act. This Report contains our findings related to Councillor Bernie DiVona’s campaign finances as reported in the financial statements for the campaign period from March 14, 2006 to December 31, 2006 (the “**Financial Statements**”) for which a compliance audit was requested and for which we were retained to conduct a compliance audit.¹ Bernie DiVona attested that these financial statements were true and correct to the best of his knowledge and belief on March 27, 2007.
- 1.5 Subsection 81(6) of the Act requires that the auditor prepare a report “*outlining any apparent contravention by the candidate.*” This Report contains our findings in relation to our compliance audits of the Financial Statements submitted by Mr. DiVona.

¹ The campaign period ended January 2, 2007. The financial statements contained conflicting ending dates at which the financial statements were prepared – with December 31, 2006 identified on page 1 and March 30, 2007 identified in the remainder of the financial statements. We concluded that the correct financial statement period was to January 2, 2007 (or approximately December 31, 2006) and that payments included in the financial statement after that date reflected accounts payable outstanding as at January 2, 2007.

1.2 Chronology of the DiVona Campaign and Subsequent Events

- 1.6 Bernie DiVona filed for re-election as Local Councillor of Ward 3 on March 14, 2006.
- 1.7 Mr. DiVona had an election surplus of \$17,834.10 from the 2003 election that was released by the City on March 15, 2006. A bank account under the name of "*Committee to Re-elect Councillor Bernie DiVona*" was opened at the TD Bank on April 3, 2006 and these funds were deposited to his campaign bank account.
- 1.8 The DiVona campaign expense limitation, as certified by the municipal clerk, was \$26,476.
- 1.9 On July 6, 2006 a fundraising event was held at the Royalton Banquet and Convention Centre Ltd ("**the Royalton**"). The cost was \$150 per ticket.
- 1.10 The DiVona campaign headquarters were situated at 8201 Weston Road, Unit 2B, Woodbridge, Ontario. Election signs were displayed for several weeks prior to the campaign offices being occupied as such, which occurred on or around September 25, 2006.
- 1.11 On October 29, 2006 the campaign held a free community barbeque at the campaign offices at 8201 Weston Road.
- 1.12 Election day was November 13, 2006. An election night event was held for family and volunteers at the Royalton (next door to the campaign offices).
- 1.13 On December 6, 2006 a volunteer appreciation dinner was held at the Renaissance Parque Dining, Banquet and Convention Centre Ltd.
- 1.14 The Financial Statements for the campaign period from March 14, 2006 to December 31, 2006 were signed by Bernie DiVona on March 23, 2007.
- 1.15 On March 27, 2007, the Financial Statements were sworn to be true and correct to the best of Mr. DiVona's knowledge and belief. The campaign surplus funds of \$19,322.25 were submitted to the City of Vaughan on or about the same time.

1.3 Our Approach to the Compliance Audit

- 1.16 The objective of our compliance audit is to report any apparent contraventions of the Act identified through the course of our compliance audits related to the Financial Statements filed by Mr. DiVona.

- 1.17 Our compliance audit procedures included the following general procedures, addressing both the issues raised by the applicants and other issues identified by the candidate or through our audit procedures:
- (1) **Contributions:** An analysis of the lists of contributors in order to identify possible apparent contraventions, and communications with selected contributors in relation to possible ineligible contributions;
 - (2) **Expenses:** A detailed review of certain expenses, including obtaining information from third parties for selected expense items and reviewing completeness of expenses in order to determine the likelihood of unreported contributions in kind; and
 - (3) **Financial Statements:** A review of the Financial Statements and related supporting documents and evaluation of the appropriateness of financial reporting, including the allocation of expenses between those subject to, and not subject to, limitation.
- 1.18 The applicants identified the following issues regarding the Financial Statements:
- (1) That the Financial Statements included contributions from Maystar General Contractors Inc., KAPP Contracting Inc., Startel Masonry Contracting Inc., the Bluestar Cupido Group Inc., and 1335137 Ontario Inc. that share the same address and have certain officers and directors in common. Accordingly, these companies may be associated, resulting in over-contributions;
 - (2) That the Financial Statements included contributions from Doc-Syn Holdings Inc. and Memme Excavation Company Limited that share the same address and have certain officers and directors in common. Accordingly, these companies may be associated, resulting in over-contributions;
 - (3) That the Financial Statements included contributions from N.H.D. Developments Limited and NHD Developments Limited that appear to be the same company and have certain officers and directors in common. Accordingly, these companies may be associated, resulting in over-contributions;
 - (4) That the Financial Statements included two contributions received from Baif which resulted in over-contributions;
 - (5) That the Financial Statements did not include contributed "goods and materials" as income in the Statement of Campaign Period Income and Expenses and as inventory in Schedule 3;

- (6) That the fair market value of the campaign office rental was higher than recorded, and that recording the rental difference would result in over-contributions;
 - (7) That 19 of the contributions were not made by individuals or corporations and, accordingly, they are not legal contributors under the Act; and
 - (8) That the candidate used City resources to distribute newsletters for the campaign.
- 1.19 The compliance audit addressed the issues raised in the applicants' various Affidavits, as well as addressing other matters identified through the compliance audit process, including the following:
- (1) Whether the Financial Statements included contributions from additional contributors with common addresses and/or Officers and Directors or from unincorporated businesses or partnerships that represented possible ineligible contributions;
 - (2) Whether the fair market value of goods and services were reflected in the Financial Statements as expenses;
 - (3) Whether certain expenditures were incurred for the election campaign or were personal expenditures of the candidate;
 - (4) Whether some expenditures were double-counted and/or whether the candidate was reimbursed for expenses paid from another source;
 - (5) Whether campaign expenses were appropriately supported by invoices or other supporting documentation;
 - (6) The appropriateness of the allocation of costs between expenses subject to limitation and those not subject to limitation in the Financial Statements; and
 - (7) Whether the Financial Statements were prepared in accordance with the Act and the Municipal Elections 2006 Guide.
- 1.20 The DiVona campaign had a campaign expense limitation of \$26,476.00. The Financial Statements reported campaign expenses subject to limitation of \$20,961.90, or \$5,514.10 less than the limitation.

1.4 What the Act Says About Contributions

- 1.21 The Act only permits contributions from an individual normally resident in Ontario, a corporation that carries on business in Ontario, a trade union that holds bargaining rights for employees in Ontario, and the candidate and/or his or her spouse or same-sex partner (Subsection 70(3)).
- 1.22 Subsection 70(8) of the Act does not permit contributions of cash in excess of \$25 to be either made by contributors or accepted by the candidate.
- 1.23 The Act states that contributions may only be made from money that belongs to the contributor (Subsection 74(1)). It does not address whether one cheque may be issued on behalf of two or more individuals or entities. We have interpreted the Act to permit contributions on another's behalf where there is supporting documentation, such as a letter, advising the candidate that the funds are being contributed on the other party's behalf, using the other party's funds. For example, where a candidate is advised that a contribution is being made on behalf of a number of individuals, each of whom is reimbursing the entity, or where the funds are being charged to their shareholder loan account, or a similar situation. The Municipal Elections 2006 Guide suggests the following:²

"Before issuing a receipt for a contribution received by cheque, the candidate should ensure that the cheque is honoured at the bank and, if the contribution is:

- *from an individual, ensure the contributor meets the requirement of being a resident in Ontario;*
- *from a sole proprietorship, determine the name of the owner and issue a receipt in the owner's name, not the name of the business, as a good practice;*
- *from a corporation, ensure that it meets the requirement of carrying on business in Ontario; ...*

Helpful Hints

- *... If a cheque for a contribution is drawn from a joint personal bank account, the receipt must be issued only to the person who signed the cheque. Where two people have signed a cheque drawn from the joint*

² Municipal Elections 2006 Guide, pages 22 to 24.

personal account, the candidate must determine who made the contribution and issue the receipt to that person.

- *Unincorporated groups, such as a law partnership, may contribute to a candidate's campaign, however the candidate should:*
 - *Request a list of the names and addresses of the individual contributors that shared in the contribution and the amount contributed by each individual;*
 - *Issue receipts to the individual contributors, not the unincorporated group. The individual's portion of the group's contribution counts towards that individual's campaign contribution limit of \$750; and*
 - *Report these contributions on the candidate's financial disclosure in the same manner as contributions."*

- 1.24 The Act permits contributions from associated corporations but only to the same contribution level as applies to a single corporation. Associated corporations are defined in Section 72 of the Act by reference to Section 256 of the Income Tax Act (Canada). The Income Tax Act relies on the concept of control, either directly or indirectly, by the same corporation, individual or related group of individuals. Control relates primarily to share ownership, not to the position an individual holds within a corporation -- such as being an Officer and/or Director. Corporate searches identify Officers, Directors and Administrators of a corporation but do not identify shareholders. As a result, the ability to identify associated companies relies in large part on information only available from the contributor.
- 1.25 The concepts of associations and control in Section 256 of the Income Tax Act (Canada) are addressed in Interpretation Bulletin IT-64R4, which reviews the basic rules for determining association, addressing both "de jure control" and "de facto control". The factors to consider in determining de facto control are set out in part in paragraph 23 of Interpretation Bulletin IT-64R4.
- 1.26 Corporations may file their income tax returns as non-associated corporations but be associated as a result of de facto control. In this circumstance, where combined contributions exceed \$750, in our opinion, any apparent contraventions of the Act related to the over-contribution would be incurred by the contributor and not the candidate.
- 1.27 The evaluation of de facto control involves consideration of factors such as the level of influence family members can exert over other family members in relation to control over corporate decisions. In our opinion, this type of evaluation cannot reasonably be performed as part of a compliance audit. Accordingly, our compliance audit procedures

extended only to consideration of whether companies prepare their income tax returns as associated companies and the structure of their share ownership, not to consideration of de facto control.

- 1.28 The Act, by identifying only corporations, apparently does not permit contributions from unincorporated income trusts, limited and general partnerships, unincorporated co-tenancies, and other legal but non-corporate entities through which business is conducted in Ontario.
- 1.29 Subsection 66(3) of the Act requires that the value of goods and services provided as a contribution, by someone who is in the business of supplying those goods and services, be valued at "*the lowest amount the contributor charges the general public in the same market area for similar goods and services provided at or about the same time.*"
- 1.30 Where a contribution is made or received in contravention of the Act, paragraph 69(1)(m) requires that the contribution be returned to the contributor "*as soon as possible after the candidate becomes aware of the contravention*".

1.5 What the Act Says About Fundraising Events

- 1.31 Paragraph 5 of Subsection 67(2) of the Act includes "*the cost of holding fund-raising functions*" as a campaign expense, and Subsections 76(4) and 76(5) provide that these costs are not subject to limitation.
- 1.32 Although the Act does not define a fundraising event, the Municipal Elections 2006 Guide included the following guidance:³

"Fund-raising functions are events intended to raise money for a person's election campaign. Such activities include dinners, dances, garden parties, etc. for which there is an admission charge, as well as auctions, button sales, etc. for which there may not be an admission charge." [underlining added]

- 1.33 The Guide further adds, on page 27, that expenses include "*legitimate expenses incurred in holding a fund-raising function*" [underlining added].
- 1.34 The candidates were required to file financial statements that included a schedule addressing each fund-raising activity (Schedule 2). The schedule includes a description of the fund-raising activity, the amount of the admission charge, the number of tickets sold,

³ Pages 26 and 27 of the Ontario Municipal Election 2006 Guide.

and ticket revenue. The form includes the notation "*if admission charge per person is not consistent, provide complete breakdown of all ticket sales*".

1.6 What the Act Says About Financial Records

1.35 Subsection 69(1) of the Act, under the heading "Duties of candidate", requires candidates to:

- (1) Open one or more bank accounts exclusively for the election campaign (69(1)(a));
- (2) Deposit all contributions into campaign bank accounts (69(1)(b));
- (3) Make all payments of expenses from the campaign bank accounts other than the nomination filing fee (69(1)(c));
- (4) Value all contributions of goods and services (69(1)(d)); and
- (5) Retain receipts for all expenses (69(1)(e) and (g)).

1.7 What the Act Says About Expenses

1.36 Subsection 67(1) of the Act states that "*costs incurred for goods and services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses*" [underlining added].

1.37 Subsection 67(2) sets out amounts that are expenses, and includes item 2, "*the value of contributions of good and services*".

1.38 The Municipal Elections 2006 Guide provided guidance to candidates, stating that "*undeposited cash contributions should not be used to pay off debts or to pay for purchases*".⁴ This is consistent with the requirement that all contributions be deposited to campaign bank accounts and that all expenses be paid using campaign bank accounts.⁵

1.8 What are Reasonable Expectations from a Candidate?

1.39 Paragraph 69(1)(l) of the Act requires that candidates provide "*proper direction...to the persons who are authorized to incur expenses and accept or solicit contributions on behalf of the candidate*." The proper direction presumably includes ensuring that the

⁴ Ontario Municipal Elections 2006 Guide, page 34.

⁵ The Ontario Municipal Elections 2006 Guide suggests the use of a petty cash fund, so presumably incurring some cash expenses, paid from the petty cash account, is considered to be acceptable (page 33).

authorized persons understand the candidate's responsibilities under the Act in relation to accepting contributions, incurring expenses, using bank accounts, retaining proper financial records, and preparing financial statements.

- 1.40 When a contribution is received, a candidate may reasonably be expected to identify contributions that exceed the \$750 contribution limit or are clearly from inappropriate sources, such as contributions from out-of-Province businesses, charities, federal or provincial political parties, or similar sources. Where accepting contributions is delegated to others, a candidate's instructions should include appropriate procedures to identify clearly inappropriate contributions.
- 1.41 Our compliance audit was conducted on the basis of information reasonably available to Bernie DiVona when contributions were accepted, without assuming that he (or persons to whom he delegated this function) had a level of knowledge potentially available after conducting a forensic investigation of campaign contributions.
- 1.42 Prior to finalizing a financial statement, a candidate may reasonably be expected to identify potential multiple contributions that result in an over-contribution, contributions from different individuals or corporations sharing a common address, or other commonalities that suggest a possible association resulting in an over-contribution. The candidate's responsibility is to then promptly refund over-contributions. However, in our view the candidate cannot reasonably be expected to do more than enquire of the contributors as to whether they are associated or are otherwise not permitted to contribute to the candidate's municipal election campaign.
- 1.43 A candidate may also be reasonably expected to monitor the level of expenses subject to limitation during the course of the campaign to ensure that the campaign does not exceed the limitation. As well, the candidate may reasonably be expected to provide direction to persons delegated financial responsibilities to ensure processes are in place to ensure expense limitations are not exceeded.
- 1.44 Our compliance audit considered that it is a reasonable expectation of a candidate who has delegated financial authority to others that the candidate will review expenses, by category, and consider the reasonableness of overall financial reporting.
- 1.45 Our compliance audit also considered that it is a reasonable expectation that a candidate consider whether there is inventory to report at the end of the campaign period (reusable signs, furniture, or other equipment or supplies), whether the amount loaned to the campaign agrees with the candidate's own financial records, whether the price of tickets and the number of attendees at fund-raising events is consistent with the candidate's recollection, and whether the total of expenses for fundraising are consistent with the cost of fundraising.

2 Executive Summary

2.1 Summary

- 2.1 The candidate and his campaign team cooperated with the compliance audit and provided us with all requested information. We also appreciated the input of the applicants in identifying further potential areas of apparent contraventions.
- 2.2 The following sections summarize our findings in relation to contributions, expenses and financial reporting.

2.2 Contributions

- 2.3 Our compliance audit disclosed that contributions reported per Financial Statements filed by Mr. DiVona were overstated by \$750. This relates to contributions refunded by Mr. DiVona personally after filing of the Financial Statements.
- 2.4 We identified the following apparent contraventions of the Act in relation to contributions:
- (1) One instance of contributions received from associated groups of companies in excess of \$750. The over-contributions were returned to the contributors but not until an allegation was made in June 2007 and after the filing of the Financial Statement. In our opinion, the failure to identify the duplicate contributions, recorded in the campaign's financial records as being received from the same entities, and the failure to return the excess contribution prior to finalizing the financial statements in March 2007, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor;
 - (2) One instance of contributions received from a joint venture in excess of \$750. One of the contributions was made on behalf of a non-associated corporation, disclosed after the filing of the Financial Statements. In our opinion, the failure to identify the duplicate contributions, recorded in the campaign's financial records as being received from the same entities, and the failure to return the excess

contribution prior to finalizing the financial statements in March 2007, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor.

If one of the contributions was from a joint venture on behalf of another corporation, the DiVona campaign did not obtain the correct contributor name at the time the contribution was received or prior to finalizing the financial statements. Accordingly, recording of this contribution under the joint venture name would represent an apparent financial reporting contravention under Subsection 69(1)(f) and Section 78 of the Act;

- (3) Three instances of contributions being recorded in the name of partnerships, and unincorporated businesses. The Ontario Municipal Elections 2006 Guide states that the candidate should obtain the name of the person on whose behalf the contribution was made, and record the contribution as such in the financial records. In our opinion, receipt of these contributions is either an apparent contravention of Subsections 70(3) and 70(7) of the Act or is an apparent financial reporting contravention of Subsection 69(1)(f) and Section 78 of the Act; and
- (4) Contributors' names and addresses being recorded inaccurately is an apparent financial reporting contravention of Subsection 69(1)(f) and Section 78 of the Act.

2.3 Expenses

2.5 Our compliance audit disclosed that total campaign expenses reported per Financial Statements filed by Mr. DiVona were overstated by \$3,052. These expenses were not election-related expenditures and should be paid to the City of Vaughan by the candidate to be held in trust as part of the surplus funds. Offsetting this amount is a returned contribution of \$750 paid personally by Mr. DiVona.

2.6 We identified the following apparent contraventions of the Act in relation to campaign expenses:

- (1) In our opinion, the payment of \$3,052.24 from campaign funds for items that were not election-related expenditures but rather either personal expenses, duplicate payments, or otherwise unsupported, is an apparent contravention of Subsection 67(1) of the Act, which states that expenditures must be for items used wholly or in part in the election campaign, and Subsection 69(1)(a) of the Act, which

requires that the campaign accounts be used exclusively for the purposes of the election campaign (see Section 4.3 of our Report).

Payment of the above-noted expenses resulted in a reduction of funds that otherwise should have been retained in the campaign bank account and forwarded as surplus funds to the City Clerk. In our opinion, this is an apparent contravention of Subsection 69(1)(k), Section 78 and Subsection 79(4) of the Act (see Section 4.3 of our Report);

- (2) In our opinion, the failure to maintain adequate bookkeeping records for the "due to/from account" is an apparent contravention of one or more of Subsections 69(1)(a), (e), (g), and (k) and of Section 78 of the Act (see Section 4.3 of our Report);
- (3) Campaign expenses were paid personally by Mr. DiVona and not recorded in the Financial Statements. In our opinion, failure to pay campaign expenses through the campaign account is an apparent contravention of Subsection 69(1)(c) of the Act, which requires all payments for expenses be made from the campaign account. The non-recording of these expenses in the Financial Statements is an apparent contravention of Subsections 69(1)(g) and (k) and Section 78 of the Act, which require that records are kept of every expense and that the Financial Statements "be in the prescribed form" (see Section 4.3 of our Report);
- (4) In our opinion, paying a company for services not rendered, having the cheque endorsed back to campaign personnel and using the cash to pay a portion of a \$3,000 invoice is an apparent contravention of Subsections 67(1), 69(1)(c) and (k) and Section 78 of the Act (see Section 4.5 of our Report);
- (5) In our opinion, excluding the value of contributed goods and services from campaign expenses is an apparent contravention of Subsection 67(2), Subsection 69(1)(k) and Section 78 of the Act (see Section 4.7 of our Report);
- (6) In our opinion, the improper reporting of goods and services to the campaign at no cost and the failure to issue receipts for the contributions are apparent contraventions of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.7 of our Report);
- (7) In our opinion, Schedule 2 of the financial statements should have only included ticket sales of approximately 350 and excluded contributions from those not intending to attend the fundraising event. In our opinion, this is a financial

reporting contravention of Subsection 69(1)(i) of the Act, which requires that *"records are kept of the gross income from a fund-raising function and the gross amount of money received at a fund-raising function by donations of \$10 or less"* and Subsection 69(1)(k) and Section 78 of the Act, requiring that the financial statements be in the prescribed form (see Section 4.8 of our Report);

- (8) In our opinion, based on our interpretation of the Act, as there were no ticket sales associated with the barbeque event the costs of the barbeque event would likely not qualify as fundraising expenses. In our opinion, this is an apparent contravention of subsection 69(1)(k) and Section 78 of the Act, which require that financial filings be prepared in the prescribed form (see Section 4.9 of our Report);
- (9) In our opinion, the provision of the room at the Royalton for the election night event at no cost, or the failure to record the cost of the rental, was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.10 of our Report);
- (10) In our opinion, the improper reporting of the space at a reduced rental rate was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.12 of our Report);
- (11) In our opinion, campaign expenses allocated to the incorrect expense categories are apparent contraventions of Subsection 69(1)(k) and Section 78 of the Act, which require that the Financial Statements be prepared in the prescribed form, consistent with the expense categories set out in Subsection 67(2) (see Section 4.13 of our Report); and
- (12) The adjusted campaign period expenses subject to limitation exceeded the spending limit of \$26,476 by \$9,436 if barbeque expenses are excluded from limitation, and by \$28,769 if barbeque expenses are subject to limitation, as detailed in the following table. In our opinion, this is an apparent contravention of Subsection 76(4) of the Act, which limits campaign expenses to an amount calculated in accordance with a prescribed formula (see Section 4.13 of our Report).

	Barbeque Expenses Excluded from Limitation	Barbeque Expenses Subject to Limitation
Reported expenses subject to limitation	\$ 20,962	\$ 20,962
LECG adjustments as per Schedule 1 of the Report	14,950	34,283
<i>Adjusted expenses subject to limitation</i>	35,912	55,245
Campaign spending limit	26,476	26,476
<i>Excess over campaign limit</i>	\$ 9,436	\$ 28,769

2.4 Financial Reporting

2.7 We identified the following apparent contraventions of the Act:

- (1) In our opinion, the imprecise recording of certain contributor names, the failure to record addresses or complete addresses for all contributors, and the recording of certain contributions under the name of an unincorporated business as opposed to the names of the business owners are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.2 of our Report); and
- (2) In our opinion, failure to disclose complete inventory on hand at the end of the campaign period is an apparent financial reporting contravention of Subsection 69(1)(k) and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.3 of our Report).

3 Our Findings - Contributions

3.1 Summary

3.1 Our compliance audit disclosed that contributions reported per Financial Statements filed by Mr. DiVona were overstated by \$750.

3.2 We identified the following apparent contraventions of the Act in relation to contributions:

- (1) One instance of contributions received from associated groups of companies in excess of \$750. The over-contributions were returned to the contributors but not until an allegation was made in June 2007 and after the filing of the Financial Statement. In our opinion, the failure to identify the duplicate contributions, recorded in the campaign's financial records as being received from the same entities, and the failure to return the excess contribution prior to finalizing the financial statements in March 2007, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor;
- (2) One instance of contributions received from a joint venture in excess of \$750. One of the contributions was made on behalf of a non-associated corporation, disclosed after the filing of the Financial Statements. In our opinion, the failure to identify the duplicate contributions, recorded in the campaign's financial records as being received from the same entities, and the failure to return the excess contribution prior to finalizing the financial statements in March 2007, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor.

If one of the contributions was from a joint venture on behalf of another corporation, the DiVona campaign did not obtain the correct contributor name at the time the contribution was received or prior to finalizing the financial statements. Accordingly, recording of this contribution under the joint venture

name would represent an apparent financial reporting contravention under Subsection 69(1)(f) and Section 78 of the Act.

- (3) Three instances of contributions being recorded in the name of partnerships, and unincorporated businesses. The Ontario Municipal Elections 2006 Guide states that the candidate should obtain the name of the person on whose behalf the contribution was made, and record the contribution as such in the financial records. In our opinion, receipt of these contributions is either an apparent contravention of Subsections 70(3) and 70(7) of the Act or is an apparent financial reporting contravention of Subsection 69(1)(f) and Section 78 of the Act; and
- (4) Contributors' names and addresses being recorded inaccurately is an apparent financial reporting contravention of Subsection 69(1)(f) and Section 78 of the Act (see Section 5.6 of our Report).

3.2 Our Approach

- 3.3 The applicants identified groups of contributors with common addresses, as well as other possible ineligible contributors. We reviewed the list of contributors and identified those with common addresses, those that may be ineligible contributors as a result of being unincorporated trade associations, partnerships, income trusts, or otherwise possible ineligible contributions.
- 3.4 We obtained Corporate Profile Reports for the selected contributors to identify possible common officers and directors and possible ineligible contributors. Where further information was required, we corresponded with contributors to obtain additional information. For contributors with common addresses and/or officers and directors, we requested documentation from the certification portion of their 2006 federal income tax returns, Schedule 9 listing related and associated corporations, Schedule 23 listing the allocation of business limit among associated companies, and/or Schedule 50 listing shareholder information of the corporation.
- 3.5 We interviewed Bernie DiVona to review the process followed in soliciting and receiving contributions, as well as the process used to refund contributions and review the Financial Statements. We were informed that:
 - (1) Mr. DiVona personally knows most of the contributors and personally vetted contributions prior to depositing them to the campaign bank account;

- (2) Mr. DiVona performed the accounting functions related to contributions, including recording the contributions in a computer spreadsheet and assigning receipt numbers to contributions; and
- (3) Mr. DiVona personally reviewed the listing of contributions prior to finalizing the Financial Statements to identify possible ineligible contributions.

3.6 The following sections address these contributors by group. However, our groupings do not imply that companies are necessarily associated, only that there was commonality in their addresses or officers and directors.

3.3 Common Addresses / Officers and Directors

Companies at 71 Buttermill Avenue, Vaughan

3.7 Contributions were received from five companies with an address of 71 Buttermill Avenue, Vaughan. These contributions were identified as Issue #1 in the Affidavit of Carlo DeFrancesca dated June 4, 2007. Joe Maio is an Officer and Director of all five companies and Claudio Memme is an Officer and Director of the first four companies. The contributions are as follows:

Company Name	Address	Officers and Directors	Cheque Date	Amount of Contribution
Maystar General Contractors Inc.	71 Buttermill Avenue, Vaughan	Joe Maio and Claudio Memme ⁶	May 23, 2006	\$ 750
KAPP Contracting Inc.	71 Buttermill Avenue, Vaughan	Joe Maio and Claudio Memme ⁷	May 23, 2006	750
Startel Masonry Contracting Inc.	71 Buttermill Avenue, Vaughan	Joseph Maio, Joe Maio, Emilio Manzo, Claudio Memme and Claudio Minatel	May 23, 2006	750
The Bluestar Cupido Group Inc.	71 Buttermill Avenue, Vaughan	Joseph Maio, Joe Maio and Claudio Memme	June 28, 2006	750
1335137 Ontario Inc.	71 Buttermill Avenue, Vaughan	Joe Maio	June 28, 2006	750
TOTALS				\$ 3,750

⁶ Luciano Diguseppe and Lidia Maio are listed as officers of the company.

⁷ Gina Memme is listed as an officer of the company.

- 3.8 Mr. DiVona provided us with copies of correspondence received from counsel to the above companies providing a legal opinion that the companies are not associated for income tax purposes. He also provided us with his understanding of the companies' separate businesses and the details of the follow-up he performed in the fall of 2006 in relation to addressing whether the companies were possibly associated for income tax purposes.
- 3.9 In telephone calls to follow up on our correspondence with the above companies, we were advised that their external accountant would provide us the requested information. The external accountants provided details of share ownership for the above-noted companies, as well as extracts from each of their income tax returns for the year ended September 30, 2007.
- 3.10 We also attended at the external accounting firm and reviewed their electronic files for the 2006 income tax returns for the above-noted companies and obtained copies of the income tax returns for our files. In addition to reviewing the above listed companies, we also reviewed the 2006 income tax return files for contributors to Mr. DiBiase and Mrs. Frustaglio 2006 election campaigns that also had addresses of 71 Buttermill Avenue.⁸ This information is consistent with the 71 Buttermill Companies filing their income tax returns as non-associated companies and in being structured, from a share ownership perspective, as non-associated companies.
- 3.11 As noted in Section 1.4 of this Report, our compliance audit procedures extended only to consideration of whether companies prepare their income tax returns as associated companies and the structure of their share ownership, not to consideration of de facto control.
- 3.12 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate in relation to these contributions.

Companies at 1315 Shawson Drive, Mississauga

- 3.13 Contributions were received from two companies with an address of 1315 Shawson Drive, Mississauga. These contributions were identified as Issue #2 in the Affidavit of Carlo DeFrancesca dated June 4, 2007. The contributions are as follows:

⁸ We reviewed the income tax returns of Maystar General Contractors Inc., Kapp Contracting Inc., Startel Masonry Contracting Ltd., The Bluestar Cupido Group Inc., Maioco Holdings Inc., Manzoco Holdings Inc., Memmeco Holdings Inc., and 1335137 Ontario Inc. (together "the 71 Buttermill Companies").

Company Name	Address	Cheque Date	Amount of Contribution
Memme Excavation Company Limited	1315 Shawson Drive, Mississauga	May 15, 2006	\$ 750
Doc-Syn Holdings Inc.	1315 Shawson Drive, Mississauga	May 22, 2006	750
TOTALS			\$ 1,500

- 3.14 Antonio Nativio is the sole Director and Officer of Doc-Syn Holdings Inc. Fred Caravaggio, Ciro Caravaggio, Joe Naccarato and Claudio Vinelli are the Directors and Officers of Memme Excavation Company Limited.
- 3.15 Mr. DiVona provided us with a letter dated November 27, 2006 from Valenzano & Pillo, Chartered Accountants. They advised that the companies do not meet the association criteria set out in Section 256 of the Federal Income Tax Act and thus that the companies are not associated. The letter also disclosed that Mr. Antonio Nativio resigned over 10 years ago and that the corporate filings were not up to date. Mr. DiVona also provided us with income tax information he had been provided by the companies.
- 3.16 We independently requested and obtained information directly from Valenzano & Pillo, Chartered Accountants, in relation to the above-noted companies, including extracts from the companies' 2006 income tax returns. This information is consistent with these companies not being associated with each other for income tax purposes.
- 3.17 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to these contributions.

N.H.D. Developments Limited

- 3.18 Two contributions were received from N.H.D. Developments Limited, 3700 Steeles Avenue West, Suite 800, Vaughan, Ontario and recorded as such in the financial statements. These contributions were identified as Issue #3 in the Affidavit of Carlo DeFrancesca dated June 4, 2007. The duplicate contributions are as follows:

Compliance Audit Report for the City of Vaughan
Re: Councillor Bernie DiVona
April 24, 2009

Company Name ⁹	Address	Cheque Date	Amount of Contribution	Date of Refund	Refunded Contribution	Net Contribution
NHD Developments Limited	3700 Steeles Avenue West, Suite 800, Vaughan	May 12, 2006	\$ 750		-	\$ 750
N.H.D. Developments Limited	3700 Steeles Avenue West, Suite 800, Vaughan	August 11, 2006	750	June 14, 2007	\$ 750	-
TOTALS			\$ 1,500		\$ 750	\$ 750

- 3.19 In June 2007, subsequent to the issue of a possible over-contribution being raised by the applicants, Mr. DiVona asked the company to review its contributions. Mr. Edward Sorbara advised Mr. DiVona that he had authorized one contribution and the other was authorized by Leith Moore, one of the Executives in the organization. Both cheques were forwarded to the DiVona campaign, but about three months apart. He also advised that The Sorbara Group is the operating trade name and the name was noted on the contribution form to indicate that NHD was connected to The Sorbara Group.
- 3.20 Mr. DiVona refunded the \$750 contribution to N.H.D. Developments Inc. by cheque dated June 14, 2007, drawn on his personal joint bank account.
- 3.21 The contribution was not refunded prior to finalizing the Financial Statements. Both contributions were recorded in the financial statements as being from NHD Developments Limited and both contributions were from the same company, using the same bank account. In our opinion, the reference to "The Sorbara Group" on one of the contribution forms is irrelevant to the issue of potential contraventions of the Act, as the contribution was not from The Sorbara Group and the contribution was not recorded in the financial statements as being from The Sorbara Group.
- 3.22 In our opinion, the failure to identify the duplicate contributions, recorded in the campaign's financial records as being received from NHD Developments Limited and from N.H.D. Developments Limited, and the failure to return the excess contribution prior to finalizing the financial statements in March 2007, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor as soon as possible after the candidate becomes aware of the contravention.

⁹ Names are as recorded in the candidate's Financial Statements.

Baif

- 3.23 Two contributions were recorded in the financial statements as being received from Baif, 3625 Dufferin Street, Suite 404, Downsview, Ontario. These contributions were identified as Issue #4 in the Affidavit of Carlo DeFrancesca dated June 4, 2007. They are as follows:

Company Name	Address	Cheque Date	Amount of Contribution
Baif	3625 Dufferin Street, Suite 404, Downsview	June 14, 2006	\$ 500
Baif	3625 Dufferin Street, Suite 404, Downsview	August 9, 2006	750
TOTALS			\$ 1,250

- 3.24 Both contributions were recorded in the financial statements as being from Baif and both contributions were from the same company, using the same bank account, identified as "Baif, Thornhill Vaughan".
- 3.25 The DiVona campaign records for the June 2006 contribution include only a copy of the cheque and the related remittance advice. There is no reference to Criterion Development Corporation or any other related entity.
- 3.26 The August 2006 contribution was attached to a covering letter on the letterhead of Baif Developments Limited. The letter was signed by Paul Minz, who was also one of the signatories on June 2006 cheque from Baif. The August 9, 2006 covering letter did not specify that the contribution was made on behalf of the joint venture – it simply referred to the enclosed contribution.
- 3.27 A subsequent letter dated June 15, 2007 on the letterhead of Criterion Development Corporation and signed by Paul Minz stated that the \$500 contribution in June 2006 was paid by "*Baif Developments Limited, Thornhill, Vaughan Joint Venture*" and "*was made on behalf of Criterion Development Corporation, which is not associated with the Baif Thornhill Vaughan joint venture*".
- 3.28 Regardless of whether the first contribution was intended to be received from Criterion Development Corporation or not, both contributions were recorded in the financial statements as being from "Baif" and the DiVona campaign files do not contain references to Criterion until June 2007.

- 3.29 Baif Developments Limited has the same directors and officers as Criterion Development Corporation. However, based on a review of extracts of income tax return provided by Criterion's Controller, we are satisfied that the two companies file their income tax returns as non-associated corporations.
- 3.30 Based on our review of corporate information provided by the Controller related to the joint venture "Baif Developments Limited – Thornhill Vaughan", we are satisfied that the joint venture is not associated with Criterion Development Corporation.
- 3.31 The Act only permits contributions from an individual normally resident in Ontario, a corporation that carries on business in Ontario, a trade union that holds bargaining rights for employees in Ontario, and the candidate and/or his or her spouse or same-sex partner (Subsection 70(3)). Subsection 70(7) of the Act only permits a contribution to be accepted from a person or entity entitled to make a contribution.
- 3.32 Both contributions were received from a bank account of Baif Thornhill Vaughan Joint Venture, which is not a corporation or an individual but rather a joint venture between eight corporations. However, in our opinion, it is reasonable for the candidate to have concluded that the contributor was Baif Developments Limited as opposed to a potentially ineligible contributor, and in fact the financial statements recorded both contributions as being from Baif.
- 3.33 Neither contribution was refunded. Both contributions were recorded in the financial statements as being from Baif and both contributions were from the same entity, using the same bank account. In our opinion, the letter from Criterion Development Corporation is irrelevant to the issue of potential contraventions of the Act, as the contribution was not identified as being from Criterion by the candidate and the contribution was not recorded in the financial statements as being from Criterion.
- 3.34 In our opinion, the failure to identify the duplicate contributions or follow up the duplicate contributions prior to finalizing the financial statements in March 2007, and the failure to return the over-contribution of \$500 to Baif, are apparent contraventions of paragraphs 70(7) and 69(1)(m) of the Act, which require a candidate to only accept contributions from eligible contributors and, for contributions of money received in contravention of the Act, to return the funds to the contributor as soon as possible after the candidate becomes aware of the contravention.
- 3.35 If one of the contributions was from a joint venture on behalf of Criterion, the DiVona campaign did not obtain the correct contributor name at the time the contribution was received or prior to finalizing the financial statements. Accordingly, recording of this contribution under Baif as opposed to under the name of Criterion would represent an

apparent financial reporting contravention under Subsection 69(1)(f) and Section 78 of the Act.

Companies at 344 North Rivermede Road, Concord

3.36 Contributions were received from two companies with an address of 344 Rivermede Road, Concord, Ontario as follows:

Company Name	Address	Cheque Date	Amount of Contribution
Anacond Contracting Inc.	344 North Rivermede Road Concord	May 31, 2006	\$ 750
Jaspar Construction Corporation	344 North Rivermede Road Concord	June 19, 2006	750
TOTALS			\$ 1,500

3.37 We were provided extracts from the two companies' income tax returns, as requested. The information is consistent with these companies not being associated with each other for income tax purposes.

3.38 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to these contributions.

Companies at 700 Applewood Crescent, Suite 100, Vaughan

3.39 Contributions were received from two companies located at 700 Applewood Crescent, Suite 100, Vaughan, Ontario, as follows:

Company Name	Address	Date of Contribution	Amount of Contribution
Smart Centres Management Inc.	700 Applewood Crescent, Suite 100, Vaughan	July 5, 2006	\$ 750
Agau Development Ltd.	700 Applewood Crescent, Suite 100, Vaughan	November 7, 2006	750
TOTALS			\$ 1,500

3.40 The address of Smart Centres Management Inc. was listed in the financial statements as "700 Applewood Crescent, Suite 10, Vaughan" on the contributors' list. However, the corporate profile report of the company indicated that the address should be "700 Applewood Crescent, Suite 100, Vaughan."

- 3.41 We were provided the information we requested in relation to the above-noted companies, including extracts from 2006 income tax returns. This information is consistent with these companies filing their income tax returns as non-associated corporations for income tax purposes.
- 3.42 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to the receipt of these contributions.
- 3.43 However as the address of Smart Centres was incorrectly recorded, there is an apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*".

Companies at 3681 Rutherford Road, Vaughan

- 3.44 Contributions were received from two companies located at 3681 Rutherford Road, Vaughan, Ontario, as follows::

Company Name	Address	Cheque Date	Amount of Contribution
York Metal Recycling Ltd.	3681 Rutherford Road, Vaughan	July 5, 2006	\$ 750
Valley Mill Developments Ltd.	3681 Rutherford Road, Vaughan	July 5, 2006	750
TOTALS			\$1,500

- 3.45 Valley Mill Developments Ltd. was incorrectly recorded as "*Vaughan Mill Development Ltd.*" in the financial statements.
- 3.46 Claudio Iacobelli and Vincenzo Stagliano are the Directors and Officers of York Metal Recycling Ltd. and the registered office address as shown in the Corporation Profile Report is 562 Chrislea Road, Woodbridge, Ontario. Cesidia Iacobelli is the sole Director and Officer of Valley Mill Developments Ltd.
- 3.47 The external accountants provided the information we requested in relation to the above-noted companies, including extracts from 2006 income tax returns. This information is consistent with these companies filing their income tax returns as non-associated corporations for income tax purposes.
- 3.48 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to the receipt of these contributions.

- 3.49 However, as the name of Valley Mill Developments was incorrectly recorded, there is an apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.6 of our Report).

Companies at 11333 Dufferin Street, Maple

- 3.50 Contributions were received from two companies with an address of 11333 Dufferin Street, Maple, as follows:

Company Name	Address	Date of Contribution	Amount of Contribution
Rizmi Holdings Limited	11333 Dufferin Street, P.O. 663, Maple	July 7, 2006	\$ 750
611428 Ontario Limited	11333 Dufferin Street P.O. 663, Maple	July 11, 2006	750
TOTALS			\$ 1,500

- 3.51 The address for Rizmi Holdings Limited was incorrectly recorded in the financial statements as "*1133 Dufferin Street*", rather than "*11333 Dufferin Street*". The address for 611428 Ontario Limited was crossed out and changed to 219 Fort York, Toronto, on the financial statement filing.
- 3.52 Lucia Milani is the sole Director and Officer of Rizmi Holdings Limited and she was the signatory of an attached covering letter under the name of Rizmi Holdings Limited. Lucia Milani is also the sole Director and Officer of 611428 Ontario Limited. The Corporation Profile Report for 611428 Ontario Limited indicates that the mailing address is 11333 Dufferin Street, Maple, and the registered office address is 44 Uplands Avenue, Box 790, Thornhill, Ontario.
- 3.53 A memorandum from Cam Milani was attached to the reported contribution from 611428 Ontario Limited. The memorandum did not indicate an address or whether it is a personal contribution. A note was written to "*call Cam Milani & ask him if (the contribution was) from him or not and his new address.*"
- 3.54 Based on the response letter we received from Camillo Milani regarding our request for association information, we are satisfied that the second contribution, from 611428 Ontario Limited, was intended to be a personal contribution from Camillo Milani and that this information was provided to Mr. DiVona prior to finalization of his financial

statements, as well as providing Mr. DiVona with his new home address. The new address for Camillo Milani was listed on the financial statement filed with the City of Vaughan but the name of the contributor was not changed.

- 3.55 Based on the follow-up of the contribution by the candidate and the information provided at that time to the candidate, in our opinion, there are no apparent contraventions of the Act by the candidate related to the receipt of these contributions. We have not reviewed the contributor's financial records to determine whether the contribution was properly charged to Camillo Milani's shareholder loan account and thus cannot conclude if the contribution is an apparent contravention of the Act on the contributor's part.
- 3.56 In our opinion, however, there is an apparent financial reporting contravention of paragraph 69(1)(f) of the Act in relation to the second contribution, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.6 of our Report).

Companies at 80 Bass Pro Drive, Suite 21, Vaughan

- 3.57 Contributions were received from two companies with an address of 80 Bass Pro Drive, Suite 21, Vaughan, Ontario, as follows:

Company Name	Address	Date of Contribution	Amount of Contribution
Lancor Electric (1996) Ltd.	80 Bass Pro Drive, Suite 21, Vaughan	July 6, 2006	\$ 750
1583783 Ontario Limited	187 Weaver Court, Kleinburg (Registered Office Address: 80 Bass Pro Drive, Suite 21, Vaughan)	August 4, 2006	750
TOTALS			\$ 1,500

- 3.58 We were provided the information we requested in relation to the above-noted companies, including extracts from their income tax returns. This information is consistent with these companies filing their income tax returns as non-associated corporations for income tax purposes.
- 3.59 Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to the receipt of these contributions.

3.4 Unincorporated Businesses

- 3.60 The Ontario Municipal Elections 2006 Guide recommends that contributions from sole proprietorships and unincorporated businesses be recorded as contributions from the business owner(s).
- 3.61 The June 18, 2007 Affidavit of Mr. DeFrancesca listed 19 contributions that he alleged "...are not made by individuals or existing corporations and accordingly are not legal contributions..." Of the 19 contributors, the following 3 contributors were listed in this Affidavit and are addressed below.
- 3.62 In each case, Mr. DiVona responded via correspondence dated June 22, 2007 that included an extract from the website www.411.ca to prove that the contributor existed, but did not address the issue of whether the entities were legal contributors entitled to make a contribution.

Gambin RDQ, LLP

- 3.63 Gambin RDQ, LLP, Barristers and Solicitors, contributed \$250 to the DiVona campaign on August 27, 2006. The contribution included a covering letter under the firm's name, signed by Richard Gambin. The letter specified that the \$250 was the "firm's contribution" to the DiVona campaign. A contribution receipt was issued to "Gambin RDQ" and "Gambin RDQ, LLP" was listed as the contributor on the Financial Statements.
- 3.64 On December 28, 2008, Mr. DiVona provided a list of revised filing names of contributors to us via email. Gambin RDQ, LLP was revised to "Gambin LLP – Richard Gambin".
- 3.65 The Act only permits contributions from an individual normally resident in Ontario, a corporation that carries on business in Ontario, a trade union that holds bargaining rights for employees in Ontario, and the candidate and/or his or her spouse or same-sex partner (Subsection 70(3)). Subsection 70(7) of the Act only permits a contribution to be accepted from a person or entity entitled to make a contribution.
- 3.66 Gambin RDQ, LLP is a limited liability partnership, and is described as such on the cheque provided to the DiVona campaign. As unincorporated businesses, limited partnerships are not entitled to contribute to municipal election campaigns under Subsection 70(3) of the Act. However, the Ontario Municipal Election 2006 Guide recommends that candidates request a list of names on whose behalf a contribution was made and the amount contributed by each individual, and issue receipts to the individuals as opposed to recording the contribution under the name of the unincorporated group.

- 3.67 The DiVona campaign did not obtain a list of limited partners on whose behalf the contributions were received, but rather recorded the contribution under the name of Gambin RDQ, LLP, a limited partnership. No additional queries of Gambin RDQ, LLP were made by the DiVona campaign team through the financial statement finalization process.
- 3.68 Accordingly, in our opinion, receipt of this contribution is either an apparent contravention of Subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention under Subsection 69(1)(f) and Section 78 of the Act.

Strathallen Retail Property Fund LP No. 1

- 3.69 Strathallen Retail Property Fund LP No. 1 contributed \$750 to the DiVona campaign on November 28, 2006. No other documentation was attached to the cheque copy. A contribution receipt was issued to "*Strathallen Retail Pty Fund #1*" and "*Strathallen Retail Property Fund LP No. 1*" was listed as the contributor on the Financial Statements.
- 3.70 On December 28, 2008, Mr. DiVona provided a list of revised filing names of the contributors to us via email. Strathallen Retail Property Fund LP No. 1 was revised to "*Strathallen Capital Corp.*" This is inconsistent with the source of funds, being a bank account of a limited partnership.
- 3.71 The DiVona campaign did not obtain further information, such as a list of limited partners or the corporation name on whose behalf the contributions were received, but rather recorded the contribution under the name of Strathallen Retail Property Fund LP No. 1, a limited partnership. No additional queries of Strathallen Retail Property Fund LP No. 1 were made by the DiVona campaign team through the financial statement finalization process.
- 3.72 Accordingly, receipt of this contribution is either an apparent contravention of Subsections 70(3) and 70(7) of the Act or the receipting and recording of the contribution is an apparent financial reporting contravention under Subsection 69(1)(f) and Section 78 of the Act.

Pino Cea Production

- 3.73 The Financial Statements disclosed that a contribution in kind of \$500 was made by Pino Cea Production. A contribution receipt of \$500 was issued to "*Pino Cea Production*" with no address.

- 3.74 Mr. DiVona disclosed that Pino Cea is a renowned singer that Twilight Music Entertainment Services, the company that provided music and entertainment at the fundraising dinner, brought to perform with them at the fundraising dinner. Twilight Music and Entertainment Services did not charge for the performance of Pino Cea.
- 3.75 There was no invoice issued from Pino Cea Production for Pino Cea's performance. However, an instruction was given by Pino Sacco of Twilight Music Entertainment Services to issue a tax receipt of \$500 to "*Pino Cea Production*".
- 3.76 "*Pino Cea Production*" was listed on the contributors' listing with no "Limited" or "Inc." or other indication of whether the company was incorporated. A corporate search indicates that Pino Cea Production is not incorporated.
- 3.77 The address of Pino Cea Production on the contributors' listing is the same as that of Twilight Music Entertainment Services at "*115 Woodstream Blvd. Unit 8, Woodbridge, Ontario, L4L 8K5*".
- 3.78 Unincorporated businesses are not entitled to contribute to municipal election campaigns under Subsection 70(3) of the Act. However, the Ontario Municipal Election 2006 Guide recommends that candidates request a list of names on whose behalf a contribution was made and the amount contributed by each individual, and issue receipts to the individuals as opposed to recording the contributions under the name of the unincorporated group.
- 3.79 Accordingly, receipt of this contribution is either an apparent contravention of Subsections 70(3) and 70(7) of the Act or the receipting and recording of this contribution is an apparent financial reporting contravention of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*".

4 Our Findings - Expenses

4.1 Summary

4.1 Our compliance audit disclosed that total campaign expenses reported per Financial Statements filed by Mr. DiVona were overstated by \$3,052. These expenses were not election-related expenditures and should be paid to the City of Vaughan by the candidate to be held in trust as part of the surplus funds. Offsetting this amount is a returned contribution of \$750 paid personally by Mr. DiVona.

4.2 We identified the following apparent contraventions of the Act in relation to campaign expenses:

- (1) In our opinion, the payment of \$3,052.24 from campaign funds for items that were not election-related expenditures but rather either personal expenses, duplicate payments, or otherwise unsupported, is an apparent contravention of Subsection 67(1) of the Act, which states that expenditures must be for items used wholly or in part in the election campaign, and Subsection 69(1)(a) of the Act, which requires that the campaign accounts be used exclusively for the purposes of the election campaign (see Section 4.3 of our Report).

Payment of the above-noted expenses resulted in a reduction of funds that otherwise should have been retained in the campaign bank account and forwarded as surplus funds to the City Clerk. In our opinion, this is an apparent contravention of Subsection 69(1)(k), Section 78 and Subsection 79(4) of the Act (see Section 4.3 of our Report);

- (2) In our opinion, the failure to maintain adequate bookkeeping records for the "due to/from account" is an apparent contravention of one or more of Subsections 69(1)(a), (e), (g), and (k) and of Section 78 of the Act (see Section 4.3 of our Report);
- (3) Campaign expenses were paid personally by Mr. DiVona and not recorded in the Financial Statements. In our opinion, failure to pay campaign expenses through the campaign account is an apparent contravention of Subsection 69(1)(c) of the Act, which requires all payments for expenses be made from the campaign account. The non-recording of these expenses in the Financial Statements is an

apparent contravention of Subsections 69(1)(g) and (k) and Section 78 of the Act, which require that records are kept of every expense and that the Financial Statements "*be in the prescribed form*" (see Section 4.3 of our Report);

- (4) In our opinion, paying a company for services not rendered, having the cheque endorsed back to campaign personnel and using the cash to pay a portion of a \$3,000 invoice is an apparent contravention of Subsections 67(1), 69(1)(c) and (k) and Section 78 of the Act (see Section 4.5 of our Report);
- (5) In our opinion, excluding the value of contributed goods and services from campaign expenses is an apparent contravention of Subsection 67(2), Subsection 69(1)(k) and Section 78 of the Act (see Section 4.7 of our Report);
- (6) In our opinion, the improper reporting of goods and services to the campaign at no cost and the failure to issue receipts for the contributions are apparent contraventions of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.7 of our Report);
- (7) In our opinion, Schedule 2 of the financial statements should have only included ticket sales of approximately 350 and excluded contributions from those not intending to attend the fundraising event. In our opinion, this is a financial reporting contravention of Subsection 69(1)(i) of the Act, which requires that "*records are kept of the gross income from a fund-raising function and the gross amount of money received at a fund-raising function by donations of \$10 or less*" and Subsection 69(1)(k) and Section 78 of the Act, requiring that the financial statements be in the prescribed form (see Section 4.8 of our Report);
- (8) In our opinion, based on our interpretation of the Act, as there were no ticket sales associated with the barbeque event the costs of the barbeque event would likely not qualify as fundraising expenses. In our opinion, this is an apparent contravention of subsection 69(1)(k) and Section 78 of the Act, which require that financial filings be prepared in the prescribed form (see Section 4.9 of our Report);
- (9) In our opinion, the provision of the room at the Royalton for the election night event at no cost, or the failure to record the cost of the rental, was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.10 of our Report);

- (10) In our opinion, the improper reporting of the space at a reduced rental rate was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act (see Section 4.12 of our Report);
- (11) In our opinion, campaign expenses allocated to the incorrect expense categories are apparent contraventions of Subsection 69(1)(k) and Section 78 of the Act, which require that the Financial Statements be prepared in the prescribed form, consistent with the expense categories set out in Subsection 67(2) (see Section 4.13 of our Report); and
- (12) The adjusted campaign period expenses subject to limitation exceeded the spending limit of \$26,476 by \$9,436 if barbeque expenses are excluded from limitation, and by \$28,769 if barbeque expenses are subject to limitation, as detailed in the following table. In our opinion, this is an apparent contravention of Subsection 76(4) of the Act, which limits campaign expenses to an amount calculated in accordance with a prescribed formula (see Section 4.13 of our Report).

	Barbeque Expenses Excluded from Limitation	Barbeque Expenses Subject to Limitation
Reported expenses subject to limitation	\$ 20,962	\$ 20,962
LECG adjustments as per Schedule 1 of the Report	14,950	34,283
<i>Adjusted expenses subject to limitation</i>	35,912	55,245
Campaign spending limit	26,476	26,476
<i>Excess over campaign limit</i>	\$ 9,436	\$ 28,769

4.2 Introduction and Our Approach to Reviewing Disbursements

- 4.3 Mr. DiVona primarily managed his own campaign finances, with the assistance of his spouse, Silvana DiVona. The campaign's Statement of Campaign Period Expenses was prepared based on an Excel spreadsheet of expenses maintained personally by Mr. DiVona.
- 4.4 Mr. Divona cooperated fully with the compliance audit process and provided detailed explanations and available supporting documents as requested. However, we found the general organization of the accounting records for campaign expenditures to be sloppy in relation to the process the campaign used for paying minor expenses (see following paragraphs), the incompleteness of supporting documentation for some expenses, the approach used to allocate expenditures to financial statement categories, and the payment of personal expenses from the campaign account in lieu of reimbursing the candidate for campaign-related expenses.
- 4.5 Most campaign expenses were paid by issuing cheques from the campaign bank account. However, some campaign expenses were incurred and paid for personally by Mr. DiVona or his wife and were reimbursed through a "due to/from account". Mr. DiVona advised us that that all campaign invoices not paid for by the campaign bank account were to be placed in a secure box and cheques were to be issued from the campaign bank account to reimburse himself or his wife for these expenses.
- 4.6 The Municipal Elections 2006 Guide recognizes that a petty cash fund may be appropriate for payment of minor expenses (page 33). A petty cash fund normally is funded through a cheque payable to the custodian of the petty cash. Payments are then made from the petty cash fund for minor expenses. The petty cash fund is replenished as needed, with the amount of the replenishment being the dollar value of receipts paid for from the petty cash fund. At any point in time, the total receipts and petty cash on hand should equal the amount initially funded.
- 4.7 Although this is not actually how Mr. DiVona's "due to/from account" operated, it is a general description of how the account should have operated.
- 4.8 Most reimbursement cheques to Mr. DiVona's "due to/from account" were supported by either a handwritten list of amounts or a spreadsheet listing the expenses, with the listing attached to an envelope containing the corresponding receipts and invoices. However, certain reimbursements were made in anticipation of sufficient expenses having been incurred, without matching the payment to specific election-related expenses.

- 4.9 Paragraph 67(1) of the Municipal Elections Act states that "*costs incurred for goods and services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses*". This implies that an expense does not have to be wholly related to the election to qualify – it only has to be "partly" for use in the election. Our approach to reviewing campaign expenditures included considering whether expenditures were incurred wholly or partly for campaign purposes.
- 4.10 Mr. DiVona provided us with a spreadsheet listing all campaign cheque payments and a reconciliation of the "due to/from account" that compared campaign expenses incurred through the "due to/from account" to reimbursement cheques from the campaign bank account. The due to/from account reconciliation and the spreadsheet were evaluated to determine whether:
- The expenses were recorded accurately in the Excel spreadsheet / financial records of the campaign;
 - The expenses were adequately supported by receipts or other documentation;
 - The expenses were appropriately incurred by the campaign for campaign purposes; and
 - The allocation of the expenses into various expense categories was appropriate.
- 4.11 We also reviewed Mr. DiVona's expenditures claimed through the City of Vaughan to determine whether any expenses were double-claimed through both the City of Vaughan and the campaign.

4.3 Our Findings – Reimbursements and the “Due to/from Account”

- 4.12 The reconciliation of the “due to/from account” prepared by the DiVona campaign disclosed expenses of \$16,092.58 and a total reimbursement of \$15,984.03, resulting in unreimbursed expenses of \$108.55.
- 4.13 Our compliance audit determined that the reconciliation was inaccurate as it did not include all reimbursements or properly reflect all expenses. We determined that Mr. DiVona received \$3,052.24 of reimbursements to which he was not entitled, as detailed in Schedules 3 and 4 of our Report and summarized as follows:

	Issue	Amount
1.	Payment to Mr. DiVona for car repairs that were paid by the insurance company	\$ 1,316.96
2.	Expenses claimed twice – identified by the campaign	1,317.39
3.	Expenses claimed twice – not identified by the campaign	1,000.37
4.	Expense reimbursed by both the campaign and the City	293.19
5.	Personal expenses paid by the campaign	168.91
6.	Returned merchandise	222.21
7.	Unsupported expenses	17.00
8.	Transposition or other errors in the reconciliation	(9.60)
9.	Less: Non-reimbursed campaign expenses in the “due to/from account”	(431.19)
	Sub-total prior to unrecorded expenses	3,895.24
10.	Less: Campaign expenses paid personally by Mr. DiVona and not recorded in the Financial Statements	(843.00)
	Total Over-Reimbursement	\$ 3,052.24

- 4.14 Further background to the above items is as follows:

(1) Payment to car repair company

Mr. DiVona advised us that his vehicle was damaged in a parking lot while attending the All Candidates Meeting in October 2006. An invoice dated October 31, 2006 disclosed that Mr. DiVona incurred car repair expenses of \$3,949 at Roy Foss Chevrolet Ltd. Of the total cost, \$1,316.96 was charged for painting the

vehicle. The invoice indicated that the customer paid a \$1,000 deductible on the repair costs while the remaining charges were paid directly by All State Insurance to Roy Foss Chevrolet.

We confirmed with Roy Foss Chevrolet Ltd. that \$2,949 of the car repair invoice was paid by the insurance company and only the \$1,000 deductible was paid by Mr. DiVona. The \$1,000 deductible was paid by cheque from the campaign bank account. A further campaign cheque of \$1,316.96 was paid to "B. DiVona" as a reimbursement related to the car repair costs. As the insurance company paid all but \$1,000 of the repair costs, including the \$1,316.96 amount for painting the vehicle, the \$1,316.96 reimbursement represents a duplicate payment and a personal benefit to Mr. DiVona.

The Financial Statements incorrectly recorded the payment of the \$1,000 deductible as "*Salaries & Benefits/Professional Fees*" and the duplicate payment of \$1,316.96 as fundraising expenses.

Mr. DiVona advised us that the payment of \$1,316.96 was to cover other expenses he had incurred personally during the campaign. However, as detailed in the Table above, the total additional expenditures do not cover all of the over-reimbursements.

(2) Expenses claimed twice – identified by the campaign

The campaign identified several amounts totalling \$1,317.39 that were paid twice in error and adjusted for these amounts in Mr. DiVona's "due to/from account" reconciliation, as follows:

- i. Sams Club - \$797.05 of purchases on September 10, 2006 paid directly from the campaign bank account and also included in the reimbursement of \$2,877.12 to Silvana DiVona in March 2007; and
- ii. Bowling - \$520.34 of purchases on November 25 and 26, 2006 were reimbursed to "S. DiVona" on November 24, 2006 and included again in the reimbursement of \$2,524.52 to Silvana DiVona in March 2007.

(3) Expenses claimed twice – not identified by the campaign

We identified a further \$1,000.37 of double-counted expenses in the "due to/from account" reconciliation, including restaurant charges, a cake for the appreciation

dinner, and office and postage expenses that were claimed once using the actual invoice and a second time using credit card receipts.

(4) Expenses reimbursed by both the campaign and the City

The campaign expenses included the purchase of a printer/fax machine for \$293.19 on January 27, 2006. The invoice for the printer/fax machine was included as part of a reimbursement of \$3,000 from the campaign bank account in November 2006. The same invoice was also submitted to the City of Vaughan and charged to Council Expenditures under Mr. DiVona's account "Office Equipment & Furniture". As a result, Mr. DiVona was reimbursed twice for the expense.

Mr. DiVona returned the printer/fax on July 13, 2006 for a refund / credit towards the purchase of a new printer (see item (6)).

(5) Personal expenses

The expenses reimbursed through the "due to/from account" included \$168.91 of expenses that, in our opinion, are personal as opposed to campaign expenses. In most instances these purchases were included on cash register receipts also containing election related expenses. They include bedding, health products and gardening expenses. We have adjusted for personal expenses of \$168.91. Mr. DiVona, on reviewing these items, agreed that they were personal expenses.

(6) Returned merchandise

We identified \$222.21 of merchandise that was returned and not properly accounted for in the "due to/from account" reconciliation.

These included an inkjet printer / fax machine purchased in January 2006 that was expensed through the campaign (see item (4) above). In July 2006, the printer was returned and a credit was given towards the cost of a new printer. The full cost of the new printer, without the credit of \$158.97 for the returned printer, was recorded as a campaign expense.

The "due to/from account" also included a refund of \$63.24 for a returned item that was recorded as a purchase as opposed to a refund.

(7) Unsupported expenses

Expenses of \$17 had inadequate supporting documentation.

(8) Transposition or other errors in the reconciliation

We identified \$9.60 of net errors in relation to summarizing the expenses in the "due to/from account" reconciliation.

(9) Non-reimbursed campaign expenses in the "due to/from account"

As a result of not properly matching reimbursements to specific campaign expenses, the campaign owed a net amount of \$431.19 to Mr. or Mrs. DiVona for campaign expenses incurred but not reimbursed through the "due to/from account".

These included a reimbursement of \$3,000.00 related to campaign expenses of \$3,122.86. A campaign cheque was issued to Fabrizi Roofing for \$3,000 for work performed on Mr. DiVona's personal residence.¹⁰ Mr. DiVona advised us that he believed that he was owed in excess of \$3,000 for campaign disbursements at the time of the payment. He advised that he essentially skipped a step in that the reimbursement should have been paid to him personally and he, in turn, should have issued a personal cheque to Fabrizi Roofing.

(10) Expenses paid personally by Mr. DiVona and not recorded in the Financial Statements

During the course of the compliance audit, Mr. DiVona produced invoices and payment information for the following additional campaign expenses that were paid by him personally and were not recorded in the campaign's Financial Statements:

- i. Multicom Media Services Ltd. of \$318 incurred for the barbeque event advertising on October 29, 2006;
- ii. Mosto California Grape Ltd. of \$525 incurred to purchase wine for the barbeque event on September 22, 2006.

We accept that these are campaign expenditures that should have been paid by the campaign and recorded in the Financial Statements.

However, in our opinion, failure to pay these expenses through the campaign account is an apparent contravention of Subsection 69(1)(c) of the Act, which

¹⁰ We confirmed with Fabrizi Roofing and Aluminum that roof work was performed on Mr. DiVona's residence at 211 Embassy Drive, Woodbridge.

requires all payments for expenses be made from the campaign account. The non-recording of these expenses in the Financial Statements is an apparent contravention of Subsections 69(1)(g) and (k) and Section 78 of the Act, which require that records are kept of every expense and that the Financial Statements "be in the prescribed form".

- 4.15 As a result of the above items, in our opinion, the payment of \$3,052.24 from campaign funds for items that were not election-related expenditures but rather either personal expenses, duplicate payments, or otherwise unsupported, is an apparent contravention of Subsection 67(1) of the Act, which states that expenditures must be for items used wholly or in part in the election campaign, and Subsection 69(1)(a) of the Act, which requires that the campaign accounts be used exclusively for the purposes of the election campaign.
- 4.16 Payment of the above-noted expenses resulted in a reduction of funds that otherwise should have been retained in the campaign bank account and forwarded as surplus funds to the City Clerk. In our opinion, this is an apparent contravention of Subsection 69(1)(k), Section 78 and Subsection 79(4) of the Act.
- 4.17 In our opinion, the failure to maintain adequate bookkeeping records for the "due to/from account" is an apparent contravention of one or more of Subsections 69(1)(a), (e), (g), and (k) and of Section 78 of the Act.
- 4.18 Specifics of the failure to maintain proper records include:

Batches of mixed expenditures were allocated to expenses without limitation whereas the batch included some expenses more appropriately allocated to expense categories subject to limitation;

Recording the car repair payments of \$1,000 as salaries and benefits / professional fees expense and \$1,316.96 as fundraising expense, where at most \$1,000 should have been recorded, arguable as fundraising expense;

Expenses paid in cash or personally by Mr. or Mrs. DiVona and subsequently reimbursed by the campaign without adequate bookkeeping or record keeping;

Certain expenses claimed were double-counted, where one of the expenses was claimed through the City of Vaughan and again through the campaign;

Certain expenses claimed were of a personal nature and included returns of goods that were not accounted for properly;

For certain expenses, inadequate supporting documents were kept and other records were produced that had not been retained with the campaign records;

Some campaign expenditures were paid for personally and not recorded in the Financial Statements; and

Personal spending was mixed with campaign finances in that the candidate paid personal expenses through the campaign's bank account to offset expenditures made by Mr. or Mrs. DiVona.

4.4 Campaign Expenses Partly for Use in the Election

4.19 We identified several expenses that Mr. DiVona claimed were used in the election campaign. As Section 67(1) of the Act includes expenses used in whole or in part in the election campaign as campaign expenses, we evaluated the following expenditures and concluded that the items were used at least "in part" for the election campaign:

- (1) An expense of \$818.48 paid to "Moore's Clothing for Men Woodbridge" on September 22, 2006 for men's clothing (clothing for Mr. DiVona that he advised was used in the all candidate's meeting or other campaign events);
- (2) An expense of \$227.40 on July 2, 2006 for clothing for the candidate's spouse to wear to the fundraising event;
- (3) An expense of \$477.99 for a 12 piece cookware set used in the BBQ event and given to one of the volunteers after the event;¹¹
- (4) An expense of \$1,710.00 for an espresso machine, invoice dated November 29, 2006 (used at the election day event and retained by Mr. DiVona);
- (5) An expense of \$528.69 for a wine cooler and a bar fridge, invoice dated July 15, 2006 (Mr. DiVona advised that the items, although purchased in July 2006, were intended for use at the BBQ event);
- (6) Dry cleaning costs of \$117.06 (Mr. DiVona advised related to clothing used in the election campaign); and

¹¹ This purchase was included in a Costco receipt dated October 27, 2009 for a total expense of \$1,157.07. The invoice indicated that there were 3 purchased items. However, details of the other two expense items for \$612.16 were illegible. Due to the date proximity to the BBQ event, we did not adjust for these expenses.

- (7) Grocery costs of approximately \$426 incurred prior to September 30, 2006 and an additional \$473 incurred in the first 2 weeks of October. We could not determine the portion of groceries used personally as opposed to used in the campaign office.
- 4.20 Mr. DiVona acknowledged that the receipts may contain some personal expenses such as groceries but he claimed that there were other campaign expenses that he or his wife incurred that offset those personal expenses.
- 4.5 Expenses Paid Using Cash**
- 4.21 A number of the items reimbursed through the "due to/from account" were paid by the candidate or his spouse in cash, similar to the use of a petty cash fund. We concluded that the minor expenses paid with cash were not apparent contraventions of the Act based on the guidance in the Municipal Elections 2006 Guide related to petty cash funds.
- 4.22 An expense of \$3,000 was paid using cash. Of the \$3,000 total cost, \$1,000 of cash was accounted for through the "due to/from account", \$1,950 was obtained by cashing a cheque payable to a party who did not provide any services to the campaign related to the payment and who endorsed the cheque back to the candidate's spouse, and \$50 was not otherwise expensed by the campaign.
- 4.23 The campaign provided a cheque for \$1,950 to Computer Media Solutions, who acknowledged that they had not provided any services to the campaign related to the payment. They advised that they endorsed the cheque to Mrs. DiVona. Mr. DiVona informed us that his spouse cashed the cheque and that the cash was used to pay part of the cost of an event held at Renaissance Parque on December 6, 2006.¹² Mr. DiVona advised us that the banquet hall provided a better price if paid in cash as opposed to by cheque.
- 4.24 In our opinion, paying a company for services not rendered, having the cheque endorsed back to campaign personnel and using the cash to pay a portion of a \$3,000 invoice is an apparent contravention of Subsections 67(1), 69(1)(c) and (k) and Section 78 of the Act.

¹² Renaissance Parque Dining, Banquet & Convention Centre Ltd. is now operating under the name Riviera Parque Dining, Banquet & Convention Centre Inc.

4.6 Legal Fee Retainer

- 4.25 A legal fee retainer of \$1,500 was paid to Christopher Ashby, Barrister, on October 2, 2006. As at October 31, 2006, \$790.23 of legal fees was incurred on legal matters in relation to a claim against Mrs. Rosanna DeFrancesca, leaving a trust balance of \$709.77.
- 4.26 On December 30, 2006, an additional legal fee retainer of \$3,500 was paid to Christopher Ashby through the candidate's campaign account based on Mr. Ashby's estimate of future legal fees related to the matter. As a result, a trust balance of \$4,209.77 was accumulated at the end of the campaign period.
- 4.27 We reviewed legal invoices up to October 3, 2007 and determined that a trust balance of \$457.51 remained as at that date. The candidate indicated, and we accept, that all of the funds were used for legal fees and that no trust refunds were refunded to him personally.
- 4.28 Although legal fees were incurred after the election campaign period, in our opinion, the legal fee retainer represents an accrual of campaign expenses related to the election campaign. Accordingly, in our opinion, there are no apparent contraventions of the Act by the candidate related to these expenses.
- 4.29 Although the legal fees do not relate to a disputed election or a requested recount, and as Mr. DiVona obtained a legal opinion that the legal expenses were not subject to limitation, we have accepted this characterization of these expenses.

4.7 Contributed Goods and Services

- 4.30 The DiVona campaign reported contributions in kind, at fair market value, of \$4,654.80. These contributions were recorded in Schedule 2 (Fund-Raising Activities) of the Financial Statements but the candidate did not include them as expenses under their appropriate categories.
- 4.31 As a result, campaign expenses reported in the Financial Statements were understated by \$4,654.80. The allocation of contributed goods and services was as follows:
- (1) Fundraising expenses - \$1,100;
 - (2) Barbeque event expenses - \$2,054.80;
 - (3) Office expenses - \$750; and
 - (4) Voting day expenses - \$750.
- 4.32 In our opinion, not recording the contributed goods and services as expenses in the financial statements is an apparent contravention of Subsection 67(2)2 of the Act, which

requires the inclusion of the value of contributions of goods and services as expenses. In addition, this is an apparent financial reporting contravention of Subsection 69(1)(k) and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*".

- 4.33 Our audit identified the following additional unreported contributions of goods and services (as detailed in Schedule 1):
- (1) Pumpkins for the barbeque event - \$500. We were advised by the contributor of the pumpkins that they provided 800 to 900 pumpkins to the campaign for no cost, whereas the pumpkins had a value of approximately \$0.60 each;
 - (2) Additional rent for the campaign office – \$800 or \$1,550 (see Section 4.12 of the Report); and
 - (3) Additional costs for the election night - \$750 (see Section 4.10 of the Report).
- 4.34 In our opinion, the improper reporting of these goods and services at no cost to the campaign and the failure to issue receipts for the contributions are apparent contraventions of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act.
- 4.8 The Fundraising Event**
- 4.35 The main fundraising event was held at the Royalton Banquet & Convention Centre Ltd. on Thursday, July 6, 2006.¹³ Tickets were sold at \$150 per person or a table of 5 for \$750 (equivalent to \$150 per person). Mr. DiVona indicated that approximately 350 people attended the function, plus 15 volunteers.
- 4.36 Part I of Schedule 2 (Fund-raising Activities) of the Financial Statements reported that 500 tickets were sold at \$150 per ticket for the July 6, 2006 fundraising event, for total ticket revenue of \$75,000.
- 4.37 An all inclusive rate of \$30 per person was provided by the Royalton. Mr. Robert Marra, the previous owner of the Royalton, stated that offering an all inclusive rate without

¹³ The Royalton was located in the same plaza as Mr. DiVona's campaign office. The Royalton Banquet & Convention Centre Ltd. went bankrupt and new management began operating in February 2008. We obtained a function agreement and an invoice of Mr. DiVona's fundraising function from the Trustee of the Royalton and contacted the previous owner for additional information related to the function.

charging for room rental is a normal practice. The rate of \$30 was based in part on the campaign providing a fairly basic food menu.

- 4.38 The function agreement provided to us by Mr. DiVona had a handwritten note of "400 @ \$30 = 12,000". However, a cheque for \$11,000 was paid from the campaign bank account and recorded in the Financial Statements.
- 4.39 We obtained an invoice and a function agreement directly from the Trustee of the Royalton that disclosed an invoice amount of \$11,000, equivalent to approximately 360 people attending the function, based on the \$30 per person rate.
- 4.40 Mr. Robert Marra advised us that there were no services not invoiced to the DiVona campaign and that the event costs were paid entirely by cheque.
- 4.41 The fundraising solicitation form for the fundraising event stated the price of a ticket and also provided a "contribution only" option with an accepted maximum contribution of \$750.
- 4.42 According to Mr. DiVona, 350 people plus an additional 15 volunteers attended the fundraising event. He advised that the reporting of 500 tickets sold for the event included amounts related to contributions matched to the fundraising solicitation letters rather than to the number of tickets sold.
- 4.43 Based on the available information, in our opinion, Schedule 2 of the financial statements should have only included ticket sales of approximately 350 and excluded contributions from those not intending to attend the fundraising event. In our opinion, this is a financial reporting contravention of Subsection 69(1)(i) of the Act, which requires that "*records are kept of the gross income from a fund-raising function and the gross amount of money received at a fund-raising function by donations of \$10 or less*" and Subsection 69(1)(k) and Section 78 of the Act, requiring that the financial statements be in the prescribed form.
- 4.9 **BBQ Event**
- 4.44 One fundraising event with ticket revenue was identified in Schedule 2 (Fund-Raising Activities) of the Financial Statements. The barbeque event was listed as a separate event under "*Part II - Other Revenue Deemed a Contribution.*"

- 4.45 As noted in Section 1.5 of this Report, the Act does not define costs of fundraising functions, but the Municipal Elections 2006 Guide states that fund-raising functions are events "*for which there is an admission charge*".¹⁴
- 4.46 We reallocated campaign expenses in order to determine the total cost of the barbeque event. We determined that it cost the campaign a total of \$19,332.90, including costs allocated to fundraising, costs not otherwise recorded in the financial statements and reallocations from other accounts such as advertising.
- 4.47 We interpret the Act as intending that fundraising expenses include only direct costs of fundraising events and costs associated with raising funds from the sale or auction of goods or services. Mr. DiVona did not sell tickets to the barbeque event. However, he did solicit funds from contributors to sponsor the barbeque event, with the campaign providing special event service to sponsors, including priority seating, table service and advertising.
- 4.48 As Mr. DiVona's campaign advertised and accounted for the barbeque event as a fund-raising event, and raised money from sponsors and contributors as a result of the event, one could argue that the event meets the requirements of the Act.
- 4.49 Based on our interpretation of the Act, as there were no ticket sales associated with the barbeque event, the costs of the barbeque event would likely not qualify as fundraising expenses. In our opinion, this is an apparent contravention of subsection 69(1)(k) and Section 78 of the Act, which require that financial filings be prepared in the prescribed form.
- 4.50 For purposes of our Report, we have calculated the expenses subject to limitation both from the perspective that the barbeque event was a fund-raising event and from the perspective that it was not. In either situation, in our opinion, Mr. DiVona's campaign spending exceeded the campaign limitation, as addressed in Section 4.13 of this Report.
- 4.10 Election Night Event**
- 4.51 Mr. DiVona advised us that, due to the limited space at his campaign office, the election night event for family and volunteers was held next door at the Royalton. He advised that this function was not advertised and was not intended for the general public. Food was brought to the event by volunteers and leftover food was provided from the barbeque event.

¹⁴ Pages 26 and 27 of the Ontario Municipal Election 2006 Guide.

- 4.52 The campaign did not record any room rental costs for this event. Mr. DiVona advised us that a credit was carried forward from the fundraising event that was applied to the cost of this event and thus there were no charges from the Royalton.
- 4.53 Mr. Robert Marra, the previous owner of the Royalton, indicated that the function was held in one of the rooms at the Royalton. He advised that there should be a contract for the event and that the room rental for the night would have been approximately \$750. He advised that there was no carry-forward amount from the fundraising event.
- 4.54 We contacted the trustee of the Royalton for a copy of the contract and any information on file in relation to the use of the Royalton room for election night purposes but have yet to be provided the information.¹⁵
- 4.55 For purposes of our Report, we have assumed that the fair value of the rental for election night was \$750.
- 4.56 In our opinion, the provision of the room at the Royalton for the election night event at no cost, or the failure to record the cost of the rental was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act.
- 4.11 Volunteer Appreciation Dinner**
- 4.57 Mr. DiVona held an appreciation dinner for his volunteers at the Renaissance Parque on December 6, 2006.¹⁶ Mr. DiVona stated that approximately 100 people attended the dinner. Each volunteer received a gift of a vase and chocolates as appreciation gifts.
- 4.58 The dinner was invoiced at \$30 per person for a total of \$3,000, paid in cash. Mr. DiVona also brought a cake, cookies and wine for the function.
- 4.59 Renaissance Parque confirmed to us that the function cost was \$3,000 and that there were no other services not invoiced to, or paid by, the DiVona campaign.

¹⁵ The trustee of the Royalton advised us that the information would available to us next week.

¹⁶ Renaissance Parque Dining, Banquet & Convention Centre Ltd. is now operating under the name Riviera Parque Dining, Banquet & Convention Centre Inc.

4.12 Rental of Campaign Office

- 4.60 Issue #6 of the Affidavit of Carlo DeFrancesca dated June 4, 2007 alleged that the rent recorded for Mr. DiVona's campaign office in the Financial Statements was less than fair market value.
- 4.61 The Applicant alleged that the office space occupied by the DiVona campaign of approximately 2,865 square feet was below fair market value of \$11,135.44 at \$14 per square foot plus T.M.I. of \$4.85 per square foot and that the difference was not recorded as contributed goods and services.¹⁷ The Applicant also alleged that recording the rent at fair market value would result in an over-contribution by one contributor.
- 4.62 Mr. DiVona did not enter into a written lease in relation to the rental of the campaign office. He asserts that a six week verbal lease on an "as-is" basis was agreed upon between the landlord and Mr. DiVona.
- 4.63 An unsigned Affidavit from the landlord stated that:
- (1) The Westplex Centre Inc. is the owner of the property;
 - (2) The premises were rented for approximately the six week period from the end of September to the municipal elections in November;
 - (3) The rent was agreed to be \$625 for six weeks, which he believes to be fair market value. In addition, Mr. DiVona was required to clean the premises and paint the floor at his own expense;
 - (4) The leased office space was approximately 500 square feet, except that the rear portion of the unit was used for one day for the barbeque event;
 - (5) The lease entered into subsequently for the space was at a lesser amount than the advertised price sought by the landlord.
- 4.64 Mr. DiVona indicated that the premises were not in a "move-in" condition as the unit was undergoing installation of a new roof and had experienced water leakages, there was debris on site, and the place had been empty for two years, thus requiring significant clean up before occupying the space on September 24, 2006. He advised that it took several volunteers approximately 5 days to fully clean the unit, and that obtaining the unit "as is" impacted the price paid for the unit. He also advised that he was permitted to install signs in the windows of the premises prior to the actual start date of the verbal lease.

¹⁷ As supported by an MLS Listing provided by the Applicants.

- 4.65 Based on our review of the timing of getting extra keys and installing phone lines, as well as corroborating information from volunteers, we accept that the space was not used as a campaign office, other than in relation to window advertising, prior to September 24 or 25, 2006. This timing results in a period of seven weeks.
- 4.66 Mr. DiVona advised us that the size of the office area was much smaller than alleged, with locked doors separating the rear area and with no power in the rear portion of the unit. Mr. DiVona claimed that his campaign only used the entire space for one day to hold the barbeque event. Accordingly, Mr. DiVona claims that the market value of the rent should be much lower than alleged.
- 4.67 The Financial Statements indicated that the candidate paid \$650 in office rent to Humberplex Development and issued a contribution receipt of \$750 to Wycliffe Management Inc. for maintenance of the premises. This amount was recorded as a contribution but not included in campaign expenses. As the unsigned Affidavit from the landlord contains no reference to Wycliffe, we have excluded the contribution receipt to Wycliffe from our evaluation of the costs paid for the leased space.
- 4.68 Volunteers on the campaign team who worked out of the campaign offices provided us the following information:
- (1) Volunteers began working out of the campaign offices from approximately late September to election day;
 - (2) The space contained two offices that were used for the campaign. A space behind the two offices was used for assembling and storing campaign signs; and
 - (3) Volunteers who handed out flyers / brochures normally used the front door, and volunteers assembling and putting up signs normally used the rear door.
- 4.69 We concluded that the office space for the campaign was not the total available space of 2,865 square feet but rather approximately 1,500 square feet, being the portion of the space used for offices and sign storage. We also concluded that the fair market value of long term leases would be less than the listed amount.
- 4.70 We accept that 50% of longer term lease rates is a reasonable estimation of the fair value of shorter term leases. Using a longer term lease rate of \$12 per square foot for the estimated 1,500 square feet, and discounting by 50%, produces weekly rent of approximately \$175, or \$1,200 for seven weeks. TMI, at \$4.85 per square foot, is an additional \$140 per week, or a total of \$980. The seven week total is thus approximately \$2,200 (including TMI), as compared to the payment of \$650. This represents a contribution in kind of \$1,550 or, if the Wycliffe contribution in kind was related to rent, of \$800.

4.71 In our opinion, the improper reporting of the space at a reduced rental rate was an apparent contravention of Subsections 69(1)(d) and (e) of the Act. Further, in our opinion, not recording these expenses as contributions in kind and not recording the related campaign expenses as such was an apparent contravention of paragraph 69(1)(k) of the Act and Section 78 of the Act.

4.13 Allocation of Items in Financial Statements

4.72 We reviewed the allocation of cost items reported in the Statement of Campaign Period Income and Expenses in the Financial Statements. The Financial Statements reported expenses subject to limitation of \$20,961.90, \$5,514.10 less than the campaign expense limitation of \$26,476.

4.73 The costs of holding fundraising events and certain other expenses are not subject to limitation. We reviewed expenses to determine whether they were allocated to appropriate accounts. Our approach included:

- (1) Reviewing expenses paid by cheque and reallocating certain of the payments to other accounts (see Schedule 2);
- (2) Reviewing expenses paid through the due to/from account and reallocating certain of the expense items to different accounts. We reviewed these expenses individually, whereas the campaign financial records grouped many of these expenses and allocated the entire grouping to fundraising expense (see Schedule 3); and
- (3) We adjusted the financial statements for the above reallocations and also included amounts not otherwise included in the financial statement expenses, such as contributed goods and services (see Schedule 1).

4.74 The explanations for the reallocations are included in the "Details" or "Description" and "Comments" sections of Schedules 2 and 3. Examples include:

- (1) We allocated numerous expenses from fund-raising to barbeque expenses – a category we created to separately identify barbeque as opposed to other event costs;
- (2) We allocated \$900, or 50% of the cost of website design, to advertising, as we concluded that the website, although used at the July fundraising event, was also used for promoting the campaign and was accessible to voters and interested parties;

- (3) We allocated \$318.00 of advertising run on November 1, 2006, \$1,461.46 of advertising run on November 10, 2006 and \$469.07 for advertising run on November 12, 2006 to advertising from "excluded advertising" as it occurred after any fund-raising events and was unrelated to the barbeque event;
 - (4) We allocated \$2,462.40 and \$837.90 for printing newsletters to brochures from fund-raising and excluded advertising cost categories as we concluded the newsletter was primarily a campaign brochure. We also allocated an additional payment of \$2,462.40 expense related to advertising the barbeque from fund-raising expense to barbeque expense;
 - (5) We allocated bank charges of \$69.48 to subject to limitation from not subject to limitation;
 - (6) We allocated the \$1,000 deductible paid for car repairs to "Other expense – subject to limitation" as the damage occurred in relation to the all candidate's debate as opposed to at a fund-raising related expense;
 - (7) We allocated the wine cooler and bar fridge 50% to office and 50% to the barbeque event as it was purchased and available for office use as well as for the barbeque event; and
 - (8) We allocated numerous small costs for food and restaurants to office expense from fundraising expenses based on the timing of the expenses. Where Mr. DiVona advised us that the expenses related to planning of the barbeque event we allocated those costs to the barbeque event.
- 4.75 In our opinion, campaign expenses allocated to the incorrect expense categories as noted above are apparent contraventions of Subsection 69(1)(k) and Section 78 of the Act, which require that the Financial Statements be prepared in the prescribed form, consistent with the expense categories set out in Subsection 67(2).
- 4.76 The following table lists compares amounts reported in the Financial Statements to amounts as reallocated by LECG, with the barbeque event included in "not subject to limitation" whereas in our opinion it is most likely not a fund-raising event:

Expenses	As Reported – Per Candidate’s Financial Statements		Adjusted – Per LECG (Schedule 1 of Report)	
	Subject to Limitation	Not Subject to Limitation	Subject to Limitation	Not Subject to Limitation
Campaign Spending Limit	<u>\$26,476</u>		<u>\$26,476</u>	
Accounting	N/A	500	N/A	500
Advertising	3,611	6,028	5,191	0
Bank Charges	0	69	69	0
Brochures	8,821	N/A	11,620	N/A
Fundraising	N/A	42,772	N/A	18,137
Barbeque Expenses	0	0	0	19,333
Office Expenses	2,020	2,423	11,372	0
Salaries & Benefits / Professional Fees	0	6,150	535	5,000
Signs	6,510	N/A	6,125	N/A
Voting Day Party / Appreciation Notices	N/A	5,107	N/A	8,782
Other Expenses	0	0	1,000	0
Total Expenses	\$20,962	\$63,049	\$35,912	\$51,752
Overspending	n/a		\$9,436	

- 4.77 Our calculation of expenses subject to limitation is \$35,912, which exceeded the campaign expense limitation of \$26,476 by \$9,436. If it is concluded that the barbeque event was a fundraising event, our calculation of expenses subject to limitation would be \$55,245, which exceeds the campaign spending limit by \$28,769.
- 4.78 In our opinion, the reallocated costs result in expenses subject to limitation exceeding the campaign spending limitation, an apparent contravention of Subsection 76(4) of the Act, which limits campaign expenses to an amount calculated in accordance with a prescribed formula.
- 4.14 Distribution of Newsletters**
- 4.79 Mr. De Buono alleged that Mr. DiVona used City resources to print and send a newsletter to all of Vellore, at a cost of approximately \$609.97 before GST.
- 4.80 The schedule in Section 4.14, above, includes \$11,620 as the cost of brochures, as adjusted by LECG. These costs include the cost of printing and distributing an election-related newsletter, as well as distribution of other election campaign materials. We did not identify any inappropriate election-related mailings paid for by the City of Vaughan on behalf of Mr. DiVona.

5 Our Findings – the Financial Statements

5.1 Summary

5.1 We identified the following apparent contraventions of the Act:

- (1) In our opinion, the imprecise recording of certain contributor names, the failure to record addresses or complete addresses for all contributors, and the recording of certain contributions under the name of an unincorporated business as opposed to the names of the business owners are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.2 of our Report); and
- (2) In our opinion, failure to disclose complete inventory on hand at the end of the campaign period is an apparent financial reporting contravention of Subsection 69(1)(k) and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*" (see Section 5.3 of our Report).

5.2 Financial Statement Disclosure of Contributor's Names and Addresses

5.2 Certain business names were included in the contributors' listing with no "Limited" or "Inc." or other indication of whether the companies were incorporated, consistent with the supplementary affidavit of Carlo DeFrancesca dated June 18, 2007. Where we determined that the businesses were unincorporated, they are addressed in Section 3 of this Report. Otherwise, the listing included numerous companies that were incorporated but for which the Financial Statements did not provide their complete name.

5.3 The following table details the names of the 19 contributors that the Applicant alleged were not legal contributors pursuant to Subsection 70(3) of the Act, their corresponding corrected names under a revised filing made by Mr. DiVona, as well as their corporate names in corporation profile reports (if different from Mr. DiVona's revised filing):

Compliance Audit Report for the City of Vaughan
Re: Councillor Bernie DiVona
April 24, 2009

	Contributor's Name under Original Filing	Contributor's Name under Revised Filing	Corporation's Name per Corporation Profile Report (if different from revised filing)
(1)	Best Way Stone	Best Way Stone Limited	
(2)	Nova Valley Homes	Novavalley Homes Inc.	
(3)	Greenpark Group of Companies	Greenpark Group of Companies –Contributors were identified	Greenpark Group of Companies Ltd.
(4)	Conelco	Con-Elco Ltd.	
(5)	Valerie Plaza	Valerie Plaza, The Oak Stairs Limited	Valeria Plaza Inc. or The Oak Stair Limited
(6)	Schaeffer & Associates	Schaeffer & Associates Ltd.	
(7)	Anacond	Anacond Contracting Inc.	
(8)	Zentil Bratty Steeles Project	Zentil Property Management	Zentil Property Management Inc.
(9)	Eden Oak	Eden Oak Homes Ltd.	Eden Oak Homes Inc.
(10)	York Metal Recycling	York Metal Recycling – Claudio Iacabelli	York Metal Recycling Ltd.
(11)	PEIL	Planning & Engineering Initiatives Ltd.	Planning & Engineering Initiatives Limited
(12)	Partition Solutions	Partition Solutions Inc.	
(13)	Dufferin Contwo Investments	Contwo Investments Limited	Dufferin Contwo Investments Limited
(14)	Downsview Drywall Contracting	Downsview Drywall Contracting – Sam Sgotto	Downsview Dry Wall Limited
(15)	San Remo Lighting	San Remo Lighting Ltd.	San Remo Lighting Limited
(16)	Gambin RDQ, LLP	Gambin LLP – Richard Gambin	N/A
(17)	Townwood Homes	Townwood Homes Inc.	
(18)	Telus	Telus Mobility Ltd.	Telus Communications Inc.
(19)	Strathallen Retail Property Fund LP No. 1	Strathallen Capital Corp.	

- 5.4 The following table lists three additional contributors with no "Limited" or "Inc." or other indication of whether the companies were incorporated:

	Contributor's Name under Original Filing	Corporation's Name under Corporation Profile Report
(1)	Fieldgate Developments	Fieldgate Land Development Limited
(2)	Baif	Baif Developments Ltd.
(3)	Pino Cea Production	Not incorporated

- 5.5 The contributors' listing included a contribution of \$750 received from 1556515 Ontario Ltd. with an address at 1 Ashbridge Circle #10, Woodbridge, Ontario. A contribution receipt was issued to "*1556515 Ontario Ltd.*" However, a corporate search on this company reveals that this numbered company is not incorporated. The cheque stub did not specify a company name or an address, but included a notation "*Baycliffe Homes*". A corporate search of Baycliffe Homes disclosed that the complete name of the company should be Baycliffe Homes Inc. with an address at 1 Ashbridge Circle, Suite 3C, Woodbridge, Ontario.

- 5.6 We reviewed the contributors' listing against the supporting documentation provided to us by Mr. DiVona. The supporting documentation may include a cheque stub, a copy of the cheque, a covering letter from the contributor, an envelope from the contributor with an address and/or a fundraising solicitation form. The following contributors' addresses were not recorded accurately in the contributors' listing based on the supporting documentation:

	Contributor	Contributor's Address under Original Filing	Contributor's Correct Address According to Supporting Documentation
(1)	1504546 Ontario Inc.	555 Oakdale Road, Toronto, Ontario, M3N 1W6	550 Oakdale Road, Toronto, Ontario, M3N 1W6
(2)	Rosehaven Homes Limited 2006	132 Allan Street, Oakville, Ontario, L6J 3N5	132 Allan Street, Suite 2, Oakville, Ontario L6J 3N5
(3)	Belmont Properties Inc.	970 Lawrence Ave. W., Toronto, Ontario, M6A 3B6	970 Lawrence Ave. W., Suite 300, Toronto, Ontario, M6A 3B6
(4)	Trinity Development Group Inc.	150 Isabella Street, Suite 610, Ottawa, Ontario, K1S 1V7	2275 Lake Shore Blvd. W., Suite 400, Toronto, Ontario, M8V 3Y3
(5)	York Disposal Service Ltd.	750 Creditstone Rd., Concord, Ontario, L4K 5C8	650 Creditstone Rd., Concord, Ontario, L4K 5C8
(6)	Metrus Development Inc.	1700 Langstaff Road, Concord, Ontario, L4K 2S3	1700 Langstaff Road, Suite 2003, Concord, Ontario, L4K 2S3

	Contributor	Contributor's Address under Original Filing	Contributor's Correct Address According to Supporting Documentation
(7)	Gasmo Investments Inc.	2148 Kipling Avenue, Toronto, Ontario, M9W 4K9	2146 Kipling Avenue, Toronto, Ontario, M9W 4K9
(8)	Smart Centres Management Inc.	700 Applewood Crescent, Suite 10, Vaughan, Ontario, L4K 5X3	700 Applewood Crescent, Suite 100, Vaughan, Ontario, L4K 5X3
(9)	Gusco Transport Ltd.	5050 Major Mackenzie Drive, Kleinburg, Ontario, L0J 1C0	7050 Major Mackenzie Drive, Kleinburg, Ontario, L0J 1C0
(10)	Rizmi Holdings Limited	P.O. Box 663, 1133 Dufferin Street, Maple, Ontario, L6A 1S5	P.O. Box 663, 11333 Dufferin Street, Maple, Ontario, L6A 1S5
(11)	Dufferin Contwo Investments Limited	3624 Dufferin Street, Suite 400, Downsview, Ontario, M3K 1N4	3625 Dufferin Street, Suite 500, Downsview, Ontario, M3K 1N4
(12)	Townwood Homes Inc.	1 Bradwick Homes Inc., Concord, Ontario, L4K 2T4	1 Bradwick Drive, Suite 1, Concord, Ontario, L4K 2T4
(13)	Pino Cea Production	115 Woodstream Blvd., Unit 8, Woodbridge, Ontario, L4L 8K5 (same address as Twilight Music Entertainment Services)	No supporting documentation (only an instruction from Twilight Music Entertainment Services)

5.7 No postal codes were included in the contributors' listing for a further three contributors:

- (1) Anland Developments Inc.;
- (2) Shoeless Joe's Limited; and
- (3) La Strada Bakery Ltd.

5.8 In our opinion, the above items are apparent financial reporting contraventions of paragraph 69(1)(f) of the Act, which requires that the candidate obtain a contributor's name and address, and Section 78 of the Act, which requires that the Financial Statements "be in the prescribed form".

5.3 Campaign Inventory

5.9 Inventory on hand at the end of the campaign period is included in Schedule 4 "Inventory of Campaign Goods and Materials at the End of Campaign Period". The Financial Statements recorded 50 signs at \$9.60 each for a total of \$480 in this Schedule.

5.10 In addition to possible reusable signs on hand at the end of the election campaign, we identified office furniture and equipment with a possible use in subsequent elections, including the following:¹⁸

- (1) On September 10, 2006, the campaign purchased a table and a chest from Sam's Club for \$633.84;
- (2) On July 15, 2006, the campaign purchased a bar fridge from Costco for \$192.52;
- (3) On October 9, 2006, the campaign purchased a cordless phone set for \$205.19; and
- (4) The campaign purchased an espresso machine from Anthony's Espresso Inc. for \$1,710.¹⁹ Mr. DiVona stated that the machine can be used in subsequent elections upon refurbishing its pump.

5.11 Mr. DiVona stated that the following office furniture and equipment would not be available for use in subsequent elections:

- (1) On September 2, 2006, the campaign purchased computer equipment from Best Buy for \$1,658.64, which would likely be obsolete by the next election;
- (2) On July 13, 2006, the campaign purchased a printer from Staples for \$227.94, which he gave to a volunteer after the election;
- (3) On July 15, 2006, the campaign purchased a wine cooler from Costco for \$336.12, which he gave away after the election;
- (4) A twelve piece cookware set was purchased for the barbeque event for \$544.91. Mr. DiVona advised that the cookware set was given to a family member / volunteer after the barbeque event; and
- (5) On October 28, 2006, the campaign purchased a 42-inch plasma television for the barbeque and voting day events for \$1,139.99. Mr. DiVona advised that the television was disposed of as a result of damage to the TV at the barbeque event and was not available to be used at the voting day event.

¹⁸ Amount of purchase includes both GST and PST.

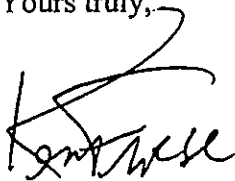
¹⁹ Although the invoice was dated November 29, 2006, the espresso machine was originally rented for the barbeque event in October 2006 and was in use since then.

- 5.12 Mr. DiVona advised that the above items were all used in whole or in part for the election campaign. We accept that these items were used in part in the election campaign and thus qualify as campaign expenses. However, any of the listed items intended to be used in subsequent elections should have been recorded in ending inventory. Mr. DiVona acknowledged that additional items of \$2,741.55 should have been included in ending inventory in the 2006 financial statements.
- 5.13 In our opinion, failure to disclose complete inventory on hand at the end of the campaign period is an apparent financial reporting contravention of Subsection 69(1)(k) and Section 78 of the Act, which requires that the Financial Statements "*be in the prescribed form*".

6 Restrictions and Limitations

- 6.1 This Report was prepared for the City of Vaughan in relation to the compliance audit regarding the 2006 election campaign finances of Bernie DiVona requested by City Council. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred through use of this Report for a purpose other than as described in this paragraph.
- 6.2 Although we reserve the right, we will be under no obligation to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.
- 6.3 This Report is respectfully submitted by Ken Froese of LECG Canada Ltd and Glen R. Davison. We were assisted in the compliance audit by Grace Lau of LECG.

Yours truly,



Ken Froese, CA-IFA, FCFI
Director
LECG Canada Limited



Glen R. Davison, CA

Bernie DiVona Compliance Audit
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Schedule 1 - Adjusted Campaign Period Expenses

Campaign Expenses	Per Candidate's F/S			Adjustments Per Schedule 2		Adjustment Subject to Limitation
	Subject to Limitation	Excluded	Total	Subject to Limitation	Excluded	
Accounting & Audit	N/A	500.00	500.00	N/A	-	N/A
Advertising	3,610.70	6,027.80	9,638.50	1,580.53	(6,027.77)	-
Bank Charges	-	69.48	69.48	69.48	(69.48)	-
Brochures	8,821.20	N/A	8,821.20	2,798.90	N/A	-
Fund-Raising Expenses	N/A	42,772.01	42,772.01	N/A	(11,958.91)	N/A
Barbeque Event Expenses	-	-	-	-	11,330.97	-
Interest on Loans	N/A	-	-	N/A	-	N/A
Inventory Contributed to Candidate's Campaign	-	N/A	-	-	N/A	-
Meetings Hosted	-	N/A	-	-	N/A	-
Nomination Filing Fee	N/A	-	-	N/A	-	N/A
Office Expenses	2,020.00	2,423.29	4,443.29	2,989.57	(2,423.29)	4,812.2
Recount Expenses	N/A	-	-	N/A	-	N/A
Salaries & Benefits/ Professional Fees	-	6,150.00	6,150.00	535.00	(1,150.00)	-
Signs	6,510.00	N/A	6,510.00	(385.00)	N/A	-
Voting Day Party / Appreciation Notices	N/A	5,107.40	5,107.40	N/A	1,710.00	N/A
Other	-	-	-	1,000.00	-	-
Total Campaign Expenses	20,961.90	63,049.98	84,011.88	8,588.48	(8,588.48)	4,812.2
Personal Expenses	-	-	-	-	-	-
	<u>20,961.90</u>	<u>63,049.98</u>	<u>84,011.88</u>	<u>8,588.48</u>	<u>(8,588.48)</u>	<u>4,812.2</u>

Note 1:

Additional expenses include:

1. Expenses paid for personally by Mr. DiVona but not recorded in the Financial Statements:

Multicom Media	\$ 318.00	BBQ
Wine Purchase	\$ 525.00	BBQ
	<u>\$ 843.00</u>	

2. Additional contributed goods and services that LECG determined should be recorded as campaign expenses:

Additional campaign office rent	\$ 800.00	Office expense
Pumpkins for BBQ	\$ 500.00	BBQ
Election night event	\$ 750.00	Voting Day
	<u>\$ 2,050.00</u>	

Total additional campaign expenses \$ 2,893.00

n	s Per Schedule 3		Contributed Goods and Services		Additional Expenses (Note 1)		LECG Adjusted		
	Excluded		Subject to Limitation	Excluded	Subject to Limitation	Excluded	Subject to Limitation	Excluded	Total
	-		N/A	-	N/A	-	N/A	500.00	500.00
	-		-	-	-	-	5,191.23	0.03	5,191.26
	-		-	-	-	-	69.48	-	69.48
	N/A		N/A	N/A	N/A	N/A	11,620.10	N/A	11,620.10
	(13,776.25)		-	1,100.00	-	-	N/A	18,136.86	18,136.86
	4,604.13		N/A	2,054.80	-	1,343.00	-	19,332.90	19,332.90
	-		-	-	-	-	N/A	-	-
	N/A		-	N/A	-	-	-	N/A	-
	N/A		-	N/A	-	-	-	N/A	-
	-		N/A	-	N/A	-	-	N/A	-
	-		-	-	-	-	N/A	-	-
	-		750.00	-	800.00	-	11,371.78	-	11,371.78
	-		N/A	-	N/A	-	N/A	-	-
	-		-	-	-	-	-	-	-
	N/A		-	N/A	00.00	-	535.00	5,000.00	5,535.00
	-		-	-	-	N/A	6,125.00	N/A	6,125.00
	464.67		N/A	750.00	N/A	750.00	N/A	8,782.07	8,782.07
	-		-	-	-	-	1,000.00	-	1,000.00
	(8,707.46)		750.00	3,904.80	800.00	2,093.00	35,912.59	51,751.85	87,664.44
	3,895.24		-	-	-	(843.00)	-	-	-
	(4,812.22)		750.00	3,904.80	800.00	1,250.00	-	-	3,052.24

Bernie DiVona Compliance Audit
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Schedule 2 - Reallocation of Campaign Cheque Payments

Period	Payee	Details	Accounting & Audit	Advertising Limitation	Advertising Excl.	Cl Lin (N
LECG's Re-allocation Re: Campaign Cheque Payments:						
Jun-06	P. Bitonte	Cookies for BBQ				
Jun-06	Computer Media Solutions	Website construction; Allocated 50% to advertising		900.00		
Sep-06	Sams Club	Chest, table - used for BBQ; Grocery - Not close to BBQ date; Allocated 50% to office and 50% to BBQ				
Oct-06	Bench Strength	Postage for BBQ flyers				
Oct-06	Farco Entertainment	Clown for BBQ				
Oct-06	Bell Mobility	Cell phone charges for Matthew DiVona; Allocated 50% to office expense				
Oct-06	Vincentina Meats	Meats for BBQ				
Oct-06	Plan It Promotions	T-shirts for BBQ				
Oct-06	King Vaughan News	2 Ads on Oct. 25 - one for BBQ; Allocated 50% to BBQ		(318.00)		
Oct-06	Costa printing	Printing of candidate cards for BBQ event			(1,752.18)	
Oct-06	Reptillia Show	BBQ event				
Oct-06	Costa Printing	Printing of BBQ flyers				
Oct-06	Best Buy	42" TV		(1,150.00)		
Nov-06	Reptillia Show	BBQ event				
Nov-06	City of Vaughan	Sign deposit				
Nov-06	King Vaughan News	Advertising on Nov. 1		318.00	(318.00)	
Nov-06	Cash to Vella	Porchetta for BBQ				
Nov-06	Costa Printing	Printing of newsletters				
Nov-06	Bell Mobility	Phone for campaign office; Allocated 50% to office expense				
Nov-06	HADC	Event for Hockey Association for the Developmentally Challenged			(500.00)	
Nov-06	Adedge	Brochure design				
Nov-06	Lo Specchio	BBQ Advertising on Oct. 20			(303.16)	
Nov-06	Lo Specchio	BBQ Advertising on Oct. 27			(286.00)	
Nov-06	K. Fortunato	BBQ disposable plates and camera				
Nov-06	Vaughan Citizen	Campaign advertising on Nov. 12		469.07	(469.07)	
Nov-06	Immaculate Conception	Tickets to event			(200.00)	
Nov-06	Costa printing	Printing of newsletters			(837.90)	
Nov-06	Bell Mobility	Modem rental and internet expenses; Allocated 50% to office expense				
Nov-06	Lo Specchio	Advertising on Nov. 10		1,361.46	(1,361.46)	
Nov-06	Julian Porter	Legal fees				
Dec-06	Roy Foss	Car repairs deductible				
Dec-06	Anthony's Espresso Equip. Inc.	Espresso machine				
Dec-06	Quick Signs	Mobile signs for BBQ				
		Re-allocation of bank charges				
		Re-allocation of office expenses				
Total			-	1,580.53	(6,027.77)	

Note 1: DiVona campaign's Financial Statements classified bank charges as expenses excluded from limitation. We adjusted bank charges

Note 2: DiVona campaign's Financial Statements included \$2,020 office expenses as expenses subject to limitation and \$2,423.29 as expenses excluded from limitation. We were not provided with a breakdown of the office expense categorization. We determined that all office expenses incurred by

Bernie DiVona Compliance Audit
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 Schedule 3 - Reallocation of "Due To / From Account" Expenses

<u>Period</u>	<u>Reimbursement</u>	<u>Allocation</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Invoice Amount</u>	<u>Adjustments</u>		
Nov. 2006	\$ 1,941.45	Fundraising	6-Oct-06	Fortino's	120.53			
			2-Jul-06	Sunny Choi Outlet	227.40			
			23-Oct-06	Costco	82.78			
			18-Oct-06	Fortino's	7.33			
			22-Oct-06	Costco	11.98			
			19-Oct-06	The Indian Kitchen	21.66			
			1-Oct-06	Grazie Restaurante	55.00			
			4-Oct-06	Sam's Club	227.86			
			1-May-06	Office Depot	63.24	(63.24)		
			15-Oct-06	Fortino's	55.01			
			8-Oct-06	Koganei Restaurant	46.05			
			N/A	The Original Ital Pizza	40.00			
			17-Oct-06	241 Pizza	28.44			
			14-Oct-06	Meating - Restaurant	161.87	19.80		
			29-Jul-06	Rona	13.54	(13.54)		
			1-Oct-06	Grazie Restaurante	191.87			
			2-Oct-06	Canadian Tire	60.57			
			2-Oct-06	Home Depot	38.67			
			30-Sep-06	The Original Ital Pizza	15.06			
			18-Sep-06	Seafood Depot Inc.	31.91			
			25-Sep-06	Canada Post	27.55			
			24-Sep-06	Winners Homesense	54.59			
			26-Sep-06	Winners Homesense	79.77	(45.59)		
			21-Sep-06	Dollarama	4.56			
			6-Jul-06	Il Dono Flowers	136.80			
			7-Oct-06	Office Depot	41.26			
			5-Oct-06	Symposium Café	26.96			
7-Oct-06	Fortino's	69.39						
				<u>1,941.45</u>	<u>(102.57)</u>			
Nov. 2006	\$ 704.63	Fundraising	26-Oct-06	Costco	185.18			
			26-Oct-06	Dollarama	26.22			
			26-Oct-06	Party Packages	37.54			
			26-Oct-06	No Frills	48.78			
			27-Oct-06	Canadian Tire	91.25			
			28-Oct-06	Fortino's	21.95			
			29-Oct-06	Da Luigi Meats	14.51			
			29-Oct-06	Pinevalley Pharmacy	84.50			
			29-Oct-06	Costco	57.91			
			29-Oct-06	Dollarama	9.12			
			25-Oct-06	Canada Post	27.03			
			26-Oct-06	Fresh Dry Cleaners	25.62			
			28-Oct-06	Petro-Canada	20.02			
			5-Oct-06	Shell	45.00			
							<u>694.63</u>	
						Unsupported - transposition error	10.00	(10.00)
							<u>704.63</u>	<u>(10.00)</u>
Nov. 2006	\$ 1,829.68	Fundraising	27-Oct-06	Costco	1,157.07			

Expenses	Comments	Allocated To:				Total
		BBQ	Office	Fundraising	Appreciation	
120.53	Grocery; Not close to BBQ date		120.53			
227.40	Purchase of ladies clothes for fundraising dinner			227.40		
82.78	Foam cups, foil, cleaners; Close to BBQ date	82.78				
7.33	Snackcakes		7.33			
11.98	Muffins		11.98			
21.66	Meals		21.66			
55.00	Meals		55.00			
227.86	Grocery; Not close to BBQ date		227.86			
-	Return of Quicktax (-63.24)					
55.01	Grocery; Not close to BBQ date		55.01			
46.05	Meals - Plan BBQ	46.05				
40.00	Large and Party size		40.00			
28.44	2 XL		28.44			
181.67	Meals		181.67			
-	Red Mulch					
191.67	Meals - Plan BBQ	191.67				
60.57	Sweeper		60.57			
38.67	Bulbs for BBQ event	38.67				
15.06	Pizza; Not close to BBQ		15.06			
31.91	Percolator coffee		31.91			
27.55	Postage for BBQ letters	27.55				
54.59	Glass & dinnerware		54.59			
34.18	Cookware & bedding; Adjusted for bedding \$39.99		34.18			
4.56	No details		4.56			
136.80	Flower arrangements on July 6			136.80		
41.26	Stationery		41.26			
26.96	Breakfast - Plan BBQ	26.96				
69.39	Grocery; Not close to BBQ date		69.39			
<u>1,838.88</u>		<u>413.68</u>	<u>1,061.00</u>	<u>364.20</u>	<u>-</u>	<u>1,838.88</u>
185.18	Foam cups, plates, grocery	185.18				
26.22	No details; Close to BBQ date	26.22				
37.54	Tableroll, foil	37.54				
48.78	Pops	48.78				
91.25	Charcoal	91.25				
21.95	Drinks; Water	21.95				
14.51	Grocery	14.51				
84.50	Stamps		84.50			
57.91	Grocery; Close to BBQ date	57.91				
9.12	No details; Close to BBQ date	9.12				
27.03	Stamps for BBQ confirmations	27.03				
25.62			25.62			
20.02			20.02			
45.00			45.00			
-	Overpaid \$10					
<u>694.63</u>		<u>519.49</u>	<u>175.14</u>	<u>-</u>	<u>-</u>	<u>694.63</u>
7.07	Illegible, 12 pc. Set cook for \$477.99; Close to BBQ date	1,157.07				

Bernie DiVona Compliance Audit
 Privileged & Confidential
 Schedule 3 - Reallocation of "Due To / From Account" Expenses

<u>Period</u>	<u>Reimbursement</u>	<u>Allocation</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Invoice Amount</u>	<u>Adjustment</u>	
			22-Sep-06	The Indian Kitchen	41.29		
			5-Nov-06	Grazie Restaurante	52.00		
			2-Nov-06	Cora's	55.63		
			8-Nov-06	The Original Ital Pizza	19.95		
			25-Oct-06	Fortino's	87.32		
			8-Nov-06	Fortino's	97.81		
			27-Mar-06	Shell	40.00		
			12-Nov-06	T&T Supermarket	24.79		
			6-Oct-06	Tim Hortons	6.83		
			11-Nov-06	N/A (Coffee and donuts)	11.35		
			N/A	The Original Ital Pizza	29.60		
			7-Nov-06	Office Depot	69.23		
			27-Oct-06	Party Market	45.59		
			28-Oct-06	N/A	75.00	(75.00)	
			5-Nov-06	Grazie Restaurante	15.68		
					<u>1,829.14</u>		
				Unsupported - transposition error	0.54	(0.54)	
					<u>1,829.68</u>	<u>(75.00)</u>	
Nov. 2006	\$	1,490.00	Fundraising	27-Oct-06	GM Globe Wholesale Meats Inc.	1,100.00	
				29-Oct-06	Nino D' Aversa Bakery Ltd.	650.00	
					<u>1,750.00</u>		
				Under-reimbursed	(260.00)	260.00	
					<u>1,490.00</u>	<u>260.00</u>	
Nov. 2006	\$	3,000.00	Fundraising	2-Sep-06	Fortino's	80.79	
				4-Nov-06	Longo's	5.49	
				24-Sep-06	Canyon Creek Chop House	119.46	(119.46)
				28-Oct-06	Parking Ticket	25.00	
				18-Oct-06	Koganei Restaurant	6.95	
				30-Mar-06	Office Depot	66.24	5.00
				13-Oct-06	Petro-Canada	10.00	
				27-Jan-06	Staples	293.19	(293.19)
				24-Sep-06	Canyon Creek Chop House	109.46	15.00
				10-Jul-06	New Orleans Restaurant	154.60	
				20-Sep-06	Saggio Restaurant	145.00	
				17-Dec-06	Trattoria Piazzetta	122.06	
				24-Sep-06	Home Depot	8.12	(8.12)
				9-Sep-06	Fresh Cleaners	46.99	
				9-Sep-06	Fresh Cleaners	44.45	
				2-Dec-06	Mistura Restaurant	330.00	
				2-Aug-06	Spuntini	400.00	
				13-Nov-06	Price Chopper	15.32	(10.00)
				10-May-06	Home Depot	9.26	
				17-Nov-06	Shoppers Drug Mart	4.99	(1.00)
				29-Jul-06	Spuntini	260.00	9.00
				14-Oct-06	Meating	181.67	(181.67)
				14-Jul-06	Nó Frills	57.89	
				24-Sep-06	Home Depot	8.12	
				29-Aug-06	Fortino's	119.94	

Expenses	Comments	Allocated To:				Total
		BBQ	Office	Fundraising	Appreciation	
41.29	Meals		41.29			
52.00	Meals		52.00			
55.63	Meals		55.63			
19.95			19.95			
87.32	Grocery; Close to BBQ date	87.32				
97.81	Grocery		97.81			
40.00			40.00			
24.79	Food		24.79			
6.83			6.83			
11.35			11.35			
29.60	Party size		29.60			
69.23	Stationery		69.23			
45.59	Helium Tank	45.59				
-	Land irrigation					
15.68	Meals		15.68			
<u>1,754.14</u>		<u>1,289.98</u>	<u>464.13</u>	-	-	<u>1,754.14</u>
1,100.00	Hamburgers and sausages for BBQ	1,100.00				
650.00	Buns and pizzas for BBQ	650.00				
<u>750.00</u>		<u>1,750.00</u>	-	-	-	<u>1,750.00</u>
80.79	Not close to BBQ date		80.79			
5.49			5.49			
-	Claimed twice \$124.48					
25.00			25.00			
6.95	Total bill \$15.84		6.95			
71.59	Recorded as \$66.24 - Ink Cartridge		71.59			
10.00			10.00			
-	Inkjet printer - already claimed through City and subsequently returned					
124.48	Claimed twice \$119.46 - Plan for BBQ	124.48				
154.60	Meals		154.60			
145.00	Meals - Plan for BBQ	145.00				
122.06	Meals		122.06			
-	Claimed twice					
46.99			46.99			
44.45			44.45			
330.00	Appreciation; Claimed twice for \$300.81 in reimbursement \$2,524.52				330.00	
400.00	Meals		400.00			
4.68	Recorded as \$15.32		4.68			
9.26			9.26			
3.67	Recorded as \$4.99		3.67			
269.93	Recorded as \$260		269.93			
-	Claimed twice for \$181.67 in reimbursement \$1,941.45					
57.89	Not close to BBQ date		57.89			
8.12			8.12			
119.94	Not close to BBQ date		119.94			

Bernie DiVona Compliance Audit
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Schedule 3 - Reallocation of "Due To / From Account" Expenses

<u>Period</u>	<u>Reimbursement</u>	<u>Allocation</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Invoice Amount</u>	<u>Adjustments</u>
			21-Jul-06	Canada Post	5.41	
			9-Sep-06	Shoppers Drug Mart	3.79	
			30-Sep-06	Coffee and donuts	47.60	
			13-Nov-06	Sunoco	20.00	
			9-Oct-06	Future Shop	205.19	
			15-Sep-06	Kinko's	68.84	
			6-Nov-06	Esso	18.17	(8.00)
			20-Sep-06	Dollarama	17.96	
			30-Aug-06	Baton Rouge	92.95	
			6-Sep-06	Dollarama	11.40	
			23-Nov-06	Second Cup	6.56	
					<u>3,122.86</u>	
				Under-reimbursed	(122.86)	122.86
					<u>3,000.00</u>	<u>(469.24)</u>
Mar. 2007	\$ 2,877.14	Fundraising	13-Apr-06	Canada Post	109.14	
			9-May-06	Canada Post	109.14	
			28-May-06	Canada Post	109.14	
			13-Jul-06	Canada Post	270.30	
			13-Jul-06	Canada Post	270.30	
			4-Jun-06	Baton Rouge	95.98	
			13-Jul-06	Staples	199.95	(158.97)
			7-Sep-06	Fortino's	4.54	
			N/A	BBQ photos	2.99	
			15-Jul-06	Sam's Club	537.43	
			16-Oct-06	Dollarama	22.10	
			6-Oct-06	Good Health Mart	34.78	(34.78)
			10-Sep-06	Sam's Club	797.05	(797.05)
			30-Sep-06	Koganei Restaurant	44.00	
					<u>2,606.84</u>	
				Unsupported - stamps	270.30	(270.30)
					<u>2,877.14</u>	<u>(1,261.10)</u>
Jan. 2007	\$ 1,950.00	Fundraising		Computer Media (Appreciation Dinner)	2,000.00	-
				Under-reimbursed	(50.00)	50.00
					<u>1,950.00</u>	<u>50.00</u>
Dec. 2006	\$ 1,316.96	Fundraising		Roy Foss (Personal)	1,316.96	(1,316.96)
Total Fundraising Expenses Re-allocations					<u>15,109.86</u>	<u>(2,925.41)</u>

<u>Adjusted</u> <u>expenses</u>	<u>Comments</u>	<u>Allocated To:</u>				
		<u>BBQ</u>	<u>Office</u>	<u>Fundraising</u>	<u>Appreciation</u>	<u>Total</u>
5.41				5.41		
3.79			3.79			
47.60			47.60			
20.00			20.00			
205.19	Cordless phone		205.19			
68.84	Copies for BBQ event	68.84				
10.17	Recorded as \$18.17		10.17			
17.96	for BBQ	17.96				
92.95			92.95			
11.40	No details		11.40			
6.56			6.56			
<u>2,530.76</u>		<u>356.28</u>	<u>1,839.07</u>	<u>5.41</u>	<u>330.00</u>	<u>2,530.76</u>
109.14	Send out fundraising letters			109.14		
109.14	Send out fundraising letters			109.14		
109.14	Send out fundraising letters			109.14		
270.30	Send out fundraising letters			270.30		
270.30	Send out fundraising letters			270.30		
95.98	Fundraiser planning meeting			95.98		
40.98	Return of printer previously purchased		40.98			
4.54	Bleach		4.54			
2.99		2.99				
537.43	Wine cooler and bar fridge for BBQ; Allocated 50% to BBQ and 50% to office	268.72	268.72			
22.10	No details		22.10			
-	Health products					
-	Duplicate claim of \$797.05; Includes chest \$410 and table \$146					
44.00	Meals		44.00			
<u>1,616.04</u>		<u>271.71</u>	<u>380.34</u>	<u>964.00</u>	<u>-</u>	<u>1,616.04</u>
2,000.00	Deposit for appreciation dinner	-	-	-	2,000.00	2,000.00
<u>2,000.00</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000.00</u>	<u>2,000.00</u>
-	Paid for by insurance company	-	-	-	-	-
<u>12,184.45</u>		<u>4,601.14</u>	<u>3,919.71</u>	<u>1,333.61</u>	<u>2,330.00</u>	<u>12,184.45</u>

Bernie DiVona Compliance Audit
 Privileged & Confidential
 Schedule 3 - Reallocation of "Due To / From Account" Expenses

<u>Period</u>	<u>Reimbursement</u>	<u>Allocation</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Invoice Amount</u>	<u>Adjustments</u>
Nov. 2006	\$ 520.34	Voting Day	25-Nov-06	Bowring	447.47	
			26-Nov-06	Bowring	72.87	
					<u>520.34</u>	
Dec. 2006	\$ 864.19	Voting Day	22-Sep-06	Moore's Clothing	818.48	
			22-Sep-06	Spring Rolls	44.04	
				Unsupported - transposition error	1.67	(1.67)
					<u>864.19</u>	<u>(1.67)</u>
Mar. 2007	\$ 2,524.52	Voting Day	26-Nov-06	Bowring	447.47	(447.47)
			25-Nov-06	Bowring	72.87	(72.87)
			2-Dec-06	LCBO	450.00	
			29-Nov-06	Luv 2 Pak	73.38	
			14-Sep-06	Future Shop	29.99	
			10-Nov-06	Photos	12.99	
			N/A	Appreciation dinner deposit	1,000.00	
			6-Dec-06	Novita Pasticceria Trattoria Café	90.00	(90.00)
			2-Dec-06	Mitsura Restaurant	340.82	(340.82)
				Unsupported - Parking tip less parking	17.00	(17.00)
		<u>2,524.52</u>	<u>(968.16)</u>			
Total Voting Day Expenses Re-allocations					<u>3,909.05</u>	<u>(969.83)</u>
Total LECG Expense Allocations					<u>19,018.91</u>	<u>(3,895.24)</u>

<u>Adjusted</u> <u>Expenses</u>	<u>Comments</u>	<u>Allocated To:</u>				
		<u>BBQ</u>	<u>Office</u>	<u>Fundraising</u>	<u>Appreciation</u>	<u>Total</u>
447.47	Gifts for volunteers				447.47	447.47
72.87	Gifts for volunteers				72.87	72.87
<u>520.34</u>		-	-	-	520.34	520.34
818.48	Men's clothes		818.48			
44.04	Meals		44.04			
<u>862.52</u>		-	862.52	-	-	862.52
-	\$520.34 duplicate claim					
-	\$520.34 duplicate claim					
450.00	60 bottles at \$7.50; Close to Appreciation dinner				450.00	
73.38	Gift packaging; Close to appreciation dinner				73.38	
29.99	USB cable		29.99			
2.99	Close to BBQ date	2.99				
1,000.00					1,000.00	
-	Cake for appreciation dinner; duplicate claim					
-	Duplicate claim; \$300.81					
-	No invoice					
<u>1,556.36</u>		2.99	29.99	-	1,523.38	1,556.36
<u>2,939.22</u>		2.99	892.51	-	2,043.72	2,939.22
<u>15,123.67</u>		4,604.13	4,812.22	1,333.61	4,373.72	15,123.67

Compliance Audit for the City of Vaughan
 Re: Councillor Bernie DiVona
 Schedule 4 - Summary of "Due To and From" Account

<u>Period</u>	<u>Payee</u>	<u>Chq. No.</u>	<u>Original Exp. Category</u>	<u>Amount Paid</u>	<u>Expenses Claimed</u>	<u>Difference B</u>
					<u>by DiVona</u>	<u>Payment Expenses C</u>
				<u>A</u>	<u>B</u>	<u>C=A-B</u>
Nov-06	Cash (BBQ Supplies)	41	Fundraising	1,941.45	1,941.45	
Nov-06	Cash (BBQ Pick Ups)	42	Fundraising	704.63	704.63	
Nov-06	Cash	45	Fundraising	1,490.00	1,750.00	
Nov-06	Fabrizzi Roofing	47	Fundraising	3,000.00	3,122.86	
Nov-06	S. DiVona (for BBQ Fundraising)	25	Fundraising	1,829.68	1,829.68	
Nov-06	S. DiVona (Bowring reimbursement)	49	Voting Day	520.34	520.34	
Dec-06	B. DiVona (Roy Foss Reimbursement)	60	Fundraising	1,316.96	1,316.96	
Dec-06	S. DiVona (Appreciation Dinner)	67	Voting Day	864.19	862.52	
Jan-07	Computer Media Solutions	72	Fundraising	1,950.00	2,000.00	
Mar-07	In Branch (Reimburse - No cancelled cheque)	77	Voting Day	2,524.52	2,524.52	
	Less: Duplicate item identified by campaign (Bowring)				(520.34)	
					<u>2,004.18</u>	
Mar-07	In Branch (Reimburse - No cancelled cheque)	76	Fundraising	2,877.12	2,877.12	
	Less: Duplicate item identified by campaign (Sams Club)				(797.05)	

Between and Claimed	Report Ref. Table in Sec. 4.3	LECG Adjustments	D	Report Ref. Table in Sec. 4.3	Total Discrepancies / Adjustments E=C+D
-		Receipt showing returns	(63.24)	Item (6)	
		Personal item - bedding	(45.59)	Item (5)	
		Personal item - red mulch	(13.54)	Item (5)	
		Transposition error	19.80	Item (8)	
			<u>(102.57)</u>		(102.57)
-		Transposition error - overpayment	(10.00)	Item (8)	
			<u>(10.00)</u>		(10.00)
(260.00)	Item (9)		-		260.00
(122.86)	Item (9)	Transposition error	0.34	Item (8)	
		Duplicate claim - Home Depot	(8.12)	Item (3)	
		Reimbursed by City - printer/fax machine	(293.19)	Item (4)	
		Duplicate claim - restaurant	(109.46)	Item (3)	
		Duplicate claim - restaurant	(181.67)	Item (3)	
			<u>(592.10)</u>		(469.24)
-		Personal item	(75.00)	Item (5)	
		Transposition error	(0.54)	Item (8)	
			<u>(75.54)</u>		(75.54)
-			-		-
-			(1,316.96)	Item (1)	(1,316.96)
1.67	Item (9)		-		(1.67)
(50.00)	Item (9)		-		50.00
520.34	Item (2)	Duplicate claim - cake for appreciation dinner	(90.00)	Item (3)	
		Duplicate claim - restaurant	(340.82)	Item (3)	
		Unsupported expense	(17.00)	Item (7)	
			<u>(447.82)</u>		(968.16)
797.05	Item (2)	Duplicate claim - stamps	(270.30)	Item (3)	
		Printer returns not accounted for	(158.97)	Item (6)	

Compliance Audit for the City of Vaughan
 Re: Councillor Bernie DiVona
 Schedule 4 - Summary of "Due To and From" Account

<u>Period</u>	<u>Payee</u>	<u>Chq. No.</u>	<u>Original Exp. Category</u>	<u>Amount Paid</u> A	<u>Expenses Claimed by DiVona</u> B	<u>Difference B Payment Expenses C</u> C=A-B
					<u>2,080.07</u>	
10/26/2006	Multicom Media - paid by personal cheque		BBQ	-	318.00	
9/22/2006	Wine purchase - paid by personal cheque		BBQ	-	525.00	
Total				<u>19,018.89</u>	<u>18,975.69</u>	

Between and Claimed	Report Ref. Table in Sec. 4.3	LECG Adjustments	Report Ref. Table in Sec. 4.3	Total Discrepancies / Adjustments E=C+D
		D		
		Personal items - health products	Item (5)	
		(34.78)		
		(464.05)		(1,261.10)
(318.00)	Item (10)			318.00
(525.00)	Item (10)			525.00
<u>43.20</u>			<u>(3,009.04)</u>	<u>(3,052.24)</u>

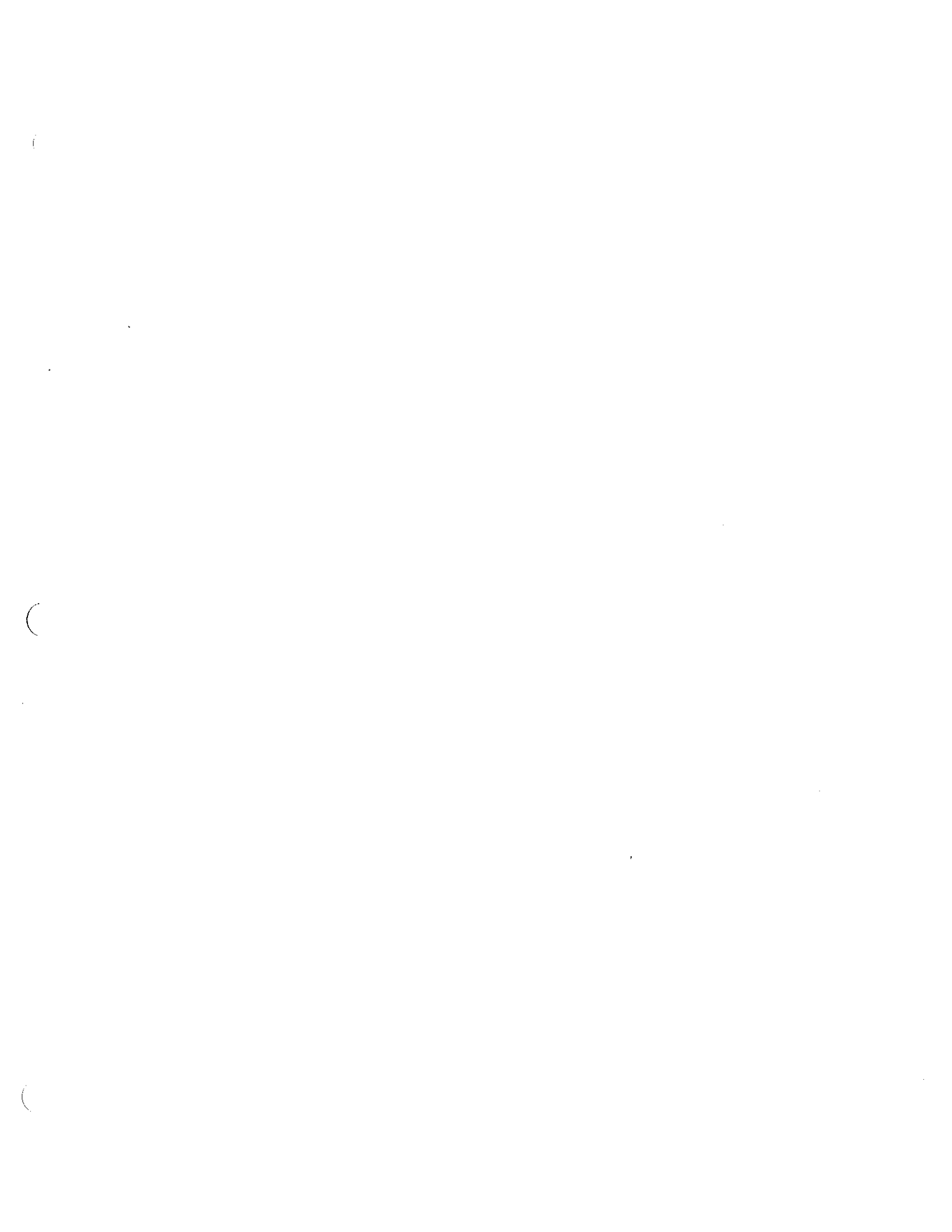


Exhibit "H"

Attention: Lisa

5

(2) All alterations and additions to the Premises made by or on behalf of the Tenant, other than the Tenant's Trade Fixture's shall immediately become the property of the Landlord without compensation to the Tenant at the end of the Term or termination of this Lease.

SECTION VIII - INSURANCE

The Tenant, at its own cost shall take out and maintain throughout the term of this Lease or during any Extensions, insurance;

- (1) "All Risks" insurance within the premises of every description and kind to cover the replacement cost including without limitation, furniture, equipment, partitions, Tenants Trade Fixtures and any Leasehold Improvements;
- (2) Commercial general liability and property damage insurance, including personal liability, contractual liability, tenant's legal liability, non-owned automobile liability and owners and contractors protective insurance coverage with respect to the Premises and the Common Facilities, which coverage shall include the business operations conducted by Tenant and any other person on the Premises and all those for whom Tenant is responsible including those performing work on behalf of Tenant. Such policies shall be written on an occurrence basis with coverage for any one occurrence or claim of not less than two million dollars (\$2,000,000.00) or such higher limits as Landlord may require from time to time.
- (3) Business interruption insurance including loss of profit;
- (4) Broad form machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount of at least the replacement cost of all Leasehold Improvements and of all boilers, pressure vessel, air conditioning equipment and miscellaneous electrical apparatus owned or operated by the Tenant or by others (except for Landlord) on behalf of Tenant in the Premises, or relating to, or serving the Premises and
- (5) Any form of insurance as may reasonably be required from time to time, including without limitation pollution and remediation legal liability coverage with respect to any Environmental Claim, in amounts and for insurance risks against which a prudent Tenant would protect itself.
- (6) Tenant shall provide to the Landlord if requested at the time of execution of this Lease and thereafter on demand, and from time to time, satisfactory evidence that the policies of insurance required to be maintained by the Tenant in accordance with this Lease and are being maintained.

SECTION IX - DAMAGE TO THE PREMISES

- (1) If the building or the Premises are damaged or destroyed, in whole or in part, by fire or other peril, then the following provisions shall apply:
 - (a) if the damage or destruction renders the Premises unfit for occupancy and impossible to repair or rebuild with reasonable diligence within 120 calendar days from the happening of such damage or destruction, then the Term hereby granted shall cease from the date the damage or destruction occurred, and the Tenant shall immediately surrender the

remainder of the term and give possession of the Premises to the Landlord, and the Rent from the time of the damage shall cease;

(b) If the Premises can with reasonable diligence be repaired and rendered fit for occupancy within 120 calendar days from the happening of the damage or destruction, but the damage renders the Premises wholly unfit for occupancy, then the rent hereby reserved shall not accrue after the day that such damage occurred, or while the process of repair is going on, and the Landlord shall repair the Premises with all reasonable speed, and the Tenant's obligation to pay Rent shall resume immediately after the necessary repairs have been completed.

(2) Any question as to the degree of damage or destruction or the period of time required to repair or rebuild shall be determined by the architect or Contractors selected by the Landlord.

(3) Apart from the provisions of Section 9 there shall be no abatement from or reduction of the Rent payable by the Tenant, nor shall the Tenant be entitled to claim against the Landlord for any damages, general or special, caused by fire, water, sprinkler systems, partial or temporary failure or stoppage of services or utilities which the Landlord is obliged to provide according to this Lease, from any cause whatsoever.

SECTION X - TENANT ACTS OF DEFAULT AND LANDLORD'S REMEDIES

(1) An Act of Default has occurred when:

- (a) the Tenant has failed to pay Rent, Common Area Maintenance (CAM) and applicable taxes as payable by the Tenant in accordance with the provisions in this Lease;
- (b) the Tenant has failed to pay the utility costs;
- (c) any insurance policy is cancelled or not renewed;
- (d) the Premises, without the notification of the Landlord, has become vacant or remained unoccupied for a period of 30 consecutive days;
- (e) not complying to the provisions of this lease.

(2) When an Act of Default on the part of the Tenant has occurred:

- (a) the Landlord shall have the right to terminate this Lease.

(3) If, because an Act of Default has occurred, the Landlord exercises his right to terminate this Lease and to re-enter the Premises prior to the end of the Term, the Tenant shall nevertheless be liable for payment of Rent, Additional Rent (CAM) and HST all other amounts payable by the Tenant for a period of 3 months after the date of termination.

(4) If, when an Act of Default has occurred, the Landlord chooses not to terminate the Lease and re-enter the Premises, the Landlord shall have the right to take any and all necessary steps to rectify any or all Acts of Default of the Tenant and to charge the Tenant all costs of such rectification as Rent plus a 15% administration fee.

(6) If, when an Act of Default has occurred, the Landlord chooses to waive his right to exercise the remedies available to him under this Lease at law the waiver shall not constitute acceptance of the Act of Default, nor shall the waiver be pleaded as estoppels against the Landlord to prevent his exercising his remedies with respect to a subsequent Act of Default:

(a) No covenant, term, or condition of this Lease shall be deemed to have been waived by the Landlord unless the waiver is in writing and signed by the Landlord.

SECTION XI – GENERAL:

NO HAZARDOUS SUBSTANCE:

(a) The Tenant shall not use in any way, or permit or suffer the use of the Premises or any part thereof, to either directly or indirectly prepare, produce, generate, manufacture, refine, treat, transport, store, maintain, handle, dispose of, transfer, or process any Hazardous Substances unless it has received the prior written consent of the Landlord, which may be unreasonably withheld.

(b) Any substances which the Landlord permits the Tenant to treat, store, transfer or dispose of must be done in strict compliance with any and all federal, provincial or local statutes or laws now or at any time hereafter in effect.

(c) The Landlord may at any time and from time to time on five (5) days prior written notice to the Tenant have the Premises, any records reasonably considered to be relevant for the purpose of identifying the existence, nature and extent of any Hazardous Substances on the Premises and the Tenant's use, storage and disposal of such Hazardous Substance, inspected by a duly qualified environmental auditor, and the Tenant agrees to co-operate with the auditor in its performance of each such inspection.

(d) The Tenant shall indemnify and hold harmless the Landlord from all liability from whatever source, for pollution from any cause whatsoever to or escaping from the Premises and this indemnity shall survive the termination of this lease.

EXTERNAL SIGNAGE:

(a) The Tenant at its own cost will place its standard signage directly over the Premises in line with the adjacent tenant's signage. The exact size, location and design of such exterior sign shall be subject to the approval of the Landlord.

(b) Such signage will be installed and maintained by the Tenant consistent with a first class building and in compliance and accordance with the requirement of all applicable by-laws and codes.

(c) Such signage will be removed by the Tenant, and the exterior wall repaired and restored at the expiry or termination of this lease or Extended Term.

(d) All cost associated with the Tenant's signage, including installation, maintenance, removal and repair of any damage, shall be the Tenant's responsibly.

PARKING:

During the Term of this lease, the Tenant shall have the right to use unreserved surface parking spaces based on a ratio of five (5) spaces per 1000 square feet of Rentable Area leased.

OPTION TO RENEW:

(a) The Landlord covenants with the Tenant that if the Tenant duly complies with all the provisions of this lease, shall have an option of renewing this Lease for **five (5) year zero month (0)** term, upon the same terms and conditions.

RIGHT TO SHOW PREMISES:

The Landlord or its agents and employees shall have the right to enter the premises of the Tenant with reasonable notice and during business hours to exhibit the premises to prospective purchasers, mortgagees, tenants or insurers. All efforts will be taken to minimize disruption to the Tenants business.

This lease when accepted shall be conditional for a period of 10 days.

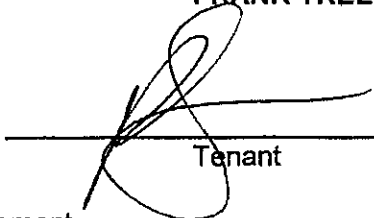
IN WITNESS WHEREOF the foregoing covenants the Landlord and the Tenant have executed this Lease.

WITNESS:



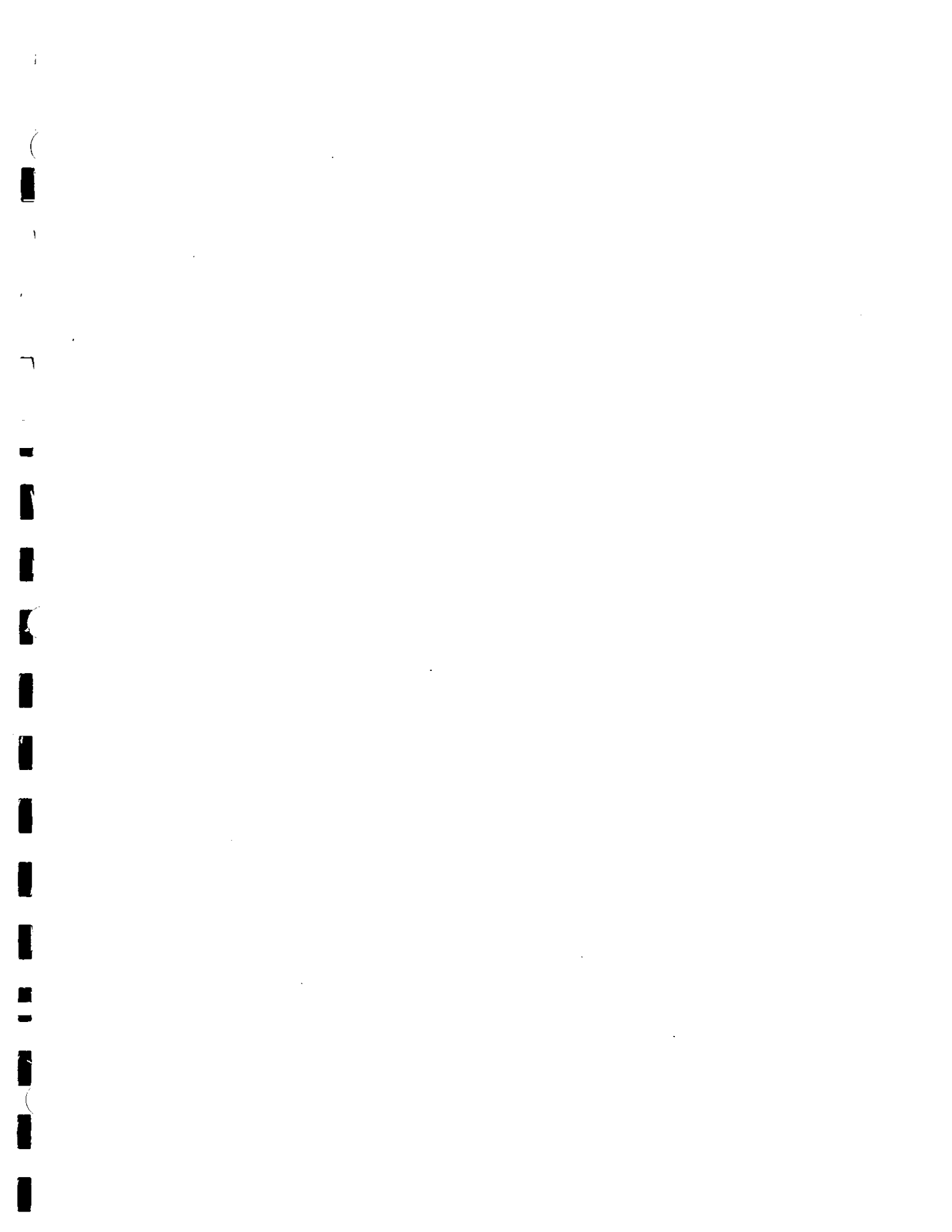


Landlord
FRANK TRELLE



Tenant

I/we have authority to bind this agreement.



IN THE MATTER OF THE COMPLIANCE AUDIT APPLICATION -
ROSANNA DEFRANCESCA
OCTOBER 25, 2010 MUNICIPAL ELECTIONS
CITY OF VAUGHAN

C2
Compliance Audit
July 8/2011
Submitted
by
Michael
Binetti

AFFIDAVIT OF ROSANNA DEFRANCESCA
(sworn July 8, 2011)

I, Rosanna DeFrancesca, of the City of Vaughan, in the Regional Municipality of York, MAKE OATH AND SAY:

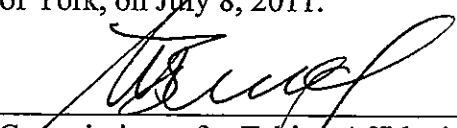
1. I am currently the City of Vaughan Councillor for Ward 3. I was a candidate for this office in the October 25, 2010 municipal elections, in which I was elected. As such, I have personal knowledge of the matters to which I hereinafter depose.
2. Where I do not have personal knowledge, I have stated the source of my information and belief.
3. Now shown to me and marked as Exhibit "1" to this my affidavit is a copy of the document entitled "Rosanna DeFrancesca, Response to Allegations in Application for Compliance Audit, Side-by-Side Comparison," which was referred to as Exhibit "A" to the letter of Michael Binetti of Affleck Greene McMurtry LLP dated July 6, 2011 and addressed to the Compliance Audit Committee.
4. I vehemently deny the allegations of the applicant in this matter, which have been reproduced under the column entitled "Allegation" to Exhibit "1" to this my affidavit.
5. With the exception of the items mentioned at paragraph 6, below, I have reviewed the information contained within the column entitled "Response" to Exhibit "1" to this my affidavit and state that I have personal knowledge of such information, which I state to be true.
6. I have been informed of the information contained within the following sections of the "Response" column to Exhibit "1" to this my affidavit by Carlo DeFrancesca, who is my

husband and was the campaign manager for my 2010 municipal election campaign, which I also believe to be true:

- (a) Paragraph 2 of Issue 5 (page 9);
- (b) Paragraph 3 of Issue 5 (page 9);
- (c) Subparagraph 5(b) of Issue 7 (page 14);
- (d) Subparagraph 5(h) of Issue 7 (page 16);
- (e) Subparagraph 5 (j) of Issue 7 (page 16);
- (f) Paragraph 6 of Issue 7 (page 17);
- (g) Paragraph 3 of Issue 9 (page 21);
- (h) Paragraph 1 of Issue 11 (page 24);
- (i) Paragraph 4 of Issue 11 (page 25);
- (j) Paragraph 1 of Issue 13 (page 27); and
- (k) Paragraph 3 of Issue 14 (page 29);

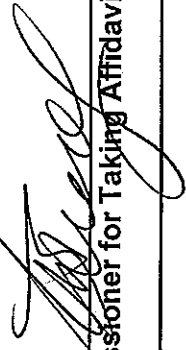
7. I am further informed by Carlo DeFrancesca, and verily believe, that then-Councillor Bernie Divona did not attend the East Woodbridge Community Association meeting referenced at paragraph 1 of Issue 11 (page 24) of Exhibit "1" to this my affidavit; any such reference therein was a typographical error.

SWORN BEFORE ME at the City of
Vaughan, in the Regional Municipality
of York, on July 8, 2011.


Commissioner for Taking Affidavits

MICHAEL BINETTI


ROSANNA DEFRANCESCA



Commissioner for Taking Affidavits

Rosanna DeFrancesca
 Response to Allegations in Application for Compliance Audit
 Side-by-Side Comparison

Allegation	Response
<p>Issues 1 and 2: Failure to Report 2010 Municipal Election "Meetings Hosted" Events</p>	
<p>1. The Municipal Election Act, 1996, S. O. 1996, C. 32 (the "MEA", at section 67(1), defines campaign expenses as the "...costs incurred for goods or services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses."</p>	<p>1. Agreed</p>
<p>2. The MEA, and various prescribed forms, require candidates to report "meetings hosted" as campaign expenses, to be described as such within the campaign expense account. Furthermore, a candidate is required to treat these expenses as "subject to campaign expense limitation", for the purpose of abiding by the campaign expense limit requirements under the MEA. Exhibit 1, pages 1 and 2.</p>	<p>2. All complimentary coffee and timbit costs related to two "Meet & Greet" events held on April 18 and May 2, 2010 were listed under "subject to campaign expense limitation" under the heading of office expense and were paid by cheques #006 (\$24.28) and #008 (\$21.56). Moreover, a "contribution in kind" receipt #3829 was issued to "Jake Properties Limited" for \$47.43.</p> <p>The total complimentary coffee and timbits value and expense is \$93.27 including HST.</p> <p>See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>3. As a candidate in the Municipal Election, Rosanna DeFrancesca advertised, promoted, and "hosted" at least two (2) "Meet & Greet" events at Tim Horton's and Colossus Shopping Centre in Vaughan, Ward 3, on April 18, 2010 ("Issue 1"), and May 2, 2010 ("Issue 2"), respectively, both from 9:00 a.m. to 12:00 p.m. Exhibits 3 to 5.</p>	<p>3. Agreed</p>

Allegation	Response
<p>4. Rosanna DeFrancesca's Financial Statements, and prescribed forms, reflect no campaign expense reporting for either of these two (2) "hosted" campaign events. Exhibit 1, page 2.</p>	<p>4. Denied: see sub-paragraph 2, above.</p>
<p>5. The failure to report the expenses of these "meetings hosted" is in contravention of the MEA, including: sections 69(1)(a) to (t), which state the duties of a candidate; section 78, regarding financial reporting; and section 92, regarding the exceeding of the campaign limit for each of the two (2) events.</p>	<p>5. Denied: see sub-paragraph 2, above.</p>
<p>6. The source and basis of the apparent contraventions are the audited Financial Statement of Rosanna DeFrancesca and her literature and flyers, referenced above by the relevant Exhibits which are appended to this document.</p>	<p>6. Denied: there were no such contraventions, apparent or otherwise. All literature and flyers were listed as "subject to campaign expense limitation" under the heading of brochures. <i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>7. Rosanna DeFrancesca held at least four (4) "meeting hosted"- type events during the 2010 Municipal Election campaign. Her Financial Statements report she held separate - and evidenced - "BBQ events", although no accounting of expenses are made of the other two (2) events. Exhibit 1, page 2.</p>	<p>7. Denied: the two "BBQ events" related costs, save and except brochure printing and delivery (reported under the expense heading of brochures), are accurately listed "subject to campaign expense limitation" under the expense heading "BBQ events". <i>See Schedule "5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca for "BBQ Events".</i></p>
<p>8. According to the Financial Statements of Rosanna DeFrancesca, candidates exercise two options when reporting "meeting hosted" events: Option 1 is to identify and report the campaign expense in the "Other" category, with "full details". She exercised Option 1 with regard to the "BBQ events" (Exhibit 1,</p>	<p>8. Denied: the campaign accountant assumed that the two "Meet and Greet" events took place at Ms DeFrancesca's campaign office, as a result, the related costs, save and except brochure printing and delivery (reported under the expense heading of "brochures"), are accurately</p>

Allegation	Response
<p>page 2). Option 2 is to report the two events as "meetings hosted", as is required by the MEA. Rosanna DeFrancesca did not report the Tim Horton's events using either Options 1 or 2, which appears to be a contravention of the MEA.</p>	<p>reported under the "Office Expense" heading. Moreover, the "BBQ events" related costs, save and except brochure printing and delivery (reported under the expense heading of "brochures") and certain related sign materials (reported under the expense heading of "signs"), are accurately listed under the heading of "BBQ events".</p> <p><i>See Schedules "2, 5, and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p>
<p>9. The two events appear to have been either inadvertently missed or intentionally removed from the Financial Statements. Rosanna DeFrancesca reported the "BBQ events" under the "Other" category (Exhibit 1, page 2, line 2). In light of the above, it is improper that the Financial Statement was skipped/blank at line 1.</p>	<p>9. This allegation is scandalous as there is no evidence or reasonable grounds to assert that these events have been inadvertently missed or intentionally removed. As described above, the supply cost of complimentary coffee and timbits for the two "Meet and Greet" events were listed under "Office expense" and appropriately allocated as "subject to campaign expense limitation".</p>
<p>10. The two "meetings hosted" events were not low key, inexpensive, casual or informal events held at a campaign office; instead, they were community-wide events that were advertised with multiple flyers and customized invitations - distributed through paid distribution - and held at a commercial venue to draw maximum visibility and exposure.</p>	<p>10. Ms DeFrancesca states that these were casual events hosted at a casual venue (Tim Hortons Colossus location with a seating capacity of approximately 40 persons). All literature and related distribution have been properly listed under the expense heading of "brochures" "subject to campaign expense limitation".</p> <p>All customized invitations and respective literature have been properly listed under "Brochures" and "subject to campaign expense limitation". Addressing and delivering of invitations was done by way of by volunteers with no postage cost to approximately 1,200 homes of known supporters. The approximate number of guests were between 15-20 at each event for a total of less than 50 guests including Ms DeFrancesca and seven other volunteers who also consumed coffee and timbits. Many</p>

Allegation	Response
<p>11. A detailed review of the campaign activity and estimated campaign expenses for the two (2) "meetings hosted" events follows:</p> <p>a. Issue 1- Design/Print/Distribution By Admill of the "Meet & Greet" Event Flyer: Her campaign printed a full color flyer, and distributed (by Admill) within a sealed plastic bag to over 16,000 households in Ward 3 (Exhibit 3). The estimated cost of flyers is \$1,000.00 (Exhibit 17) and the actual distribution cost is \$967.00 (Exhibit 11), combining for a total campaign expense of \$1,967.00.</p> <p>b. Issue 2 - Print and Distribute the "Meet & Greet" Event Flyer: The second event; total campaign expense of \$1,967.00.</p>	<p>attendees purchased their own drinks and food items.</p> <p><i>See Schedules "2 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p> <p>11.</p> <p>(a) All design, print and distribution of the two "Meet & Greet" event flyers consisted of two separate deliveries on April 12, 2010 and April 19, 2010.</p> <p>Each delivery consisted of 12,936 pieces for a total of 25,872 pieces at a rate of 4 cents per flyer plus HST for a total of \$1,086.62, which was paid by cheque #0009 (\$543.31) and #0012 (\$543.31) and properly listed under the expense heading of "brochures" and accounted for "subject to campaign expense limitation".</p> <p>Furthermore, the campaign had 34,000 "Meet & Greet" flyers (4.25"x 10") printed at a cost of \$819.25 including HST, which were paid for by cheque #0002 for a total print and distribution cost of \$1,905.87.</p> <p>A small portion, (approximately 2,100 brochures), of the residual flyers were hand delivered by volunteers in various areas. My campaign estimates that approximately 6000 brochures (approximate value \$144.57) were disposed of after the event as being stale-dated.</p> <p><i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</i></p> <p>(b) Refer to (a), above.</p>

Allegation	Response
<p>c. Issues 1 and 2 - Print and Distribute by Volunteers "Meet & Greet" Event Flyer: Prior to and between events, the DeFrancesca campaign team distributed by hand, door-to-door, a loose leaf flyer; total campaign expense approximately \$1,000.00 (Exhibit 17).</p> <p>d. Issues 1 and 2 - Custom Printed Envelopes/Invitations for New Flyer: Rosanna DeFrancesca produced custom individualized invitations on custom printed and separately labelled envelopes, with color letter insert with a new postcard flyer (Exhibit 4). The estimated campaign expense is in the range of \$1,800.00 to \$2,500.00, or greater.</p> <p>e. New Postcard Flyer: Rosanna DeFrancesca's redesigned, reprinted and redistributed throughout Ward 3 retail stores the new flyer. Two stores located within Chancellor Square, in which Rosanna DeFrancesca had a campaign office, had visible stacks of the new flyer (i.e. Ital Pizza, who was a campaign donor, and a convenience store). The estimated campaign expense is \$1,000.00.</p> <p>f. Issues 1 and 2 - Actual Campaign Expenses for the two events: In her flyers and invitations, Rosanna DeFrancesca advertised "[c]omplimentary coffee, timbits, donuts ...". Based on documentary evidence, and assuming a conservative estimate of between 300 to 500 people in attendance at each event, the total campaign expenses for the two events is in the range of \$1,800.00 to \$3,000.00.</p>	<p>(c) Refer to (a), above.</p> <p>(d) Refer to sub-para. 10, above. The cost of custom printed envelopes (5,000 pcs), invitations (2,500 pcs), letterhead (2,500 pcs), small post card flyer (1500 pcs - letter insert size) and business cards (1,200 pcs) including HST is \$904.00, which was paid by cheque #0003.</p> <p>The approximate cost of 1,200 hand delivered invitations are as follows \$84 for envelopes, \$60 for invitation letters, \$120 small post card flyer (letter insert size) for a total cost \$264.</p> <p>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca</p> <p>(e) Flyers for the two "Meet & Greet" events were made available at two locations within Chancellor Square plaza (Ital Pizza and Jiffy's Convenience). Approximately 75 were deposited at each location for a total of 150 pieces a value of approximately \$1.25.</p> <p>(f) Refer to sub-para. 10, above —total cost \$93.27 (complimentary coffee and timbits). Moreover, the Applicant has failed to adduce any evidence of where she derives her estimates and for the number of people in attendance, which is telling.</p> <p>See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna</p>

Allegation	Response
<p>12. The total estimated campaign expenses resulting from the two (2) "meetings hosted" events is between \$9,700.00 to \$12,000.00. There is no evidence that these events have been reported.</p>	<p><i>DeFrancesca.</i></p> <p>12. The campaign expenses resulting from the two Tim Horton "Meet & Greet" events is \$2,264.39, all of which are listed as "subject to campaign expense limitation". There is simply no reasonable or credible evidence led by the Applicant to support her assertion on this point.</p> <p><i>See Schedules "2 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 3: Conflict/Contradiction with Audited Financial statement Reported" Surplus and Deficit"</p> <p>1. The MEA and prescribed forms require candidates to include and carry forward any previous "surplus or deficit" from the 2006 election, to be reported and accounted for in the 2010 Municipal Election (Exhibit 1, page 1, plus page 3 of 8).</p>	<p>1. Agreed</p>
<p>2. There is a conflict and contradiction with Rosanna DeFrancesca's 2006 and 2010 audited Financial statements, in respect of the "deficit" as at December 31, 2006.</p>	<p>2. There is no conflict or contradiction with Ms DeFrancesca's audited Financial Statements for the 2006 and 2010 elections in respect of the "deficit" as at July 3, 2007. A supplementary Financial Statement filed in 2007 by Ms DeFrancesca reports a carry forward "deficit" of \$3.00. No application for a compliance audit was brought in respect of the Supplementary Financial Statement and thus, any challenge to that statement is statute-barred by virtue of s. 81 of the MEA and is beyond reproach. Moreover, no compliance audit was requested in respect of the Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007 and thus, any challenge to that statement is statute-barred by</p>

Allegation	Response
	<p>virtue of s. 81 of the MEA and is beyond reproach.</p> <p><i>See Exhibit "C" of Written Submissions of Rosanna DeFrancesca - supplementary Financial Statement sworn September 4, 2007.</i></p>
<p>3. Rosanna DeFrancesca's 2006 Financial Statement reports a carry forward "deficit" of \$3,299.00 (Exhibit 2, pages 2 and 3); contrarily, her 2010 Financial Statement only declares a "deficit" of \$3.00, as at December 31, 2006 (Exhibit 1, page 1, plus 3 of 8). Therefore, this contradiction in the reported "deficit" to be carried forward is a contravention of the MEA, and gives rise to numerous violations of the MEA.</p>	<p>3. Ms DeFrancesca's 2007 supplementary Financial Statement sworn September 4, 2007 reports a carry forward "deficit" of \$3.00. Such was never challenged; see sub-para. 2, above.</p>
<p>4. It is unclear how the auditor could have determined the current "surplus/deficit", as well as the "refund to the candidate".</p>	<p>4. All calculations were based upon the actual \$3.00 "deficit" reported in Ms DeFrancesca's supplementary Financial Statement sworn on September 4, 2007 and not the \$3,299.00 alleged by the applicant.</p>
<p>5. The error has a direct impact on the "refund of contribution" to Mr. and Mrs. DeFrancesca (Exhibit 1, page 3), and any amount remaining to be "paid to the clerk". The understated "deficit" contributed to the improper calculation of a greater "surplus", and resulting in a greater "refund to the candidate and spouse"</p>	<p>5. There is no error on the "refund of contribution" to Mr. and Mrs. DeFrancesca as alleged by the applicant.</p>
<p>Issue 4: Failure/Misrepresentation To Determine Campaign "Surplus/Deficit" resulting in an Over Reimbursement to Mr. and Mrs. DeFrancesca</p>	
<p>1. Rosanna DeFrancesca's "Statement of Determination of Surplus or Deficit and Disposition of Surplus", reports a campaign surplus of \$15,368.20, adjusted</p>	<p>1. These are the correct figures.</p>

Allegation	Response
<p>by \$3.00 ("deficit") from the 2006 Municipal Election, resulting in a \$15,365.20 surplus (Exhibit 1, page 3).</p>	
<p>2. The surplus of \$15,365.20 is incorrect, as it neglects to fully account for the 2006 "deficit", as evidenced above.</p>	<p>2. There is no evidence of an incorrect "deficit" from the 2006 campaign. Moreover, no financial statements from Ms DeFrancesca's 2006 campaign were ever subject to a compliance audit.</p> <p>The surplus of \$15,365.20 is in fact correct and fully accounts for the 2006 "deficit" as declared in Ms DeFrancesca's supplementary Financial Statement filed and sworn on September 4, 2007 which accurately declares a \$3.00 deficit.</p>
<p>3. Rosanna DeFrancesca declared and received the full surplus of \$15,365.20. The "refund" paid by Mr. and Mrs. DeFrancesca to themselves, from campaign funds, appears to be overpaid by \$3,296.00 (\$3,299.00 less \$3.00).</p>	<p>3. Denied: The surplus of \$15,365.20 and the respective "refund" is accurate.</p>
<p>4. Mr. and Mrs. DeFrancesca claimed and received the full surplus that had existed at the end of the 2010 Municipal Election, resulting in no monies remaining to be "paid to the municipal clerk", which appears to be contrary to the MEA (Exhibit 1, page 3), as the "surplus" was not misstated.</p>	<p>4. The "paid to the Municipal Clerk" amount is accurately reported.</p>
<p>Issue 5: Personal Benefit and Failure/Misrepresentation to Report and Disclose Companies Owned/Operated by Mr. and Mrs. DeFrancesca</p>	
<p>1. Rosanna DeFrancesca has stated in her literature that she "owns and operates" a business, with her husband, Carlo DeFrancesca. A Corporate Search of "Cleanigans Home Services Inc." and "Greenigans Lawn Care Inc." (Exhibits 12 and 13) has revealed that Mr. DeFrancesca is the owner and President of</p>	<p>1. The term "owns and operates" did not appear in any of Ms DeFrancesca's literature and Ms DeFrancesca denies making such a claim. The lack of evidence on this point by the Applicant is telling.</p>

Allegation	Response
<p>both of these corporations.</p>	<p>Moreover, a Corporation Profile Report does not list owners of corporations; rather, only officers and directors are listed, who are not to be confused with shareholders, who are not listed.</p>
<p>2. During the 2010 campaign period, Rosanna DeFrancesca had numerous brochure deliveries to Ward 3 at large, encompassing nearly 16,000 households. In particular, at least two (2) of these deliveries were conducted by "Media Mail Inc.", and included delivery not only of Mrs. DeFrancesca's campaign flyer, but also flyers associated with Cleanigans and Greenigans (Exhibit 5). The candidate's association with these companies was never disclosed, and on its face, this appears to be a deliberate attempt to gain a personal benefit (i.e. promotion of her private businesses) through the use of campaign funds. This may amount to serious contraventions of the MEA, as there appears to be evidence of intent and a deliberate attempt to gain a personal benefit.</p>	<p>2. A review of the brochure delivery expenses of the campaign confirms that Media Mail Inc. delivered at least 32,000 brochures as indicated by the Applicant. All related costs payable to Media Mail Inc. have been accurately invoiced to the campaign and properly reported and listed as "subject to campaign expense limitation" under the expense heading of "brochures".</p> <p>Media Mail Inc. also distributed flyers for at least three other City of Vaughan candidates during the 2010 election period (one of whom was re-elected) as well as for other local businesses.</p> <p><i>See Schedule "2" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. Secondly, a Corporate Search of the delivery company, "Media Mail Inc.", reveals that that company too is owned by Mr. DeFrancesca (Exhibit 15). As such, this raises further questions as to the extent of the personal benefit gained above by Cleanigans and Greenigans, administered by Media Mail. Simply put- this adds insult to injury and goes beyond reasonable grounds to base a belief of numerous, and serious, contraventions of the MEA (including resulting impacts on campaign expense limitations).</p>	<p>3. Ms DeFrancesca is not a director or officer of Media Mail Inc. nor does she have any ownership in Greenigans Lawn Care Inc., Cleanigans Home Services Inc. or Media Mail Inc. as alleged by the Applicant.</p> <p>Moreover, a Corporation Profile Report does not list owners of corporations; rather, only officers and directors are listed, who are not to be confused with shareholders, who are not listed.</p>

Allegation	Response
<p>Issue 6: Failure to Report or Claim Unpaid Campaign Expenses</p>	
<p>1. The "Statement of Assets and Liabilities as at December 31, 2006" reports Rosanna DeFrancesca had 'inventory' at the end of the campaign of \$310.02. Rosanna DeFrancesca did bring this forward to the 2010 Financial Statement, (Exhibit 2, page 3) as 'inventory contributed to the candidate's campaign'. Rosanna DeFrancesca did address the 'asset'.</p>	<p>1. Agreed</p>
<p>2. The "Statement of Assets and Liabilities as at December 31, 2006" also included Rosanna DeFrancesca having reported a \$3,341.00 'accounts payable'. While Rosanna DeFrancesca brought forward the 'asset', there is no evidence, she reported as a campaign expense, or settled the 'liability' as at December 31, 2006 with the 2010 Financial Statements.</p>	<p>2. Denied: the "Statement of Assets and Liabilities as at July 3, 2007" contained within Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007 accurately reported a \$3.00 "accounts payable". Furthermore, the "liability" as at July 3, 2007 was accurately settled with Ms DeFrancesca's 2010 Financial Statement that is subject to the Applicant's compliance audit request.</p>
<p>3. Based on the audited Financial Statements, Rosanna DeFrancesca declared and acknowledged having an outstanding amount owing to a supplier for \$3,341.00, as at December 31, 2006 (Exhibit 2, page 3). Rosanna DeFrancesca did not submit a supplementary Financial Statement.</p>	<p>3. Denied: Ms DeFrancesca's supplementary Financial Statement sworn on September 4, 2007 for the period ending July 3, 2007 accurately reports a \$3.00 "deficit".</p>
<p>4. Further, she reported Mr. DeFrancesca had made a contribution of \$400 towards the "liability" as at December 31, 2006, see Exhibit 2, page 4 list of contributions. It is a statement of fact, Rosanna DeFrancesca had incurred the liability and reported it; declared having monies owing; commence to pay the campaign expense; and it completely disappeared, from the Financial statement or subsequent Financial Statement; and not reported as a campaign expense. If she reported this campaign expense, she would have been over her campaign limit by over \$3,000 for 2006, contrary to the MEA, and not qualified</p>	<p>4. Ms DeFrancesca's financial statements from the 2006 campaign were accurately reported as prescribed by the MEA. Moreover, Ms DeFrancesca's Financial Statements from the 2006 election (both of them) were never subject to a compliance audit, which are now statute-barred by the MEA.</p>

Allegation	Response
<p>to be a candidate. There is no evidence, the liability was brought forth, while the asset was brought forth, both are required.</p>	
<p>5. Candidates are required to include within 'excess (deficiency) of income over expenses from the Statement of Campaign Period and Expenses'. She failed to do so.</p>	<p>5. Denied. Moreover, there is no cross-reference in the Applicant's materials to substantiate this allegation. Ms DeFrancesca's Financial Statements have been accurately reported as prescribed by the MEA.</p>
<p>6. Rosanna DeFrancesca incurred and declared having an outstanding liability of \$3,341 as at December 31, 2006, and failed to include the liability within the Financial Statement, for legal bills having been incurred by her campaign manager, in which she had acknowledged were owing as at December 31, 2006.</p>	<p>6. Ms DeFrancesca's outstanding "liability" as at July 3, 2007 was accurately reported as \$3.00 in her supplementary Financial Statement sworn September 4, 2006. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>7. Rosanna DeFrancesca, had a 'deficit' reported of \$3,299 and an amount owing \$3,341.00. The possibility existed she had a 'deficit', from the declared amount to be, \$6,640 and \$3,000 over her spending limit.</p>	<p>7. The outstanding "liability" as at July 3, 2007, was accurately reported as \$3.00 in Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007. There was no overspending. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>8. Mr. and Mrs. DeFrancesca reimbursement a 'refund' of the full surplus as at December 2010, per Exhibit 1, page 3. The 'refund' claimed by them fails to include \$3,341.</p>	<p>8. The outstanding "liability" as at July 3, 2007, was accurately reported as \$3.00 in Ms DeFrancesca's supplementary Financial Statement sworn September 4, 2007. There was no overspending. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>

Allegation	Response
<p>9. Rosanna DeFrancesca did not report or include within the 2006 Financial Statement this campaign expense, did not file a supplementary Financial Statement as provided by the MEA. As a result, the audited Financial Statements are inconsistent with the matters brought forward to the 2010 Financial Statement.</p>	<p>9. Denied: Ms DeFrancesca filed a supplementary Financial Statement sworn September 4, 2006 for the period ending July 3, 2007. All matters brought forward to Ms DeFrancesca's Financial Statement for the 2010 election are accurate and as prescribed by the MEA. Moreover, Ms DeFrancesca's Financial Statements (both of them) from the 2006 election were never subject to a compliance audit, which are now statute-barred by the MEA.</p>
<p>10. The DeFrancesca campaign by their own submission have acknowledged in part the liability, declared it was outstanding and then, it completely disappeared. There is a conflict between the two audited Financial Statements. The source of the conflict/contradiction are the audited Financial Statements and not based on speculation.</p>	<p>10. There is no conflict between any of the audited Financial Statements related to either of the campaigns as alleged by the Applicant.</p>
<p>Issue 7: Failure to report 'barbeque expenses'</p>	
<p>1. Rosanna DeFrancesca's 2010 Financial Statement reports "BBQ events" spending of \$3,015.07, which is "subject to limitation" (Exhibit 1, page 2).</p>	<p>1. Agreed</p>
<p>2. The MEA, and prescribed form, require candidates to "include the value of contribution of goods and services" within the campaign expenses (Exhibit 1, page 2). She received a contribution of "goods and services" for \$350 (Exhibit 1, Schedule C). Rosanna DeFrancesca had out-of-pocket campaign expenses of \$2,665.07 for the 'BBQ events'.</p>	<p>2. All contributions of "goods and services" and "BBQ events" have been properly reported and listed as "subject to campaign expense limitation" as prescribed by the MEA.</p> <p>The contribution of "goods and services" of \$350.00 is unrelated to either of the "BBQ events;" rather, it was a contribution of services kind by Arthur Winiarczyk and is listed in the "Contributions in Kind" and contained within Schedule "C" of the Financial Statement for the 2010 election.</p>

Allegation	Response
<p>3. The review and investigation found that the "BBQ events" were not low key, inexpensive, informal, or casual events. Instead, one such event alone, held on September 26, 2010, produced thousands of flyers distributed throughout Ward 3 both by both volunteers and paid distributions, with customized printed invitations. Further, the event was promoted by custom printed BBQ street signs, and featured "live band and entertainment", rented tents, picnic tables, and "free" barbeque (Exhibits 6 and 7).</p>	<p>See page 2.43 of the Agenda for the July 8, 2011 Compliance Audit Committee meeting.</p> <p>See also Schedule "5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p> <p>3. The "BBQ event" held on September 26, 2010 and related costs are all accurately reported and listed as "subject to campaign expense limitation" under the expense headings of "BBQ events" and "brochures". Furthermore, the BBQ street signs were assembled by volunteers using digitally printed labels affixed to mostly recycled coroplast from my damaged and unusable signs; the campaign did use new coroplast for some of the signs which were paid for and reported and listed "subject to campaign expense limitation" under the expense heading of "signs". The tables and chairs were expensed under the "BBQ events" expense heading. The tents utilized at the BBQ events belong to Ms DeFrancesca personally and were purchased several years ago for family picnics and have no real monetary value. Although "live band and entertainment" was advertised on the brochure advertising the event, Ms DeFrancesca used personally owned music equipment that was operated by volunteers. All food and beverage items are also accurately expensed under the "BBQ events" expense heading.</p> <p>See Schedules "2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p> <p>The Applicant fails to describe what "review and investigation" was conducted and by whom. Moreover, the Applicant does not substantiate her assertion that that the barbeque events were "not low key, inexpensive, informal, or casual events"; rather, she makes sweeping and</p>

Allegation	Response
<p>4. The scale and magnitude of one of "BBQ event" alone exceeds the total campaign amount reported of \$2,665.07 for all of the "BBQ events". Furthermore, the estimated expense for one event alone is approximately four (4) times the amount reported for all the 'BBQ events;</p>	<p>subjective allegations that are impossible to respond to.</p> <p>4. The Applicant fails to substantiate what scale and magnitude to which she is referring and how it exceeds whatever amounts she is claiming. The \$3,015.07 reported under the "BBQ events" expense heading includes the costs related to both "BBQ events", save and except the related brochure print (flyers & invitations) and distribution costs, which are reported under the expense heading of "brochures". Many of the flyers which advertised the "BBQ events" were distributed by volunteers as a costs-saving strategy.</p> <p>See Schedules "2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</p>
<p>5. A thorough review of the expenses associated with only one (1) of the "BBQ events", held on September 26, 2010, follows:</p> <p>a. Fiver and Door-to-Door Distribution by Media Mail Inc.: Full color flyer (Exhibit 5), produced and distributed to 16,000 households, \$2,200.00;</p> <p>b. Flyer Distributed by DeFrancesca campaign team: \$1,000.00;</p>	<p>5.</p> <p>(a) Brochure printing and door-to-door distribution for the September 26, 2010 BBQ event consists of an invoice for 18,000 brochures as indicated in Exhibit 5 of the Applicant for the cost of \$607.38 including HST. Distribution by Media Mail Inc. of 16,400 at a cost of \$926.60 including HST for a total cost of \$1533.98. Of the 1,600 residual flyers approximately, 400 or so were hand delivered in conjunction with addressed invitations. The remaining brochures were discarded at a value of approximately \$37.00. Please note that brochures were primarily used for general campaign purposes as well as for "BBQ events" purposes and therefore should not necessarily be applied to "BBQ events".</p> <p>(b) Although a great deal of brochures were delivered by Ms DeFrancesca's campaign team only, 400 or so of the residual flyers with the approximate value of \$13.50 were hand delivered in conjunction with addressed envelopes.</p>

Allegation	Response
<p>c. Custom printed invitations to the BBQ: Custom color envelopes, custom color inserts, BBQ flyer, individualized, computer printed and labelled (Exhibit 6), costing in the range of \$1,100.00 to \$1,490.00;</p> <p>d. Advertising signs: Production of color chloroplast "BBQ" signs attached to street poles along Chancellor Drive and other arterial roads, approximately \$250.00;</p> <p>e. Outdoor sound system: \$250.00;</p> <p>f. "Live band and entertainment". per fiver: \$1,000.00 -\$1,500.00;</p> <p>g. Rental of picnic tables and working tables for volunteer, family, guests/residents: \$200.00;</p>	<p>Moreover, the Applicant fails to substantiate the \$1,000.00 alleged;</p> <p>(c) The September 26, 2010 addressed invitations consists of flyers valued at approximately \$13.50 (refer to sub-paragraph b), envelopes valued at approximately \$28.00 (refer to issue 1 & 2 paragraph 11 sub-paragraph d) and letterhead valued at approximately \$20.00 (refer to issue 1 & 2 paragraph 11 sub-paragraph d) at a total cost of \$61.50. Please note that the letter invitations were printed on letterhead previously offset printed (refer to issue 1 & 2 paragraph 11 sub-paragraph. Moreover, the Applicant fails to substantiate the amounts alleged</p> <p>d) not all invitations were printed in colour; as a costs-saving measure, many were printed using black ink only. The total ink cost is valued at approximately \$20.00. The total cost of the 400 or so addressed invitations hand delivered by volunteers has a total value of \$81.50.</p> <p>The advertising signs for the September 26, 2010 "BBQ event" consists of 150 digitally printed (peel n' stick) BBQ sign stickers at a cost of \$169.50 including HST, paid for by cheque #0033 and accurately reported under the expense heading of "brochures". Much of the coroplast used was recycled (refer to paragraph 3); an additional 6 (4x8) sheets of coroplast was purchased at a cost of \$67.80 including HST and paid for by cheque #0065 accurately reported under the expense heading of "signs" at a total cost of \$237.30 (note: these signs were reused for the October 9, 2010 BBQ event.)</p> <p>(e) and (f) Although "live band and entertainment" was advertised on the brochure, Ms DeFrancesca opted to use personally owned equipment operated by volunteers at no cost to the campaign (please refer to paragraph 3). Moreover, the Applicant fails to substantiate the amounts alleged</p> <p>(g) The total cost of the table and chair rental for the September 26, 2010 "BBQ event" is \$336.18 paid for by cheque #0028 and accurately reported the under the expense heading of "BBQ events". Moreover, the Applicant fails to</p>

Allegation	Response
<p><i>h. Rental of tents and barbeque equipment: \$250.00;</i></p> <p><i>i. Decorations and supplies: including tee shirts for volunteer team, \$300.00; and</i></p> <p><i>j. "Free" food and drink, and barbeque supplies for the estimated 300-500 guests: \$900.00-\$2,500.00.</i></p>	<p>substantiate the amounts alleged</p> <p>(h) There is no applicable tent cost, however there is a barbeque rental cost for the September 26, 2010 "BBQ event" of \$214.70 accurately reported under the expense heading of "BBQ events". Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p>(i) The total cost of decorations and supplies (including drinks and condiments) for the September 26, 2010 "BBQ event" is \$496.26 paid for using campaign account debit card and accurately reported under heading of "BBQ events". Furthermore, the campaign purchased 54 T-shirts for the amount of \$396.63 including HST paid for by cheque #0064 under the expense heading of "Advertising", and screen printed same at a cost of \$183.06 including HST paid for by cheque #0007 under the expense heading "Office Expenses" for a total T-shirt cost of \$579.69, accurately reported under "subject to campaign expense limitation". T-shirts are primarily used for general campaign purposes and do not exclusively apply to "BBQ event" costs. The total cost of decorations, supplies including T-shirts is \$1075.95. Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p>(j) The food cost related to the September 26, 2010 "BBQ event" consists of meat expense of \$960.00 paid by cheque #0029 and bread expense of \$475.20 paid by chq #0030 for a total of \$1,435.20, which is accurately reported under the expense heading of "BBQ events" and "subject to campaign expense limitation".</p> <p>Please note that due to a smaller number of guests than anticipated at the first BBQ, approximately 60% of the bread purchased (approximate value \$285.12) was not used and later discarded. Also note that approximately 60% of the meat purchased (approximate value \$576.00) was largely consumed later at a second "BBQ event" on October 9, 2010. All of these amounts were nevertheless listed as expenses subject to the campaign limit. Furthermore, approximately 50% of decorations, supplies, drinks, and condiments</p>

Allegation	Response
<p>6. The estimated campaign expenses for one (1) "BBQ event" ranges from \$8,075.00 and \$10,650.00, based on the above. Rosanna DeFrancesca has reported out-of-pocket BBQ expenses of only \$2,665.00 for all the "BBQ events".</p>	<p>(approximate value \$248.13) were later used at the October 9, 2010 "BBQ event" and by volunteers throughout the remainder of the campaign, having already been expensed.</p> <p>The "BBQ event" signs were also reused for the October 9, 2010 "BBQ event" by applying (by volunteers) a small sticker over the original to replace the date and location at a cost of \$45.20 including HST and reported under the expense heading "brochures". Please note that no other T-shirts were purchased at any other time. Moreover, the Applicant fails to substantiate the amounts alleged.</p> <p><i>See Schedules "1, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>6. The Applicant completely fails to substantiate any of amounts alleged. The proportionate purchases related to the September 26, 2010 "BBQ event" consists of flyer and door to door distribution costs (refer to paragraph 5 sub-paragraph a) of \$1,533.98, custom printed invitation cost (refer to paragraph 5 sub-paragraph c) of \$81.50, advertising signs cost (refer to paragraph 5 sub-paragraph d) of \$237.30, outdoor sound and music cost (refer to paragraph 5 sub-paragraph e) is nil, live band and entertainment cost (refer to paragraph 5 sub-paragraph f) is nil, rental of picnic table and chairs cost (refer to paragraph 5 sub-paragraph g) is \$336.18, rental of tents and BBQ equipment cost (refer to paragraph 5 sub-paragraph h) is \$214.70, decorations and supply cost including drinks and condiments (refer to paragraph 5 sub-paragraph i) is \$248.13, meat and bread cost (refer to paragraph 5 sub-paragraph j) is \$859.20, the remaining meat was used at the October 9, 2011 BBQ.</p> <p>Of these total purchases, various supplies were utilized at a second "BBQ event" held on October 9, 2011.</p>	<p>6. The Applicant completely fails to substantiate any of amounts alleged. The proportionate purchases related to the September 26, 2010 "BBQ event" consists of flyer and door to door distribution costs (refer to paragraph 5 sub-paragraph a) of \$1,533.98, custom printed invitation cost (refer to paragraph 5 sub-paragraph c) of \$81.50, advertising signs cost (refer to paragraph 5 sub-paragraph d) of \$237.30, outdoor sound and music cost (refer to paragraph 5 sub-paragraph e) is nil, live band and entertainment cost (refer to paragraph 5 sub-paragraph f) is nil, rental of picnic table and chairs cost (refer to paragraph 5 sub-paragraph g) is \$336.18, rental of tents and BBQ equipment cost (refer to paragraph 5 sub-paragraph h) is \$214.70, decorations and supply cost including drinks and condiments (refer to paragraph 5 sub-paragraph i) is \$248.13, meat and bread cost (refer to paragraph 5 sub-paragraph j) is \$859.20, the remaining meat was used at the October 9, 2011 BBQ.</p> <p>Of these total purchases, various supplies were utilized at a second "BBQ event" held on October 9, 2011.</p>

Allegation	Response
	<p>In total, all expenses relating to both BBQs have been applied "subject to campaign expense limitation" as prescribed by the <i>MEA</i>. Also note that the T-shirt and related general brochure print and distribution costs are allocated under more appropriate alternative expense headings (<i>i.e.</i>, advertising and brochures).</p> <p><i>See Schedules "I, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 8: Failure to report phone and internet expenses</p>	
<p>1. Rosanna DeFrancesca's 2010 Financial statement reports \$387.20 as "telephone and internet expenses" for the 10 month period from January 13, 2010 (date filed as a candidate) to December 31, 2010 (Exhibit 1, page 2).</p>	<p>1. Agreed</p>
<p>2. Rosanna DeFrancesca declared upon filing and throughout her campaign, the same telephone, fax, and website references (Exhibit 9).</p>	<p>2. This comment is undecipherable.</p>
<p>3. Rosanna DeFrancesca reported a contribution of "goods and services" to include the website for \$93.55 (Exhibit 1, Schedule C). The <i>MEA</i> requires candidates to include the "goods and services" contribution with the monetary campaign expenses to provide the total campaign expense (Exhibit 1, page 2). Rosanna DeFrancesca did so; as a result, Rosanna DeFrancesca reported out-of-pocket "telephone" campaign expenses of \$293. 65.</p>	<p>3. A portion of \$93.55 "goods and services" referred to by the Applicant, are expenses that are related to website hosting and campaign email and other related costs donated by my son, Robert DeFrancesca, who also voluntarily designed and built the website and included as expenses in accordance with the <i>MEA</i>.</p> <p>The \$387.20 telephone and website expense are related to the various phone costs.</p>

Allegation	Response
<p>4. Rosanna DeFrancesca purchased an additional telephone line and included it with her with her street signs and news releases (i.e. telephone number 416-678-1522) (Exhibit 20).</p>	<p>4. The 416-678-1522 is Ms DeFrancesca's husband's personal cell phone number, which has been in service for the previous fourteen years. The Applicant has never produced her Exhibit 20.</p>
<p>5. She opened a "campaign headquarters" in a vacant commercial unit, at Chancellor Square. Bell Canada provided special services and rates for municipal election office services and installations. The Bell Canada standard installation rate alone nearly exceeds the total amount reported by Rosanna DeFrancesca, without any telephone or fax line considered.</p>	<p>5. This comment is mostly undecipherable. To that extent that meaning can be derived from it, all telephone, internet installation and related services have been invoiced and expensed by the campaign and listed as "subject to campaign expense limitation". Moreover, the Applicant fails to substantiate the Bell Canada amounts she is alleging. The lack of evidence on this point is telling.</p>
<p>6. The MEA and prescribed form, has been amended to require candidates to become more transparent with their campaign expenses and show separately "phone and internet expenses" (Exhibit 1 and 2, comparison of the 2006 and 2010 Financial Statements).</p>	<p>6. All "phone and internet expenses" are accurately reported under the expense heading of "phone and internet expenses" as provided in the standard forms. The MEA speaks for itself. <i>See Schedule "3" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>7. From January 13, 2010 (date of registration), to October 25, 2010 (date of Municipal Election), the DeFrancesca campaign declared the use of three (3) accounts (i.e. telephone account, fax account, 416-678-1486, 416-631-9936, website, and email/internet) (Exhibit 5 and 9).</p>	<p>7. These phone numbers were provided for contact purposes at the time of filing and operational for a decade or more at the time of filing. Furthermore, the email address is also a personal contact email and the website domain is maintained for purposes other than election campaigning. The campaign website was not operational until July or August of 2010 and the "nomination form" requires that candidates provide business phone, fax phone, email address and home phone. Furthermore, both the 416-678-1522 cell phone number and the 416-678-1486 are personal cell</p>

Allegation	Response
<p>8. Rosanna DeFrancesca opened a campaign headquarters at 270 Chancellor Drive, Unit 7; previously being a vacant office/commercial unit. It is reasonable to conclude that she needed and required installation and service to the campaign headquarters. As such, Bell Canada established a special rate and services for candidates in the Municipal Election, although it does not appear that Rosanna DeFrancesca reported these expenses. Based on the facts, it is unreasonable to believe that these expenses were not incurred.</p>	<p>phone numbers with unlimited outbound and inbound calling features.</p> <p>8. This comment is mostly undecipherable. To the extent that meaning can be derived from it, it is based on conjecture and the Applicant fails to substantiate the allegation. All phone, internet installation and related services has been invoiced and expensed by the campaign and listed as "subject to campaign expense limitation". <i>See Schedules "1, 2 and 5" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 9: Failure to report office expenses</p> <p>1. Rosanna DeFrancesca reported office expenses of \$4,015.97 (Exhibit 1, page 2), and "contributions in goods and services", included within the office expense category, of \$698.41 for the office banner and utilities contributed by the landlord (Exhibit 1, Schedule C). The resulting total reported office expense for her campaign was \$3,317.56.</p>	<p>1. The campaign reported \$4,015.97 under the expense category of "Office Expenses". A contribution in lieu of payment for utilities was made by the Landlord in the amount of \$444.43 and is included under the heading of "Office Expenses" and "subject to campaign expense limitation". Please note that the vinyl banner was used for both outdoor events and office display and was badly damaged at the October 9, 2010 "BBQ event". Moreover, Ms DeFrancesca no longer has this banner and presumes that it was discarded during the campaign office clean up. <i>See Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>2. Rosanna DeFrancesca also purchased a large exterior illuminated sign for her campaign headquarters (Exhibit 18). The fair market value of the sign is</p>	<p>2. The Applicant utterly fails to substantiate the amount alleged. The illuminated signboard was repainted with new graphics at a cost of</p>

Allegation	Response
<p>\$1,500.00. Deducting this amount from her reported office expense total, the balance of available monies for all other office purposes is \$1,817.56.</p>	<p>\$395.50 inc HST, which was paid for by cheque #0024 and accurately reported under the expense heading of "Signs" and "subject to campaign expense limitation".</p> <p><i>See Schedule "4" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. Rosanna DeFrancesca rented a vacant commercial unit at 270 Chancellor Drive, Unit 7, several months prior to the Municipal Election, and for a few weeks following, to serve as a campaign headquarters. The fair market value for the rent expense and TMI (taxes, maintenance, and insurance) is \$3,950.00, based on a formula established by the Ministry of Municipal Affairs and Housing and using MLS Listings (Exhibit 16).</p>	<p>3. The campaign office was opened on Saturday September 18, 2010 after extensive clean-up and painting and vacated on Friday October 29, 2010 for a total of a 42-day occupancy.</p> <p>Using the formula contained within the Compliance Audit Report For the City of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited (Ken Froese) and the Compliance August Report For the City of Vaughan Re: Bernie DiVona dated April 24, 2009, the value of Ms DeFrancesca's rent in the 2010 election for office rental cost was calculated as follows:</p> <p>50% of the fair market value per square foot for <u>short-term leases of premises usually rented on a long-term basis</u> (i.e., a lower amount) plus 100% of additional rental cost (i.e. taxes, common area costs, utilities etc) plus applicable HST (see s. 2.15 of the Compliance Audit Report For the City of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited).</p> <p>Trelle Contracting Services Ltd. (the "Landlord"), informed Ms DeFrancesca that it would normally and for a long-term lease rent the premises at the rate of \$14 per square foot net rent. The common area and taxes were quoted at \$9.63 per square foot, and the total area of the space was 1039 square feet.</p>

Allegation	Response
	<p>The resulting calculation is as follows, using the LECG formula: $\{1039 \text{ sq ft} \times \\$7/365 \times 42 = \\$836.89(\text{net rental value})\} + \{1039 \text{ sq ft} \times \\$9.63/365 \times 42 = \\$1151.33\} + \{\text{utilities (electric)}\}$ as quoted after the occupancy by the landlord at \$175} + HST.</p> <p>The rental value is therefore \$2,444.43. The Applicant has no evidence to contradict this calculation nor has she led any credible evidence on this point.</p> <p>The lease agreement provided for a one-month or less "fixturing period", commencing on September 1, 2010. Ms DeFrancesca and the landlord agreed to a \$2000 rental fee for the entire period, including HST. Ms DeFrancesca and the landlord agreed that the landlord would be provided with a contribution receipt in lieu of the campaign having to pay for utilities for any amount above \$2,000.00 up to the LECG calculation of the rental expense to declare, which was \$444.43 in this case.</p> <p>In that the LECG formula required \$2,444.43 to be included on the campaign return in respect of rent and utilities, the campaign issued a contribution receipt in the amount of \$444.43 to the landlord in lieu of utilities (2,444.43-2,000.00).</p> <p><i>See Exhibit "F" of Written Submissions of Rosanna DeFrancesca - Compliance Audit Report For The City Of Vaughan Re: Joyce Frustaglio dated October 17, 2008 of LECG Canada Limited (Ken Froese) at pages 11-12</i></p> <p><i>See also Exhibit "G" of Written Submissions of Rosanna DeFrancesca - Compliance Audit Report For The City Of Vaughan Re: Bernie DiVona dated April 24, 2009 of LECG Canada Limited (Ken Froese) at pages 47-49</i></p>

Allegation	Response
<p>4. At issue is the fact that Rosanna DeFrancesca's total office expense does not have sufficient room to include rent expense, let alone the illuminated sign and the various other office expenses that are reasonably presumed to have been incurred.</p>	<p><i>See also Schedule "8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p> <p>4. All rental, painting and repair supplies and other related expenses are accurately reported under the expense heading "Office Expenses" and listed as "subject to campaign expense limitation". However, the illuminated sign costs are accurately reported under the expense heading of "signs".</p> <p><i>See Schedules "4 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>5. At further issue is the reasonable expectation that additional office expenses normal and typical to a campaign have not been yet been considered and/or accounted for. Office expenses not yet considered include: interior office banner as displayed; office supplies; volunteer supplies, including car flags that were purchased; computer supplies, as she had printed labels for custom invitations; volunteer expenses; kitchen expense; food and drink; etc. It is unreasonable to assume that these expenses were not incurred (Exhibit 18).</p>	<p>5. Also included in the campaign's total "Office expenses" are various other expenses, such as purchases from Kinkos and Staples as well as an office coffee expense. Other purchases made for volunteer appreciation as well as car flags can be found under the respective expense headings such as "Advertising" and "Voting Day Party".</p> <p><i>See Schedules "1, 7 and 8" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>Issue 10: Ineligible Corporate Donation; Contribution from a law firm</p>	
<p>1. The updated and current Municipal Election 2010 Guide, produced by the Ministry of Municipal Affairs and Housing (the "Ontario Guide"), was provided by the City Clerk to all candidates upon registration.</p>	<p>1. Agreed</p>

Allegation	Response
<p>2. The Ontario Guide, at page 24, clearly states that: Not all businesses meet the legal definition of a 'corporation'. LLP's and organizations such as ratepayer groups may not be eligible to contribute to a candidate's campaign. [Emphasis added.]</p>	<p>2. Agreed</p>
<p>3. Rosanna DeFrancesca improperly accepted and reported a contribution from "DeFrancesca Law Office Professional Corporation", in the amount of \$75.00. This contribution does not meet the eligibility criteria for a "corporation", as provided by the Ontario Guide. As such, this appears to amount to a contravention of the MEA.</p>	<p>3. The Applicant's allegation is deficient on its face. "DE FRANCESCA LAW OFFICE PROFESSIONAL CORPORATION" is a <u>corporation</u> and therefore a legal donor as prescribed by the MEA. <i>See Exhibit "E" to Written Submissions of Rosanna DeFrancesca - Corporation Profile Report for DeFrancesca Law Office Professional Corporation</i></p>
<p>Issue 11: Failure to report Brochure Expenses</p>	
<p>1. At issue is the fact that during the municipal election, Rosanna DeFrancesca held a community meeting as President on behalf of the East Woodbridge Ratepayers Association (the "EWRA"), in February, 2010, while a candidate in that year's Municipal Election) (registered on January 13, 2010). The subject of the meeting was a proposed high-rise development located within Ward 3, an issue that was very politically charged and identified by the media. Rosanna DeFrancesca produced and distributed a flyer throughout the community discussing this subject matter.</p>	<p>1. The East Woodbridge Community Association hosted a community meeting with invitations sent out to several local politicians including Greg Sorbara, planning staff from the City of Vaughan, as well as the former Mayor Linda Jackson, who was in attendance, former Regional Councillor Mario Ferri, who was also in attendance, Regional Councillor Gino Rosati, who was also in attendance, and former Ward 3 Councillor Bernie Divona, who did attend. Representatives of Liberty Developments (the project applicant), were also invited but did not attend. Members of the EWCA and other residents within community were encouraged to attend and ask questions to obtain information regarding a proposed development within the community. This is a practice that commonly occurs with all ratepayer associations and was not advertised with the intention to solicit any voter</p>

Allegation	Response
	<p>support nor did the public advisory contain any wording that could be construed as being associated with Ms DeFrancesca's campaign. The meeting advisory notice did not make any mention of Ms DeFrancesca's nomination for Ward 3 Councillor. To suggest that Ms DeFrancesca was not entitled to continue to volunteer on behalf of the EWCA is preposterous.</p> <p>Moreover, nothing in this allegation relates to campaign finances.</p>
<p>2. We submit this literature was premised on a political issue, unique to a specific community in which the candidate was running for office. Furthermore, this issue was highly contentious and formed part of Rosanna DeFrancesca's platform, in which she ran for office on. As such, it is our submission that this literature should properly be treated as a campaign expense.</p>	<p>2. To suggest that Ms DeFrancesca was not entitled to continue to volunteer on behalf of the EWCA is preposterous. Moreover, nothing in this allegation relates to campaign finances.</p>
<p>3. The MEA defines a campaign expense as at section 67 as " ... costs incurred for goods and services on or on behalf of a person wholly or partly for use in his or her election campaign are expenses" [Emphasis added].</p>	<p>3. Agreed</p>
<p>4. At issue is the fact that her spouse/campaign manager, Mr. Carlo DeFrancesca, as Acting President of the EWRA, sent out flyers to each household in Ward 3 on an election related issue in a community that his wife was running for office (Exhibit 8). It is unreasonable to assume that this action and expense was incurred without any regard to the potential benefits - either "wholly or partly" - to his wife's campaign.</p>	<p>4. A letter was distributed from the EWCA advising members and other residents of a campaign flyer which was distributed by former Councillor Bernie DiVona's campaign team which stated that he was "Chair, East Woodbridge Community Association", which he was not. The EWCA made an immediate request to former Councillor DiVona to distribute and advertise a clarification. After numerous requests, no response was given by him. It is Ms DeFrancesca's understanding that the acting President, Carlo DeFrancesca, along with other executives decided that a clarification letter was necessary to avoid confusion and misrepresentation of the statement made within Bernie DiVona's campaign material and therefore, a community advisory was printed and</p>

Allegation	Response
<p>5. At further issue is that Mr. DeFrancesca enlisted the services of a private company, Media Mail Inc., to distribute a flyer that denounced the incumbent and promoted his spouse, as candidate for Ward 3. Mr. DeFrancesca's flyer from the EWRA included the same telephone number as that advertised for the campaign, directing voters to contact the campaign office. This set of facts further illuminates the intent of the activity as election motivated. The expense of this flyer should not have been incurred by the EWRA; firstly because this is not the proper function of a "ratepayers group"; and secondly because this expense should properly have been reported as a campaign expense and subject to the limitation of same, under the MEA.</p>	<p>distributed by association members.</p> <p>5. The Applicant has failed to lead any credible evidence to substantiate her allegations, such as what constitutes the "proper function" of a ratepayers' group. As a "group", the EWCA speaks for itself and its members are entitled to express themselves, especially in a political context. As much is protected by the <i>Charter of Rights and Freedoms</i>. Nor is there any prohibition in the <i>MEA</i> on which the Applicant could rely that would address this spurious allegation.</p>
<p>Issue 12: Misrepresentation/Failure to report campaign fundraising expenses</p> <p>1. The MEA, and prescribed form (Schedule 2 'Fundraising Function', Section IV), requires all candidates to detail the expenses related to every "fundraising function". Rosanna DeFrancesca reported fundraising income of \$5,250.00 and fundraising expenses incurred on November 24, 2010, of \$1, 136.55.</p> <p>2. Further, Rosanna DeFrancesca reported - in her Financial Statement at "Statement of Campaign Period Income and Expenses" - "costs of fundraising function" of \$3,323.07. Contrarily, "Schedule 2, Part IV" to the Financial Statement reported \$1, 136.55 and not \$3,323.07 for the same matter.</p>	<p>1. Agreed</p> <p>2. The Applicant is misinformed. Ms DeFrancesca held two fundraising events, the first, held on June 29, 2010, and the second, on November 24, 2010. Furthermore, all necessary <i>MEA</i> forms, costs, and expenses have been accurately reported.</p> <p>The Exhibit relied upon by the Applicant from Ms DeFrancesca's 2010 Financial Statement includes two separate "Schedule 2" forms for two separate fundraising events as prescribed by the <i>MEA</i>. The total cost</p>

Allegation	Response
	of the two fundraising events is \$3,322.87 and not the amount alleged by the applicant.
<p>3. No understanding or determination can be made with the conflict in reporting between the detailed Schedule and the Financial Statement. As such, this discrepancy appears to give rise to contraventions of the MEA.</p>	<p>3. Given the above (sub-para. 2), there is no conflicting reporting between the fundraising "Schedule 2" forms and Ms DeFrancesca's 2010 Financial Statement.</p>
<p>4. Secondly, Rosanna DeFrancesca claimed at Schedule 3, "contributions in kind", Exhibit C, page 1, "fundraising supplies" from Vince De Luca, in the amount of \$118.65. However, Schedule 2 of reports the "fundraising supplies" to be \$67.85. Again, no understanding or determination can be made with the conflict in reporting between the detailed Schedule and the Financial Statement. As such, this gives rise to further contraventions of the MEA.</p>	<p>4. The total fundraising supplies for the two fundraising events is accurately reported as \$240.37.</p>
<p>5. The source of the contradiction and conflict are with the audited, and declared, filed 2010 Financial Statements of Rosanna DeFrancesca.</p>	<p>5. This allegation is undecipherable.</p>
<p>Issue 13: Failure to report Sign Expenses</p>	
<p>1. It was witnessed a few days prior to the election, several hundred new large arterial road signs, on large new stakes, screwed on with washers, were piled and ready for installation in the campaign headquarters of Rosanna DeFrancesca.</p>	<p>1. The Applicant has failed to lead any credible or reasonable evidence of this allegation nor the names of who witnessed what. Ms DeFrancesca's inventory of road signs on the three to four prior to election day was approximately 100 pieces.</p>
<p>2. While Rosanna DeFrancesca did report expenses incurred for signs, the visible presence of hundreds of large new signs causes concern as the cost of</p>	<p>2. The Applicant has failed to lead any credible or reasonable evidence of this allegation nor has she produced affidavits or pictures</p>

Allegation	Response
<p>such signs for a day or two does not seem reasonable, in light of the strict campaign expense limitations. This extraordinary observation prompted individuals to take photos to document this fact.</p>	<p>from such individuals and it is doubtful whether such "evidence" would meet any burden of proof. All signs and related costs have been accurately reported under the signs expense section and listed as "subject to campaign expense limitation".</p> <p><i>See Schedule "4" to Exhibit "D" of Written Submissions of Rosanna DeFrancesca.</i></p>
<p>3. In the context of a long Municipal Election that spanned a large land area and relied heavily on candidate signage throughout, it is unreasonable to believe that any prudent candidate would incur such a large proportion of their expense limit for signs to only receive a benefit for a couple days. On the facts, it is not unreasonable to infer that the expense of these "eleventh hour" signs were not properly reported and subject to the campaign expense limitation.</p>	<p>3. The Applicant has failed to lead any credible or reasonable evidence of this allegation or what is reasonable or not in the circumstances. She relies on bald allegations that are incapable of proof, which are completely unreasonable.</p> <p>The fact is that City and Regional by-laws prevent candidates from erecting signs until a few short weeks before election day. Furthermore, it is common for most candidates to reserve an inventory of signs in the final approach to election day for the purpose of replacing damaged and missing signs.</p>
<p>4. Based on the foregoing, it appears that there are numerous contraventions to the MEA, stemming from this set of facts. An audit should be conducted to determine the extent of the apparent contraventions.</p>	<p>4. The Applicant fails to appreciate that there must be reasonable grounds. Given the lack of any reasonable and credible evidence led by her and the above responses of Ms DeFrancesca, any audit request should be denied.</p>
<p>Issue 14: Failure to Report closing inventory of signs</p>	

Allegation	Response
<p>1. The City's By-law requires all candidates to pick up their campaign road signs - that were left along arterial roads and collected by the City - within 72 hours of the election. Further, the City of Vaughan and York Region each had a yard to collect arterial road signs confiscated if they were illegally installed.</p>	<p>1. Agreed</p>
<p>2. Each candidate had an option and were notified to pick up their election signs or they would be destroyed. Photos show that numerous signs belonging to Rosanna DeFrancesca existed at each of the two yards and were subsequently collected. The DeFrancesca campaign team, including her immediate family, were observed picking up the signs and returning the signs after the Municipal Election to their campaign office. Further photos were taken to substantiate this claim.</p>	<p>2. The Applicant has failed to produce these photos and/or any witness statements. That anything is improper in collecting one's property is ridiculous. Any signs collected by the campaign were brought to the campaign office as temporary storage facility.</p>
<p>3. Rosanna DeFrancesca, while having made a substantial purchase of chloroplast arterial road signs, have failed to report any signs in the campaign ending inventory, which is required by the MEA and prescribed form. This amounts to an apparent contravention of the MEA.</p>	<p>3. The campaign disposed of all of its elections signs for the following reasons:</p> <ul style="list-style-type: none">(a) the signs read "elect" and in 2014 they will read "re-elect";(b) the majority were heavily weathered and unusable;(c) Ms DeFrancesca's intention is to change the design and the colour scheme of her 2014 campaign election signs and she therefore had no purpose to keep the 2010 signs;(d) regarding wooden stakes, the majority were four feet or less and will be too short for the larger signs that Ms DeFrancesca intends to use in 2014;(e) as a cost-saving measure, the campaign opted to use a lower grade lumber, which was not worth saving, nor did Ms DeFrancesca have a suitable location for storage for four years. <p>As a result of the above, Ms DeFrancesca's sign and lumber inventory is nil. The Applicant has led no credible evidence to contradict this fact.</p> <p>Ms DeFrancesca's husband and sons can attest to the fact that the signs</p>

Allegation	Response
	were disposed of.
<p>4. It is normal and typical practice for candidates to pick up their signs and reuse them for the following election. Candidates are required to complete Schedule 4, and list the "goods and materials" as inventory.</p>	<p>4. The Applicant fails to substantiate what "normal and typical" is in the circumstances. Also, refer to paragraph 3, above.</p>
<p>5. The DeFrancesca team were observed collecting the large arterial road signs, among other kinds, and returning them to the campaign office where they were piled and returned to Mr. DeFrancesca. There is no reporting of "goods and material" (ie. used signs), while it is normal and typical to report them in order to be put toward the campaign spending in any subsequent election to provide fairness for all candidates.</p>	<p>5. The Applicant fails to substantiate what "normal and typical" is in the circumstances. Moreover, the Applicant has failed to produce a witness or evidence of any objection on the basis of fairness. Also, refer to paragraph 3, above.</p>
<p>6. Based on the foregoing, it is unreasonable on the facts to believe that these signs were not collected for the purpose of storing same for future use. As such, it appears that the failure to declare the goods as inventory amounts to a contravention.</p>	<p>5. The Applicant assertion is based on conjecture and speculation, neither of which are "reasonable grounds" to order an audit.</p>
<p>Issue 15: Incurring Campaign Expenses Prior to Registration as a Candidate</p>	
<p>1. Rosanna DeFrancesca registered with the Clerk as a candidate in the Municipal Election on January 13, 2010 (Exhibit 9).</p>	<p>1. Agreed</p>
<p>2. Section 68 of the MEA defines a "campaign period" to commence upon the filing as a candidate, and only then are candidates able to incur campaign expenses.</p>	<p>2. Agreed</p>

Allegation	Response
<p>3. Section 69(1)(d) of the MEA provides that "all payments for expenses, except for a nomination filing fee, are made from the campaign account". Therefore, the MEA contemplates that no campaign expense can be incurred before filing, nor can it be incurred outside of the campaign account.</p>	<p>3. 69(1)(c) provides "all payments for expenses, except for a nomination filing fee, are made from the campaign account". Not 69(1)(d) as alleged by the applicant.</p>
<p>4. On the date of registration, Rosanna DeFrancesca had personally disclosed and declared to the Clerk the fact of having incurred "payment for expenses", which appear to be contrary to the MEA sections set out above. Of these questionable expenses include: website; internet domain name; email; hosting; etc.</p>	<p>4. The Applicant fails to lead any credible evidence to substantiate this allegation. It is wholly unreasonable and simply not credible. Ms DeFrancesca denies having ever made such an assertion.</p>
<p>5. As these campaign related expenses had all been disclosed by Rosanna DeFrancesca on the date of filing, this signifies that they had all been incurred prior to the date of registration. As such, this amounts to a contravention of the MEA.</p>	<p>5. The Applicant fails to lead any credible evidence to substantiate this allegation.</p>
<p>Issue 16: Overspending the Statutory Campaign Expense Limit</p>	
<p>Impact on Spending Limit of Relevant Apparent Contraventions:</p> <ul style="list-style-type: none"> • Issues 1 and 2: Failure to report "Meet & Greet" events = \$9,700.00 to \$12,000.00 • Issue 8: Failure to report BBQ expenses = \$6,000.00 to \$8,000.00 • Issue 9: Failure to report phone and internet= \$1,000.00 • Issue 10: Failure to report office expenses= \$2,500.00 • Issue 12: Failure to report brochure expenses= \$2,000.00 • Issue 14: Failure to report sign expenses= \$3,000.00 <p>Total Estimated Underreporting of Expenses= \$24,200.00 to \$28,500.00</p>	<p>Denied. The figures suggested by the Applicant are fanciful, are not based on any reasonable grounds, and are simply not credible.</p>

Allegation	Response
<p><i>Spending Limit (as issued by Clerk)= \$35,346.70</i> <i>2010 Reported Campaign Expenses by Rosanna DeFrancesca= \$34,224,52</i> <i>Total Adjusted Campaign Expenses= \$58,424.52 to \$62,724.52-</i> <i>Resulting in campaign expenses that exceeded the statutory limitation by</i> <i>between 65% to 77%.</i></p>	

C3
Compliance Audit
July 8/2011
Submitted by
Richard Majko



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Rules of Professional Conduct

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Friday

Adopted by Convocation on June 22, 2000

In Effect: November 1, 2000
Amendments current to April 28, 2011.

Amendment History

Governance

- Treasurer
- Benchers
- 2011 Bench Committee
- CEO & Senior Manager
- Legislative By-Law Rules and Professional Conduct and Paralegal Professional Conduct Guidelines
- Lawyer Revoked Guidelines
- Paralegal Revoked Guidelines
- Malcolm I Society C

Rules of Professional Conduct: Contents

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- RULE 1:**
Citation And Interpretation Offers definitions for key terms used throughout the Revised Rules and guidelines for the interpretation of the Rules.
- RULE 2:**
Relationship To Clients Rules and commentaries on client-related issues such as lawyer competence, conflicts of interest and confidentiality.
- RULE 3:**
The Practice Of Law Rules and commentaries on issues related to law practices themselves, such as firm names, advertising, interprovincial law firms.
- RULE 4:**
Relationship To The Administration Of Justice Rules and commentaries relating to a lawyer's responsibilities to the courts, participants in the legal system and to the overall administration of justice.
- RULE 5:**
Relationship To Students, Employees, And Others Rules and commentaries governing a lawyer's conduct toward students, employees and others, including areas such as sexual harassment and discrimination.
- RULE 6:**
Relationship To The Society And Other Lawyers Rules and commentaries covering issues such as a lawyer's responsibilities toward the Law Society, involvement in multi-discipline practices and public office.

2.04 AVOIDANCE OF CONFLICTS OF INTEREST**Definition**

2.04 (1) In this rule

A “conflict of interest” or a “conflicting interest” means an interest

- (a) that would be likely to affect adversely a lawyer's judgment on behalf of, or loyalty to, a client or prospective client, or
- (b) that a lawyer might be prompted to prefer to the interests of a client or prospective client.

Commentary

Conflicting interests include, but are not limited to, the financial interest of a lawyer or an associate of a lawyer, including that which may exist where lawyers have a financial interest in a firm of non-lawyers in an affiliation, and the duties and loyalties of a lawyer to any other client, including the obligation to communicate information. For example, there could be a conflict of interest if a lawyer, or a family member, or a law partner had a personal financial interest in the client's affairs or in the matter in which the lawyer is requested to act for the client, such as a partnership interest in some joint business venture with the client. The definition of conflict of interest, however, does not capture financial interests that do not compromise a lawyer's duties to the client. For example, a lawyer owning a small number of shares of a publicly traded corporation would not necessarily have a conflict of interest, because the holding may have no adverse influence on the lawyer's judgment or loyalty to the client.

Where a lawyer is acting for a friend or family member, the lawyer may have a conflict of interest because the personal relationship may interfere with the lawyer's duty to provide objective, disinterested professional advice to the client.

[Amended - May 2001, March 2004, October 2004]

Avoidance of Conflicts of Interest

- (2) A lawyer shall not advise or represent more than one side of a dispute.
- (3) A lawyer shall not act or continue to act in a matter when there is or is likely to be a conflicting interest unless, after disclosure adequate to make an informed decision, the client or prospective client consents.

Commentary

A client or the client's affairs may be seriously prejudiced unless the lawyer's judgment and freedom of action on the client's behalf are as free as possible from conflict of interest.

A lawyer should examine whether a conflict of interest exists not only from the outset but throughout the duration of a retainer because new circumstances or information may establish or reveal a conflict of interest.

As important as it is to the client that the lawyer's judgment and freedom of action on the client's behalf should not be subject to other interests, duties, or obligations, in practice this factor may not always be decisive. Instead, it may be only one of several factors that the client will weigh when deciding whether or not to give the consent referred to in the rule. Other factors might include, for example, the availability of another lawyer of comparable expertise and experience, the extra cost, delay and inconvenience involved in engaging another lawyer, and the latter's unfamiliarity with the client and the client's affairs. In some instances, each client's case may gather strength from joint representation. In the result, the client's interests may sometimes be better served by not engaging another lawyer, for example, when the client and another party to a commercial transaction are continuing clients of the same law firm but are regularly represented by different lawyers in that firm.

A conflict of interest may arise when a lawyer acts not only as a legal advisor but in another role for the client. For example, there is a dual role when a lawyer or his or her law firm acts for a public or private corporation and the lawyer serves as a director of the corporation. Lawyers may also serve these dual roles for partnerships, trusts, and other organizations. A dual role may raise a conflict of interest because it may affect the lawyer's independent judgment and fiduciary obligations in either or both roles, it may obscure legal advice from business and practical advice, it may invalidate the protection of lawyer and client privilege, and it has the potential of disqualifying the lawyer or the law firm from acting for the organization. Before accepting a dual role, a lawyer should consider these factors and discuss them with the client. The lawyer should also consider rule 6.04 (Outside Interests and Practice of Law).

If a lawyer has a sexual or intimate personal relationship with a client, this may conflict with the lawyer's duty to provide objective, disinterested professional advice to the client. Before accepting a retainer from or continuing a retainer with a person with whom the lawyer has such a relationship, a lawyer should consider the following factors:

- a. The vulnerability of the client, both emotional and economic;
- b. The fact that the lawyer and client relationship may create a power imbalance in favour of the lawyer or, in some circumstances, in favour of the client;
- c. Whether the sexual or intimate personal relationship will jeopardize the client's right to have all information concerning the client's business and affairs held in strict confidence. For example, the existence of the relationship may obscure whether certain information was acquired in the course of the lawyer and client relationship;
- d. Whether such a relationship may require the lawyer to act as a witness in the proceedings;
- e. Whether such a relationship will interfere in any way with the lawyer's fiduciary obligations to the client, his or her ability to exercise independent professional judgment, or his or her ability to fulfill obligations owed as an officer of the court and to the administration of justice.

There is no conflict of interest if another lawyer of the firm who does not have a sexual or intimate personal relationship with the client is the lawyer handling the client's work.

While subrule 2.04(3) does not require that a lawyer advise the client to obtain independent legal advice about the conflicting interest, in some cases, especially those in which the client is not sophisticated or is vulnerable, the lawyer should recommend such advice to ensure that the client's consent is informed, genuine, and uncoerced.

[Amended – March 2004, October 2004]

Acting Against Client

- (4) A lawyer who has acted for a client in a matter shall not thereafter act against the client or against persons who were involved in or associated with the client in that matter
- (a) in the same matter,
 - (b) in any related matter, or
 - (c) save as provided by subrule (5), in any new matter, if the lawyer has obtained from the other retainer relevant confidential information unless the client and those involved in or associated with the client consent.

Commentary

It is not improper for the lawyer to act against a client in a fresh and independent matter wholly unrelated to any work the lawyer has previously done for that person and where previously obtained confidential information is irrelevant to that matter.

- (5) Where a lawyer has acted for a former client and obtained confidential information relevant to a new matter, the lawyer's partner or associate may act in the new matter against the former client if
- (a) the former client consents to the lawyer's partner or associate acting, or
 - (b) the law firm establishes that it is in the interests of justice that it act in the new matter, having regard to all relevant circumstances, including
 - (i) the adequacy and timing of the measures taken to ensure that no disclosure of the former client's confidential information to the partner or associate having carriage of the new matter will occur,
 - (ii) the extent of prejudice to any party,
 - (iii) the good faith of the parties,
 - (iv) the availability of suitable alternative counsel, and
 - (v) issues affecting the public interest.

Commentary

The term "client" is defined in rule 1.02 to include a client of the law firm of which the lawyer is a partner or associate, whether or not the lawyer handles the client's work. Therefore, if a member of a law firm has obtained from a former client confidential information that is relevant to a new matter, no member of the law firm may act against the former client in the new matter unless the requirements of subrule (5) have been satisfied. In its effect, subrule (5) extends with necessary modifications the rules and guidelines about conflicts arising from a lawyer transfer between law firms (rule 2.05) to the situation of a law firm acting against a former client.

Joint Retainer

(6) Except as provided in subrule (8.2), where a lawyer accepts employment from more than one client in a matter or transaction, the lawyer shall advise the clients that

- (a) the lawyer has been asked to act for both or all of them,
- (b) no information received in connection with the matter from one can be treated as confidential so far as any of the others are concerned, and
- (c) if a conflict develops that cannot be resolved, the lawyer cannot continue to act for both or all of them and may have to withdraw completely.

[Amended – February 2007]

Commentary

Although this subrule does not require that, before accepting a joint retainer, a lawyer advise the client to obtain independent legal advice about the joint retainer, in some cases, especially those in which one of the clients is less sophisticated or more vulnerable than the other, the lawyer should recommend such advice to ensure that the client's consent to the joint retainer is informed, genuine, and uncoerced.

A lawyer who receives instructions from spouses or partners as defined in the *Substitute Decisions Act, 1992 S.O. 1992 c. 30* to prepare one or more wills for them based on their shared understanding of what is to be in each will should treat the matter as a joint retainer and comply with subrule (6). Further, at the outset of this joint retainer, the lawyer should advise the spouses or partners that if subsequently only one of them were to communicate new instructions, for example, instructions to change or revoke a will:

- (a) the subsequent communication would be treated as a request for a new retainer and not as part of the joint retainer;
- (b) in accordance with rule 2.03, the lawyer would be obliged to hold the subsequent communication in strict confidence and not disclose it to the other spouse or partner; but
- (c) the lawyer would have a duty to decline the new retainer, unless;

- (i) the spouses or partners had annulled their marriage, divorced, permanently ended their conjugal relationship, or permanently ended their close personal relationship, as the case may be;
- (ii) the other spouse or partner had died; or
- (iii) the other spouse or partner was informed of the subsequent communication and agreed to the lawyer acting on the new instructions.

After advising the spouses or partners in the manner described above, the lawyer should obtain their consent to act in accordance with subrule (8).

[Amended – February, 2005]

(6.1) Where a lawyer acts for both the borrower and the lender in a mortgage or loan transaction, the lawyer shall disclose to the borrower and the lender, in writing, before the advance or release of the mortgage or loan funds, all material information that is relevant to the transaction.

Commentary

What is material is to be determined objectively. Material information would be facts that would be perceived objectively as relevant by any reasonable lender or borrower. An example is a price escalation or “flip” where a property is re-transferred or re-sold on the same day or within a short time period for a significantly higher price. The duty to disclose arises even if the lender or the borrower does not ask for the specific information.

[New – February 2007]

(7) Except as provided in subrule (8.2), where a lawyer has a continuing relationship with a client for whom the lawyer acts regularly, before the lawyer accepts joint employment for that client and another client in a matter or transaction, the lawyer shall advise the other client of the continuing relationship and recommend that the client obtain independent legal advice about the joint retainer.

[Amended – February 2007]

Commentary

Although all the parties concerned may consent, a lawyer should avoid acting for more than one client when it is likely that an issue contentious between them will arise or their interests, rights, or obligations will diverge as the matter progresses.

(8) Except as provided in subrule (8.2), where a lawyer has advised the clients as provided under subrules (6) and (7) and the parties are content that the lawyer act, the lawyer shall obtain their consent.

[Amended – February 2007]

(8.1) In subrule (8.2), "lending client" means a client that is a bank, trust company, insurance company, credit union or finance company that lends money in the ordinary course of its business.

(8.2) If a lawyer is jointly retained by a client and by a lending client in respect of a mortgage or loan from the lending client to that client, including any guarantee of that mortgage or loan, the lending client's consent is deemed to exist upon the lawyer's receipt of written instructions from the lending client to act and the lawyer is not required to

- (a) provide the advice described in subrule (6) to the lending client before accepting the employment,
- (b) provide the advice described in subrule (7) if the lending client is the other client as described in that subrule, or
- (c) obtain the consent of the lending client as described in subrule (8), including confirming the lending client's consent in writing, unless the lending client requires that its consent be reduced to writing.

Commentary

Subrules (8.1) and (8.2) are intended to simplify the advice and consent process between a lawyer and institutional lender clients. Such clients are generally sophisticated. Their acknowledgement of the terms of and consent to the joint retainer is usually confirmed in the documentation of the transaction (e.g. mortgage loan instructions) and the consent is generally deemed by such clients to exist when the lawyer is requested to act.

Subrule (8.2) applies to all loans where a lawyer is acting jointly for both the lending client and another client regardless of the purpose of the loan, including, without restriction, mortgage loans, business loans and personal loans. It also applies where there is a guarantee of such a loan.

[New -- February 2007]

(9) Save as provided by subrule (10), where clients have consented to a joint retainer and an issue contentious between them or some of them arises, the lawyer shall

- (a) not advise them on the contentious issue, and
- (b) refer the clients to other lawyers, unless
 - (i) no legal advice is required, and
 - (ii) the clients are sophisticated,

in which case, the clients may settle the contentious issue by direct negotiation in which the lawyer does not participate.

Commentary

The rule does not prevent a lawyer from arbitrating or settling or attempting to arbitrate or settle, a dispute between two or more clients or former clients who are not under any legal disability and who wish to submit the dispute to the lawyer. Where, after the clients have consented to a joint retainer, an issue contentious between them or some of them arises, the lawyer is not necessarily precluded from advising them on non-contentious matters.

(10) Where clients consent to a joint retainer and also agree that if a contentious issue arises the lawyer may continue to advise one of them and a contentious issue does arise, the lawyer may advise the one client about the contentious matter and shall refer the other or others to another lawyer.

Affiliations Between Lawyers and Affiliated Entities

(10.1) Where there is an affiliation, before accepting a retainer to provide legal services to a client jointly with non-legal services of an affiliated entity, a lawyer shall disclose to the client

- (a) any possible loss of solicitor and client privilege because of the involvement of the affiliated entity, including circumstances where a non-lawyer or non-lawyer staff of the affiliated entity provide services, including support services, in the lawyer's office,
- (b) the lawyer's role in providing legal services and in providing non-legal services or in providing both legal and non-legal services, as the case may be,
- (c) any financial, economic or other arrangements between the lawyer and the affiliated entity that may affect the independence of the lawyer's representation of the client, including whether the lawyer shares in the revenues, profits or cash flows of the affiliated entity; and
- (d) agreements between the lawyer and the affiliated entity, such as agreements with respect to referral of clients between the lawyer and the affiliated entity, that may affect the independence of the lawyer's representation of the client.

(10.2) Where there is an affiliation, after making the disclosure as required by subrule (10.1), a lawyer shall obtain the client's consent before accepting a retainer under subrule (10.1).

(10.3) Where there is an affiliation, a lawyer shall establish a system to search for conflicts of interest of the affiliation.

Commentary

Lawyers practising in an affiliation are required to control the practice through which they deliver legal services to the public. They are also required to address conflicts of interest in respect of a proposed retainer by a client as if the lawyer's practice and the practice of the affiliated entity were one where the lawyers accept a retainer to provide legal services to that client jointly with non-legal services of the affiliated entity. The affiliation is subject to the same conflict of interest rules as apply to lawyers and law firms. This obligation may extend to inquiries of offices of affiliated entities outside of Ontario where those offices are treated economically as part of a single affiliated entity.

In reference to clause (a) of subrule (10.1), see also subsection 3(2) of By-Law 7.1 (Operational Obligations and Responsibilities).

[Amended – January 2008]

Prohibition Against Acting for Borrower and Lender

(11) Subject to subrule (12), a lawyer or two or more lawyers practising in partnership or association shall not act for or otherwise represent both lender and borrower in a mortgage or loan transaction.

(12) Provided that there is no violation of this rule, a lawyer may act for or otherwise represent both lender and borrower in a mortgage or loan transaction if

- (a) the lawyer practises in a remote location where there are no other lawyers that either party could conveniently retain for the mortgage or loan transaction,
- (b) the lender is selling real property to the borrower and the mortgage represents part of the purchase price,
- (c) the lender is a bank, trust company, insurance company, credit union or finance company that lends money in the ordinary course of its business,
- (d) the consideration for the mortgage or loan does not exceed \$50,000, or
- (e) the lender and borrower are not at "arm's length" as defined in the *Income Tax Act (Canada)*.

[Amended - May 2001]

Multi-discipline Practice

(13) A lawyer in a multi-discipline practice shall ensure that non-licence partners and associates observe this rule for the legal practice and for any other business or professional undertaking carried on by them outside the legal practice.

[Amended - June 2009]



C4
Compliance Audit
July 8/2011
Submitted by
Eric Gillegpie

ServiceOntario

e-Laws

Français

Municipal Elections Act, 1996

S.O. 1996, CHAPTER 32 SCHEDULE

Consolidation Period: From January 1, 2010 to the e-Laws currency date.

Last amendment: 2009, c. 33, Sched. 21, s. 8.

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Compliance audit

Application

81. (1) An elector who is entitled to vote in an election and believes on reasonable grounds that a candidate has contravened a provision of this Act relating to election campaign finances may apply for a compliance audit of the candidate's election campaign finances. 2009, c. 33, Sched. 21, s. 8 (44).

Requirements

(2) An application for a compliance audit shall be made to the clerk of the municipality or the secretary of the local board for which the candidate was nominated for office; and it shall be in writing and shall set out the reasons for the elector's belief. 2009, c. 33, Sched. 21, s. 8 (44).

Deadline

(3) The application must be made within 90 days after the latest of,

(a) the filing date under section 78;

(b) the candidate's supplementary filing date, if any, under section 78;

(c) the filing date for the final financial statement under section 79.1; or

(d) the date on which the candidate's extension, if any, under subsection 80 (4) expires. 2009, c. 33, Sched. 21, s. 8 (44).

Application to be forwarded to committee

(4) Within 10 days after receiving the application, the clerk of the municipality or the secretary of the local board, as the case may be, shall forward the application to the compliance audit committee established under section 81.1 and provide a copy of the application to the council or local board. 2009, c. 33, Sched. 21, s. 8 (44).

Decision

(5) Within 30 days after receiving the application, the committee shall consider the application and decide whether it should be granted or rejected. 2009, c. 33, Sched. 21, s. 8 (44).

Appeal

(6) The decision of the committee may be appealed to the Ontario Court of Justice within 15 days after the decision is made and the court may make any decision the committee could have made. 2009, c. 33, Sched. 21, s. 8 (44).

Appointment of auditor

(7) If the committee decides under subsection (5) to grant the application, it shall appoint an auditor to conduct a compliance audit of the candidate's election campaign finances. 2009, c. 33, Sched. 21, s. 8 (44).

Same

(8) Only auditors licensed under the *Public Accounting Act, 2004* or prescribed persons are eligible to be appointed under subsection (7). 2009, c. 33, Sched. 21, s. 8 (44).

Duty of auditor

(9) The auditor shall promptly conduct an audit of the candidate's election campaign finances to determine whether he or she has complied with the provisions of this Act relating to election campaign finances and shall prepare a report outlining any apparent contravention by the candidate. 2009, c. 33, Sched. 21, s. 8 (44).

Who receives report

- (10) The auditor shall submit the report to,
- (a) the candidate;
 - (b) the council or local board, as the case may be;
 - (c) the clerk with whom the candidate filed his or her nomination;
 - (d) the secretary of the local board, if applicable; and
 - (e) the applicant. 2009, c. 33, Sched. 21, s. 8 (44).

Report to be forwarded to committee

(11) Within 10 days after receiving the report, the clerk of the municipality or the secretary of the local board shall forward the report to the compliance audit committee. 2009, c. 33, Sched. 21, s. 8 (44).

Powers of auditor

- (12) For the purpose of the audit, the auditor,
- (a) is entitled to have access, at all reasonable hours, to all relevant books, papers, documents or things of the candidate and of the municipality or local board; and
 - (b) has the powers of a commission under Part II of the *Public Inquiries Act*, which Part applies to the audit as if it were an inquiry under that Act. 2009, c. 33, Sched. 21, s. 8 (44).

Note: On a day to be named by proclamation of the Lieutenant Governor, clause (b) is repealed and the following substituted:

(b) has the powers set out in section 33 of the *Public Inquiries Act, 2009* and section 33 applies to the audit.

See: 2009, c. 33, Sched. 21, ss. 8 (45), 13 (2).

Costs

(13) The municipality or local board shall pay the auditor's costs of performing the audit. 2009, c. 33, Sched. 21, s. 8 (44).

Power of committee

- (14) The committee shall consider the report within 30 days after receiving it and may,
- (a) if the report concludes that the candidate appears to have contravened a provision of this Act relating to election campaign finances, commence a legal proceeding against the candidate for the apparent contravention;
 - (b) if the report concludes that the candidate does not appear to have contravened a provision of this Act relating to election campaign finances, make a finding as to whether there were reasonable grounds for the application. 2009, c. 33, Sched. 21, s. 8 (44).

Recovery of costs

(15) If the report indicates that there was no apparent contravention and the committee finds that there were no reasonable grounds for the application, the council or local board is entitled to recover the auditor's costs from the applicant. 2009, c. 33, Sched. 21, s. 8 (44).

Immunity

(16) No action or other proceeding for damages shall be instituted against an auditor appointed under subsection (7) for any act done in good faith in the execution or intended execution of the audit or for any alleged neglect or default in its execution in good faith. 2009, c. 33, Sched. 21, s. 8 (44).

Saving provision

(17) This section does not prevent a person from laying a charge or taking any other legal action, at any time, with respect to an alleged contravention of a provision of this Act relating to election campaign finances. 2009, c. 33, Sched. 21, s. 8 (44).

Compliance audit committee

81.1 (1) A council or local board shall, before October 1 of an election year, establish a committee for the purposes of section 81. 2009, c. 33, Sched. 21, s. 8 (44).

Composition

(2) The committee shall be composed of not fewer than three and not more than seven members and shall not include,

- (a) employees or officers of the municipality or local board;
- (b) members of the council or local board; or
- (c) any persons who are candidates in the election for which the committee is established. 2009, c. 33, Sched. 21, s. 8 (44).

Term of office

(3) The term of office of the committee is the same as the term of office of the council or local board that takes office following the next regular election, and the term of office of the members of the committee is the same as the term of the committee to which they have been appointed. 2009, c. 33, Sched. 21, s. 8 (44).

Role of clerk or secretary

(4) The clerk of the municipality or the secretary of the local board, as the case may be, shall establish administrative practices and procedures for the committee and shall carry out any other duties required under this Act to implement the committee's decisions. 2009, c. 33, Sched. 21, s. 8 (44).

Costs

(5) The council or local board, as the case may be, shall pay all costs in relation to the committee's operation and activities. 2009, c. 33, Sched. 21, s. 8 (44).

By-law re contribution rebates

82. (1) A municipality may, by by-law, provide for the payment of rebates to individuals, corporations or trade unions who made contributions to candidates for office on the municipal council. 1996, c. 32, Sched., s. 82 (1); 2002, c. 17, Sched. D, s. 33 (1).

Same, resolution

(2) A local board may, by resolution, provide for the payment of rebates to individuals, corporations or trade unions who made contributions to candidates for office on the local board. 1996, c. 32, Sched., s. 82 (2); 2002, c. 17, Sched. D, s. 33 (2).

Same

(3) The by-law or resolution shall establish the conditions under which an individual, corporation or trade union is entitled to a rebate. 1996, c. 32, Sched., s. 82 (3); 2002, c. 17,

Sched. D, s. 33 (3).

Same

(4) The by-law or resolution may provide for the payment of different amounts to different individuals, corporations or trade unions on any basis. 1996, c. 32, Sched., s. 82 (4); 2002, c. 17, Sched. D, s. 33 (4).

(5) Repealed: 2009, c. 33, Sched. 21, s. 8 (46).

As a Canadian I can state without hesitation that the right to vote is one of most fundamental and guarded rights.

The right to vote is not simply the right to cast a ballot, it is the process through which we are allowed full participation in the democratic process. In the Supreme Court of Canada ("SCC") *Carter v. Saskatchewan* decision and *McLachlin J.* provides a clear definition of the right to vote:

It is my conclusion that the purpose of the right to vote enshrined in s. 3 of the Charter is not equality of voting power per se, but the right to "effective representation".¹

The right to effective representation is furthered through limits or conditions imposed in order to allow full voter participation in government.

The right to voter participation is furthered through other decisions of the SCC that articulate additional voter rights and they are: the right of a meaningful role in government,² and the right to meaningful participation³ and finally s.3 is then completed and framed with standards of how that voting right is protected.

The Municipal Elections Act (MEA) is the statute that ensures the right to voter participation in municipal elections in Ontario. Spending limits are important to ensure reasonable access to differing opinions and ideas. Spending limits balance the need for freedom of expression with the right to participation and a meaningful role for voters. The MEA utilizes spending limits, mandatory reporting requirements and use of funds as controls that balance voters rights with campaign financial requirements to ensure substantiating meaningful participation.

¹ Reference re Prov. Electoral Boundaries (Sask.), [1991] 2 S.C.R. 158

² *Figueroa v. Canada (Attorney General)*, [2003] 1 S.C.R. 912, 2003 SCC 37

³ *Harper v. Canada (Attorney General)*, [2004] 1 S.C.R. 827, 2004 SCC 33

The MEA places the burden on voters to bring alleged contraventions forward. This process is governed by two sets of practices and those being Administrative Tribunal processes as established by statute in Ontario and the local practices, policy and procedures established by the municipality, and in this case Vaughan.

This is the first issue I wish to address with the Audit Committee.

The first issue is fairness. There are now two serious procedural fairness issues that have already placed a bias on the decision of this Committee. The first issue is one of procedural unfairness and that is the scheduling of the hearing at a time when I could not attend, and making no effort to accommodate and further then relying on and quoting procedures from the Committee of Adjustment, that the Clerk knows has already been held to contravene the Act. This fault has been remedied by this Audit Committee in graciously allowing an adjournment of the proceedings in order that I may be able to participate and I thank the Committee for this.

The second issue is one that cannot be remedied. The practice of the City of Vaughan, as substantiated by the Procedural Bylaw and by the Municipal Act is to post materials online on both the website of the City and in this case, on the votevaughan.ca website.

In this case, the City Clerk, unilaterally decided not to post my materials for this hearing. I note all other materials for all other communications were posted online, including materials submitted by the other defendant and including my materials also submitted earlier. Not posting a select set of my materials contravenes the bylaw, and the Municipal Act and likely other statutes and most importantly is grossly unfair to the myself and the public.

Lack of transparency and refusing to post a select set of materials prevents the public from reading my materials and prevents the public from bringing related or

substantiating issues and materials forward. I note the email received from the City's election consultant first says the materials will be posted and this was followed by a further email saying the materials would not be posted, under direction from City Clerk:

From: "Winborn, Donna" <Donna.Winborn@vaughan.ca>
Date: Wed, 6 Jul 2011 14:40:44 -0400
To: "Carrie. Liddy" <carrie.liddy@sympatico.ca>
Subject: Submission Received

Hi there!
It is currently in the print room and will be posted until tomorrow.

Donna Winborn
Election Co-ordinator
City Clerk's Department
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1
tel. 905-832-8585 Ext. 8241
fax 905-832-8535
Email Address: donna.winborn@vaughan.ca

From: "Winborn, Donna" <Donna.Winborn@vaughan.ca>
Date: Thu, 7 Jul 2011 12:37:34 -0400
To: "Carrie. Liddy" <carrie.liddy@sympatico.ca>
Subject: Tried to Call - Your Voice Messaging is Full ...

Anyway this is what I was going to advise you when we spoke, your information provided yesterday has been provided to the Committee Members but will not be posted.

Donna

Donna Winborn
Election Co-ordinator
City Clerk's Department
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1
tel. 905-832-8585 Ext. 8241
fax 905-832-8535
Email Address: donna.winborn@vaughan.ca

From: Carrie Liddy [<mailto:carrie.liddy@sympatico.ca>]
Sent: Thursday, July 07, 2011 2:27 PM
To: Winborn, Donna
Cc: Richard Majkot
Subject: Re: Tried to Call - Your Voice Messaging is Full ...

Ms Winborn

Please provide a reason why you are refusing to post my documents.

Thank you
Carrie Liddy

From: "Winborn, Donna" <Donna.Winborn@vaughan.ca>
Date: Thu, 7 Jul 2011 14:31:50 -0400
To: "Carrie. Liddy" <carrie.liddy@sympatico.ca>
Cc: Richard Majkot <rmajkot@toronto.ca>
Subject: RE: Tried to Call - Your Voice Messaging is Full ...

I was directed not to post it by my boss, the City Clerk, Jeffrey A. Abrams.
Mr. Abrams is not in the office today for your information.

Donna

Donna Winborn
Election Co-ordinator
City Clerk's Department
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1
tel. 905-832-8585 Ext. 8241
fax 905-832-8535
Email Address: donna.winborn@vaughan.ca

Refusal by the Clerk to post one submission and in particular given all other submissions were posted, has biased the outcome of the hearing, given the public has now been denied the ability to participate. Participation being one of the standards set by the SCC. This flaw is irrevocable.

The third issue is also irrevocable and in addition is outside of the control of this Committee. The third issue is the alleged conflict of interest and potential for serious breach of solicitor client rule of procedures by Regional Councillor DiBiase using the services of Mr Gillespie as his lawyer. I have provided materials that substantiate this conflict by showing a connection with DiBiase, Gillespie and myself during the 2006 Linda Jackson court trials and DiBiase court trials. Mr Gillespie represented myself at the same time and for connected matters and against the same "person" being the City of Vaughan. Now Gillespie represents Dibiase against me. The materials provided show the relationships and specifically identify the connections between the parties. I note there are serious issues with the disclosed invoices in particular with the cost award of the City of Vaughan to Gillespie with regards to the 2006 court trials.

The materials provided in Appendix B is a copy of a divisional court ruling that substantiates my concerns, given their seal order of my materials due to the contravention of solicitor client privilege by Gillespie for the same matter.

The third issue is one that Committee has no control over, as it is not within the committee's jurisdiction to address conflict of interest applications, and I am in no way asking the Committee to make a ruling or decision on the conflict matter.

The committee is now aware and the issue will be pursued outside of this hearing.

This Committee has a special duty of care, given the history of the proceedings in Vaughan . I am sure that this Committee takes its responsibilities seriously and the three issues noted above are of great concern as it places the committee in a very precarious position through someone else's actions.

As I am certain you are all aware, the city of Vaughan went through many and multiple court cases following the 2006 election. The cost to the residents of Vaughan was approximately two million dollars. All charges were ultimately dismissed, withdrawn or stayed because the statutory time limits in the MEA were far exceeded. Both the decisions of Justice Wright and Justice Kenkel set precedents that are binding on this Committee.

This brings me to the last procedural issue and that is the Audit Committee procedures : Under committee decisions, number 5 is incorrect. There are two Superior court precedents: Justice Kenkel and Justice Wright both said that the charges have to be laid when they FIRST are known and the prosecutor should not wait for the audit report to lay charges. Both decisions substantiate that the charges should be laid as soon as they are reasonably known and therefore the Audit Committee should not be waiting for the audit report to make the decision to hire a prosecutor to lay charges.

I quote from Justice Wright *Corporation (City of Vaughan) v. Di Biase*, 2011

ONCJ 144 para. 85 and 86:

[85] Section 92 (4) makes no reference to steps which must be taken under the *M.E.A.* – such as obtaining a compliance audit report – as a condition of qualification for the requirement to commence an action within the one (1) year period prescribed by section 92 (4) for those offences specified and which in this case involve offences set out in counts 3, 5, and 20. Nor is there any provision in the *M.E.A.* which would allow for or permit a form of judicial exemption to stop the limitation clock from running as suggested, by the prosecution, so that the charging body, The City of Vaughan, could obtain an Auditor’s Compliance Report.

[86] To suspend the limitation period of one (1) year set out in section 92 (4) of the *M.E.A.* while awaiting receipt of an Auditor’s Compliance Report in the circumstances of this case, when there was reliable trustworthy facts upon which the prosecution was based that first came to the knowledge of the informant sixteen and a half months before action is commenced does not comport with the integrity of section 92 (4) of the *M.E.A.*

Also Justice Kenkel reiterates this, and the same decision made in the Jackson litigation. Vaughan council subsequently withdrew all remaining charges .

I note this as my application requests both an audit be ordered by this committee and that a prosecutor be hired to lay charges. The precedents work together to establish the basis to make both decisions as the evidence put forward to this committee more than meets the standard as set in the precedent cases of Justice Favret and Justice Chisvin for ordering an audit and the evidence presented also then substantiates the standard required to lay charges immediately and not wait for the audit report.

The standard for making a decision on whether to order an audit or not is a simply standard set by Justice Favret, in para 61 of her decision, *Vaughan (City) v. Mastroguiseppe*, 2008 ONCJ 763 and I quote:

[61]
...The appropriate standard of reasonable or credibly based probability envisions a practical, non-technical and common sense probability as to the existence of the facts and influences asserted “

The standard is one that applies a practical, common sense probability and non-technical test. The evidence provided more than meets that standard. An audit is not necessary to prove the recount expenses claimed in 2006 as a candidate had to be reversed, and reconciled in 2010. That's common sense. The two later decisions of Justice Wright and Kenkel then set the standard for ordering an audit. Clearly the audit report is not required, and the charges must be laid when *FIRST* made evident. Both standards must apply and both standards have been met with the evidence provided.

As such, the committee procedures are incorrect in that they essentially state the audit report must first be completed and then charges can be laid based on the report. The Audit Committee has the ability to amend its own procedures and should do so in order to recognize the standards set in the decisions of the four justices noted above.

The Application

The application is straight forward. The alleged contraventions noted are over contributions from related companies, improperly claiming personal (recount) expenses as a carry forward from 2006 to the 2010 return, failure to report a surplus from 2006, failure to remit the surplus to the City of Vaughan and various reporting and accounting issues due to the incorrect reporting of expenses already addressed in various court submissions.

The most egregious of the above issues is the alleged contravention in failure to report a the 2006 surplus due to the over estimating of the 2006 deficit because the recount expenses were not removed prior to carrying the 2006 deficit forward. This contravenes Sections 79 to 80 of the MEA. The chart provided and the materials ironically provided by Regional Councillor Dibiase's accountant and lawyer substantiate that over-stating the 2006 deficit was a violation, substantiate this contravention.

The 2010 reconciling of the 2006 deficit carry forward uses an incorrect recount expense. The expense is further then incorrectly reconciled through incorrect amounts. The 2006 recount expense on the final return was reported as \$107,582.45. The 2006 deficit was reported as (\$74,822.85). By using incorrect amounts of \$54,938.31 and \$17,764.29 on the 2010 return, as opposed to the actual amount of \$107,582.45, the 2006 deficit is over-stated as (\$2120.00) when there is actually a surplus amount of \$32,759.85. the (\$2120.00) is then incorrectly applied against 2010 donations and refunded to the candidate by over-stating the recapture of candidate contributions.

Source of Financials	April 2 2007	September 4 2007	Feb 28 2008	Justice Howden submission	Justice Wright submission	2010 return	ltr
recount exp claimed	\$75,000.00	\$99,626.71	\$107,582.45	\$372,244.76	\$500,000.00	\$74,822.60	\$74,822.60
deficit	\$(62,085.61)	\$(64,116.86)	\$(74,822.60)			\$-	\$466.93
surplus after recount	\$12,914.39	\$35,509.85	\$32,759.85			\$(2,120.00)	\$(2,120.00)
paid to Jackson				\$1,820.00			
recovered from city				\$183,863.54			
total costs not recovered				\$190,201.22			
Stamm				\$27,461.00			\$18,231.22
accounting fee	\$1,980.00	\$3,980.00	\$5,980.00				\$6,130.00
sign fee reversal	\$-	\$-	\$-				\$5,320.00

The alleged contravention is clear. The candidate did not report the surplus on the 2010 return. The 2006 carry forward must be correctly reflected using the amounts reported on the 2006 return. The amount that needs to be reconciled is \$107,582.45, the reported amount, not two differing amounts of \$54,938.31, \$17,764.29 that in any event , even if they were proper, do not match the amounts for the same expenses presented to the courts through various submissions.

The surplus from the 2006 return is obvious. The amounts are taken directly from the 2006 and 2010 returns. The failure to submit the surplus is obvious and

the applicable MEA Sections 79, 79(1), 80 are obvious and clear. The matter has already been tested in court. The recount expenses are voter expenses and personal and must be removed from the 2006 carry forward, suing the amount reported on the 2006 return. Again the decisions of the higher court already substantiate this. This alleged contravention is clear enough that the Audit Committee must follow the precedents set by the courts, and hire a prosecutor to lay charges. The Audit Committee I believe has no choice but to hire a prosecutor and lay charges for the obvious contraventions.

The over-contribution because of related companies is also a reasonable non-technical common sense conclusion, given the signatures, and evidence provided. The evidence cannot be taken further by the public, as these are both private companies. Under the Public Accounting Act, a full audit will substantiate or disprove this alleged contravention and for this reason, the audit must be ordered.

I thank the Committee for their patience and their diligence in addressing this important matter.

CC Compliance Audit
July 8/2011
Submitted by
Michael
Arbutina

APPLICATION FOR COMPLIANCE AUDIT - ROSANNA DEFRANCESCA
SUMMARY OF CONTRAVENTIONS AND EVIDENCE

Allegation	Evidence of Contravention
<p data-bbox="186 262 479 367">Issues 1 & 2: Failure to Report Expenses Accurately</p> <p data-bbox="211 378 365 472">Page 1 Chart</p>	<p data-bbox="516 294 885 325">Cost of Coffee and Timbits</p> <p data-bbox="516 331 1453 787">Two Campaign Events were held in April and May of 2010. These events were incorrectly recorded as "Office Expenses" by the Candidate's Accountant. The Candidate has admitted in her Responding Chart (Tab A, Page 2 Point 8) that her campaign accountant incorrectly included the cost of Coffee & Timbits as an office expense based on the assumption that that two campaign events took place at the Candidate's Campaign Office. The problem is that these Meet and Greets were held months before the Campaign Office was even opened. The events took place in April and May. The Office was not opened until September 18, 2010. Therefore this could not be an office expense.</p> <p data-bbox="516 840 1453 1039">Sections 69(1)(K) and 78 of the Municipal Elections Act, 1996, S.O. 1996, c. 32, Sched. (the "Act") require that the Financial Statement be completed in the prescribed form. Previous Audits Directed by this Committee have established that inaccurate expense allocations constitute a contravention of the Act.</p> <p data-bbox="516 1092 1453 1228"><i>Responding Materials, Tab F, Audit Reports of Joyce Frustaglio of October 17, 2008, Page 32, Para. 5.9 and Tab G, Audit Report of Councilor DiVona's of April 24, 2009, Page 13, Para. 11. The Auditor concluded that allocating campaign expenses to incorrect categories constituted a contravention of the Act.</i></p> <p data-bbox="516 1281 933 1312">Cost of Flyers and Invitations</p> <p data-bbox="516 1318 1453 1774">There are other reporting contraventions at issue. The candidate admits that 30,000 flyers were sent out and but claims that only 50 people showed up. Despite the poor showing the Candidate repeats the meet and greet event at Tim Horton's a second time despite the relatively small showing giving rise to reasonable concern for an elector that not all the expenses incurred in respect of this event were captured and recorded. Moreover, the Candidate admits that an expense of \$264.00 was incurred (Responding Chart, Tab A, Page 5, Para. 3) for the delivery of invitations for these events. This amount, however, does not appear to be recorded as an expense (Responding Materials, Tab D, Schedule 2).</p>

<p>Issue 14: Incomplete Inventory Count</p> <p><i>Pg. 28 Chart</i></p>	<p>A complete inventory count of election signs was not completed at the end of the campaign. Instead, signs were disposed of on the basis that the signs were no longer useful to the Candidate. The candidate admits in her Responding Chart (Tab A, Page 29, Point 3) that she disposed of all of her election signs. This is not in compliance with the Proscribed Form and the requirements of the Act. The very same issue, the failure to record the closing inventory of campaign signs was cited as a contravention in the Audit Report of Councilor Frustaglio. This Audit Report is attached to the Candidate's Responding Materials (Tab F, Page 35, Section 5.4). The auditor in that case found that the failure to account for the inventory of signs in the Financial Statement was a contravention of the Act.</p> <p>Sections 69(1) k and 78 of the Act require that the Financial Statement be completed in the prescribed form. Schedule 4 of the Financial Statement requires that the inventory on hand at the end of the campaign be identified and reported therein.</p>
<p>Issue 7: Unreported Contributions</p> <p><i>Pg 12 Chart</i></p>	<p>Section 69(1)(d) of the Act requires a candidate to value contributions of good or services and to record same as a contribution in kind under section 66. The candidate acknowledges in her Responding Chart (Tab A, Page 13, Point 3) that she supplied the tents and music equipment used at the BBQ events that she hosted for her campaign. The value of these contributions are not accounted for in her financial statement. This constitutes a contravention of the Act.</p>
<p>Issue 9: Incorrect Reporting of Contributor</p> <p><i>Pg 20 Chart</i></p>	<p>The Candidate and her Landlord agreed that a contribution in kind of \$444.43 for <u>rent and utilities</u> would be made by the Landlord (Responding Chart, Tab A, Page 22, Para. 3). The candidate has sworn this to be accurate. The Lease identifies the Landlord as Frank Trelle (Responding Materials, Tab H). The Financial Statement (Schedule "C") incorrectly identifies and records this contribution of rent and utilities as being made by Trelle Contracting Services Ltd. (not Frank Trelle). The recording of a contributor's names and addresses inaccurately is a contravention of sections 69(1)(f) and section 78 of the Act. This is confirmed in the Audit Report of Bernie DiVona attached to the Responding Material (Tab G, Page 11, Para. 4).</p>

<p>Issue 5: Dealings with Non Arms Length or Related Parties</p> <p><i>Page 8 Chart</i></p>	<p>Campaign flyers were delivered (by a related party company) along with flyers promoting the services of two other related companies which the Candidate's husband is a director. This could lead a reasonable voter to ask, was there a personal benefit conferred on the candidate or her spouse using campaign funds: Did these non-arm's length parties deal with each other at fair market value and did they properly report?</p> <p>The candidate employed the services of Media Mail Inc. to deliver campaign brochures. The delivery of her brochures also included the delivery of advertising flyers for Greenigans and Cleanigans (Exhibit 5. Application materials). All three of these companies, Media Mail Inc., Greenigans and Cleanigans are related to the Candidate and are non-arms length companies. The Candidate's spouse, Mr. DeFrancesca, is an officer and director of these companies. By paying for the delivery of the campaign flyers together with the advertisements for Greenigans and Cleanigans, these related companies appear to have obtained a benefit at the expense of the campaign or, in the alternative made a contribution in kind that has not been properly recorded in the Financial Statement.</p>
<p>Issue 8: Under Reporting of Expenses</p> <p><i>Page 18 Chart</i></p>	<p>The Candidate reported telephone and internet expenses of \$387.20 for the entire campaign. This expense relates to 2 phone lines, a fax line and internet service for a period of approximately 10 months. It is reasonable for a Voter to conclude that this expense items has been under-reported.</p> <p>In addition, the candidate admits in her Responding Chart (Tab A, Page 19, Point 4) that she used her husband's personal cell phone for the purposes of the Campaign. This use should have been reported by the Candidate as a contribution in kind. No evidence was filed by the Candidate in respect of any allocation being made between personal calls and the campaign.</p>