

AMENDED: June 22, 2015 version

I believe the following points are sufficient evidence to substantiate my position that it is likely at least 1 of the provisions in sections 66 to 82 of the MEA has been contravened. In reading precedent rulings from the OJC, reasonable grounds have been determined to encompass financial statements that: show no inventory from returning candidates, have excessive post Voting Day expenses, and include contributions from companies with the same address; just to name a few. With respect to Maria Pearson's filings:

**1. Campaign Income and Campaign Expenses are within 1 cent of each other** - As her auditor stated, there were "significant estimates made by Mrs. Pearson". On the surface, it is not apparent which sections were significantly estimated and whether this would have resulted in a surplus paid to the clerk.

**2. Auditor's Report** - states he "conducted audit in accordance with Canadian general accepted auditing standards". While one would expect to read this in an auditor's report the other candidate's auditors also stated in their notes that the "financial statements have been prepared in accordance with the Election Campaign Finances provisions contained in the Municipal Elections Act, 1996". On the surface, it appears that this audit was not conducted with reference to the Act.

**3. Inventory from previous campaign** - shows zero yet the Contributions from candidate shows \$3,186.78. It is highly unlikely that inventory was not retained from her previous campaigns and used again. Replacement value of goods is an expense subject to the spending limit and on the surface, it appears likely her contributions were in the form of inventory. Errors with regards to the nomination filing fee have also been made by other candidates; some of which have included it as a contribution from candidate. It is unclear if that has occurred here which may impact the surplus/deficit.

**4. Signs/ Inventory** - I live in her ward and I do not recall ever seeing a change in design for lawn signs however there is nothing restricting a candidate from destroying inventory and not keeping it for future use. I did however notice that there was a marked decrease in the number of lawn signs displayed in this last campaign yet her expenses increased from \$2,113.10 in 2010 to \$3,531.25 in 2014. (\$1,400 at an average price of \$3 / sign = approximately 450 signs). I think it is reasonable to request an audit / list of her signage purchases and placements.

**5. Inventory** - Her previous 3 campaign statements consistently show zero inventory at the beginning and ending of each campaign (inclusive of signs, stakes, etc.). Inventory is also inclusive of all materials used in a campaign. (cell phones, office equipment, etc.) Her statements do not reflect any "revenue from the sale of election materials" as per the Act. It is also a GAAP to value inventory when it has a change in use - municipal election to personal.

**6. Meetings Hosted** - \$1,248.24. While this is not an excessive amount, in relation to her 2010 campaign when \$0.00 was spent, this item should be part of any audit that may be requested. I do not believe this item alone would be reasonable grounds to order an audit, but it would form part of the issues with the overall expenses.

**7. Office Expenses incurred until voting day** - \$1,248.24. This expense is 4x higher than it was in the previous campaign. Her campaign office has been in her home. It's possible her election campaign website expenses were included here, but other candidates have listed website under Phone/Internet or shown them under Other.

**8. Voting Day Party / Appreciation** - \$4,689.50 & Salaries etc incurred after voting day of \$2,500 for a total of \$7,189.50 that was not subject to spending limit. In comparison, the total of these 2 items during her 2010 campaign was \$389.39.

To the best of my knowledge her team consisted of herself, her husband, her mother and her best friend. The Stoney Creek News showed a picture of her with her mother and her best friend, *in her home*, after the close of Voting day when the results were announced.

In light of the Dickerson case, I believe it is reasonable to request an audit of these expenses to determine if they were or were not subject to the spending limit.

It is also interesting to note that from all the other elected candidates, only 2 others showed Salaries, benefits, honoraria expense incurred after voting day: One for \$80 and the other for \$500.

A copy of the T4A slip(s) issued and a copy of the T4A Summary submitted to CRA should be provided.

**9. Potential Affiliated Companies / \$750 Maximum Exceeded to One Candidate:** Urban Core Developments contributed \$500 and Dundas Self Storage contributed \$500. Both have the same address. Table 2 is in the candidates own handwriting and the entries for these contributions are consecutively entered by the candidate. Although the president/business managers have 2 different persons shown by the candidate, it is common knowledge that there is a duplication of ownership/control along with Ancaster Self Storage at the same address. (as per other candidates financial statements and Dundas News article on another candidate who returned contribution she received which is attached as Appendix B)

The MEA states that "a contribution of money made or received in contravention of this Act is returned to the contributor as soon as possible after the candidate becomes aware of the contravention" and "a contribution not returned to the contributor under clause (m) is paid to the clerk with whom the candidate's nomination was filed".

I believe it is reasonable grounds to request an audit to determine if "as soon as possible" is:

- (a) the time at which the candidate received these contributions and issued receipts; (presumably one after the other); or
- (b) the time at which the candidate entered these contributions, one after the other, on Form 4 Financial Statement; or
- (c) any other time up to the point of my filing this request; and
- (d) whether a contravention has occurred for not returning the contribution and/or for not making the over-contribution payable to the clerk.

Additional information will be submitted under separate cover.

**10. Possible Affiliated Companies:** 215746 Ontario Inc contributed \$750 and Valmos Developments Inc contributed \$750. Both have the same address. One shows David Valvasori as principal and the other shows Michael Valvasori as principal. The Valvasori's are brothers who work with each other and own/operate their companies under various names and other numbered companies. It is possible that these 2 companies are not affiliated under the definition in the ITA; however it is more probable that they are. This would result in an over contribution not being returned by the candidate or paid to the clerk

**11. In kind Contributions:** Financial Statements do not reflect any value of services/goods received for usage of City resources during the campaign period in regards to campaign issues: from the City Solicitor, from the Integrity Commissioner, and/or use of constituents records and use of city email system. As per email attached, all sources were accessed (appendix C)

**12. Combined \$5,000 maximum exceeded by Contributor:** Carpenters Political Action Committee contributed \$300. According to the combined Financial Statements from the candidates, this group appears to have contributed \$5,950 in total to 2 or more candidates on the same council.

In light of the belief that multiple and serious contraventions of the Act are likely, in my opinion, a fulsome audit, inclusive of all campaign finances should be requested to allow the Elections Compliance Committee to be provided with a report complete with an Auditor's determination of whether any contraventions exist.