



**STAFF REPORT  
ACTION REQUIRED**  
with Confidential Attachment

**Continuation of Legal Proceedings against Arad Group Inc. and Afshin Tajarrod**

<b>Date:</b>	October 13, 2011
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	City Solicitor
<b>Wards:</b>	20
<b>Reason for Confidential Information:</b>	This report is about litigation or potential litigation that affects the City or one of its agencies, boards, and commissions.  This report contains advice or communications that are subject to solicitor-client privilege.
<b>Reference Number:</b>	

**SUMMARY**

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This report seeks instructions to ratify and continue a lawsuit against Arad Group Inc. and Afshin Tajarrod. Among other things, the lawsuit seeks to prevent them from contacting City of Toronto residents concerning the removal or installation of water meters and payment therefor.

**RECOMMENDATIONS**

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The City Solicitor recommends that:

1. City Council ratify the actions of the City Solicitor in commencing proceedings against Arad Group Inc. and Afshin Tajarrod, also known as Sean Sfeada, and the action of the General Manager of Toronto Water in undertaking to abide by any order concerning damages that the Court may make regarding the granting of an interim injunction.
2. City Council authorize the City Solicitor to continue the said legal proceedings, to settle such proceedings, to appeal any orders with respect thereto and take any

other steps with respect to the conduct of such litigation, as the City Solicitor may determine is appropriate.

3. City Council direct that Confidential Attachment 1 shall remain confidential as it relates to advice that is subject to solicitor-client privilege and litigation affecting the City.

The General Manager of Toronto Water concurs in this report and its recommendations.

### **Financial Impact**

Contained in Confidential Attachment 1.

### **DECISION HISTORY**

This matter has not previously been the subject of a report.

### **ISSUE BACKGROUND**

Toronto Water is currently engaged in a comprehensive program to replace and upgrade water meters in local businesses and homes in Toronto. The City has entered into a contract with Neptune Technology Group (Canada) Ltd. ("Neptune") to perform that work. Neptune has in turn subcontracted out that work to various subcontractors. One of the subcontractors is Arad Group Inc. ("Arad"). Mr. Afshin Tajarrod is the principal of Arad.

The contract with Neptune was authorized by Council at its meeting of June 23 and 24, 2008, at which time it considered the background information contained in the following staff report:

<http://www.toronto.ca/legdocs/mmis/2008/pw/bgrd/backgroundfile-13473.pdf>

Arad had a dispute with Neptune on how much Arad is owed for the work that it performed in the spring of 2011. Although Arad's contract was with Neptune, in an effort to obtain the payment it claimed was owing for work performed under the contract, Mr. Tajarrod began demanding payment from local City residents who had had water meters installed or upgraded by Arad. Those meters are owned by the City not the residents. The contract is between the City and Neptune. The residents are not a party to the contract. The residents owe nothing to Neptune, let alone Arad or Mr. Tajarrod.

Arad maintains a website. It began posting names, addresses and phone numbers of residents that it claimed owed it money, along with indications that it was commencing legal proceedings against them unless they paid Arad the amounts it claimed were due to it for the installation or upgrade of their water meters.

Arad and Mr. Tajarrod refused to desist from their efforts to collect payment from residents despite City and Neptune demands that they do so. Not surprisingly there were

numerous citizen complaints made to the City. In order to deal with this as soon as possible, and protect the residents, my Division commenced legal proceedings against Arad and Mr. Tajarrood in which we seek an interim and permanent injunction order restraining them from contacting City residents concerning the removal or installation of water meters and payment therefor, or from posting on the internet any personal information regarding those residents. In the lawsuit the City also seeks an interim and permanent injunction order requiring the defendants to remove any internet postings containing personal information of, or statements concerning those residents. Finally, we also seek an accounting of any monies the defendants may have collected from residents or their water meter work, in order that it be returned to those residents and the declaration that the defendants have no right to pursue those individuals for payment.

I am pleased to advise that on July 29, 2011, the City obtained an interim injunction order from the Superior Court of Justice (copy attached), restraining the defendants from having any contact with City residents concerning the removal, retrofitting, replacement or installation of water meters and payment therefor, and from posting personal information concerning them on the internet. Any such postings on the internet were ordered removed. As is the norm for an interim injunction, the Court required that the City file an undertaking to abide by any order concerning damages that the Court may make if it ultimately appears that the granting of the interim injunction caused damages to the defendants for which the City ought to compensate them. The ongoing lawsuit seeks a permanent injunction, to prevent any future re-occurrences of the defendants' actions.

This report seeks authority to ratify the actions taken to date and approve the ongoing conduct of this litigation.

## **CONTACT**

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## **SIGNATURE**

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Anna Kinastowski  
City Solicitor

## **ATTACHMENTS**

Attachment 1 - Confidential Information on Lawsuit against Arad Group  
Attachment 2 - interim injunction order from the Superior Court of Justice