



FROESE FORENSIC
partners inc.

**Compliance Audit Report
For the City of Toronto
Re: Gus Cusimano**

May 25, 2012



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1 Introduction

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 Gus Cusimano (**"Cusimano"** or **"the Candidate"**).
- 1.2 Cusimano filed for election as Councillor for Ward 9 on January 4, 2010.
- 1.3 After initially submitting his Primary Financial Statement (**"the Primary Financial"**) on March 24, 2011 for the campaign period from January 4, 2010 to December 31, 2010, Cusimano attested that his Supplementary Financial Statement for the extended campaign period from January 4, 2010 to June 30, 2011 (**"the Supplementary Financial"**) was true and correct to the best of his knowledge and belief. Our findings are based upon information contained in both Financial Statements (collectively **"the Financial Statements"**).
- 1.4 On June 23, 2011, Donna Lynn Tucker (**"Ms. Tucker"**) and Howard Moscoe (**"Moscoe"**), collectively (**"the Applicants"**), submitted a request for a compliance audit to the City of Toronto Compliance Audit Committee (**"the Committee"**). The Applicants identified the following issues regarding the Primary Financial:
 - 1) Cusimano failed to report the purchase of all of the wooden stakes that would have been required to support all of his campaign signs;
 - 2) Cusimano failed to report the replacement value of a large arterial election sign that was retrieved from inventory;
 - 3) Cusimano failed to report the use of donated computers for his campaign;
 - 4) Cusimano's campaign accepted corporate contributions of goods in kind;
 - 5) Campaign expenses were incorrectly classified as fundraising in an attempt to remain below the campaign spending limit; and
 - 6) Cusimano improperly commenced the proceeding for a controverted election and his associated legal expenses were improperly accounted for.
- 1.5 On July 18, 2011, the Committee met to consider the merits of the application and determined that a compliance audit of the Financial Statements be conducted for the



2010 election campaign finances and the 2011 extended campaign finances of Cusimano pursuant to Subsection 81(7) of the Act.

- 1.6 Bruce Armstrong of Froese Forensic Partners Ltd (“FFP”) and Glen R. Davison, CA, were retained to conduct the compliance audit in accordance with the Act. Subsection 81(9) 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 audit of the Financial Statements submitted by Cusimano.

Our Approach to the Compliance Audit

- 1.7 The objective of our compliance audit is to report any apparent contraventions of the Act identified through the course of our compliance audit related to the Financial Statements filed by Cusimano. We have set out our understanding of a number of relevant sections of the Act as **Appendix A** to this Report.
- 1.8 The compliance audit addressed the issues raised by the Applicants as identified in paragraph 1.4 and during the course of our compliance audit that are relevant to the Financial Statements of the Candidate. The audit also addressed other matters identified through the compliance audit process, including:
- 1) Whether the fair market value of goods and services were reflected in the Financial Statements as contributions and expenses;
 - 2) Whether campaign expenses were appropriately supported by invoices or other supporting documentation and incurred as appropriate; and
 - 3) Whether the Financial Statements were prepared in accordance with the Municipal Elections Act 1996 (“**the Act**”) and the City of Toronto 2010 Municipal Election Candidate’s Guide (“**the Guide**”).

Procedures Performed

- 1.9 Our procedures related to the compliance audit included:
- 1) A review of the Compliance Audit Application by the Applicants;
 - 2) A review of the Financial Statements and supporting documents;
 - 3) An ongoing review of the Act and the Guide;
 - 4) Attendance on January 31, 2012 at a preliminary meeting with the Candidate’s legal counsel, Jack Siegel (“**Siegel**”), the campaign manager for Cusimano, Vince Lombardi (“**Lombardi**”), and Cusimano to gain a better understanding of the campaign extension. A number of undertakings were made at this time by Siegel on behalf of Cusimano;



- 5) Examination of the accounting and financial documentation provided and ongoing communications with the Candidate via Siegel;
- 6) Meeting with the Applicants on February 6, 2012 to fully understand their allegations and determine if there were any additional allegations;
- 7) Communications with Rob Davis ("**Davis**") of Campaign Solutions Inc ("**Campaign Solutions**"), the company contracted by Cusimano to fundraise during Cusimano's campaign extension;
- 8) Meeting with Davis on March 21, 2012 to obtain information regarding his retainer in June 2011 with Cusimano to assist with fundraising for the extended campaign period;
- 9) Scheduling and attendance at an interview of Cusimano on April 3, 2012 in the presence of Siegel and Lombardi;
- 10) Written communication with campaign contributors including extensive email and telephone follow up;
- 11) Contacting third party service providers;
- 12) Ongoing meetings and discussions with Siegel, in particular to follow-up outstanding requests, including a number of undertakings that were made by Cusimano when he was interviewed; and
- 13) Preparation of our report.



2 Overall Findings

General

- 2.1 Cusimano and his campaign team cooperated with the compliance audit process. For the most part, we found the Cusimano campaign records to be well maintained, organized, and generally consistent with the requirements of the Act.
- 2.2 Davis, the external contractor engaged to fundraise for Cusimano in June 2011, did not respond to all of our requests on a timely basis and did not retain or provide all documents requested by FFP that in our opinion should have been generated and retained with respect to the solicitation of contributions.
- 2.3 The Primary Financial for the period January 4, 2010 to December 31, 2010 reported a deficit of \$32,866.28 and total contributions of \$45,845.00.
- 2.4 The Supplementary Financial for the period January 4, 2010 to June 30, 2011, the end of the extended campaign period, reported a deficit of \$80,096.06 and total contributions of \$95,070.00. Contributions received after December 31, 2010 totaled \$49,225.00.
- 2.5 Cusimano had a campaign expense limitation of \$26,754.05. The Supplementary Financial Statement reported campaign expenses subject to limitation of \$25,910.28. Expenses not subject to limitation totalled \$149,410.78. A significant portion of the expenses not subject to limitation consisted of legal expenses totalling \$132,253.92 pertaining to legal action undertaken by Cusimano alleging a controverted election.

Contributions

- 2.6 Two (2) corporate contributions of \$300.00 each were accepted by the campaign, which is an apparent contravention of Subsection 70.1(1) of the Act and the City of Toronto By-Law 1177-2009 by both the Candidate and the contributors. The contributions should have been returned to the contributors and personal cheques written. This is further discussed in paragraphs 3.1 to 3.4.
- 2.7 Contributions to the extended campaign period were deposited to the campaign account after the end of the extended campaign period, June 30, 2011. These deposits totaled \$25,754.20 and are set out in *Schedule 1*. Twenty-eight (28) of the cheques were dated after June 30 and totaled \$5,050.00. Accepting and depositing these cheques is in contravention of Subsection 68(1)(4)(i) of the Act. Subsection 69(1)(m) of the Act requires that these contributions should be returned to the contributors and the deficit should be adjusted. This is further discussed in paragraphs 3.5 to 3.15.



- 2.8 We identified a further six (6) cheques totaling \$2,550.00 from contributors where the original cheque date was altered from 07 (July) to 06 (June). It is apparent that the purpose of the alteration was to have the contributions appear as if they were made within the extended campaign period. This alteration constitutes an apparent contravention of Subsection 68(1)(4)(i) of the Act.
- 2.9 We identified an additional cheque from a contributor where the original cheque date was altered from 07 (July) to 06 (June). The contributor placed a stop payment on this cheque and, although it was initially deposited to the campaign account, it was subsequently returned. As such, it does not have an impact on the Supplementary Financial.
- 2.10 The alterations by either the issuer of the cheque or the Candidate or persons delegated authority by the Candidate represent an apparent contravention of subsection 89(h) of the Act as, in our opinion, we were provided with false or misleading information. Subsection 69(1)(m) of the Act requires that these contributions should be returned to the contributors and the deficit should be adjusted. This is further discussed in paragraphs 3.16 to 3.24.
- 2.11 Cash was accepted by the campaign to purchase money orders totalling \$900.00 that were deposited to the campaign account as contributions from three (3) individuals. The acceptance of cash over \$25.00 is an apparent contravention of Subsection 70(8) of the Act. Subsection 69(1)(m) of the Act requires that these contributions should be returned to the contributors and the deficit should be adjusted. This is further discussed in paragraphs 3.25 to 3.32.
- 2.12 Transaction fees for processing credit card contributions at his place of business were paid for by the Candidate through his business and not reported as expenses subject to limitation. The payment of these fees represents an apparent contravention of Subsection 67(2)(2) of the Act. This also represents an apparent contravention by both the contributor and Candidate with respect to the City of Toronto By-Law 1177-2009 and Subsection 70.1(1) of the Act. This is further discussed in paragraphs 3.25 to 3.31.
- 2.13 We identified several instances of contributions made from the joint bank accounts of contributors where the receipt was not issued to the cheque signor or the signature on the cheque was illegible. We do not consider these items to be apparent contraventions of the Act but the issuance of the receipt did not, in all cases, follow the Guide. This is further discussed in paragraphs 3.33 to 3.38.

Expenses

- 2.14 There were a number of expenses omitted or reported incorrectly in the Primary Financial that were corrected and listed appropriately in the Supplementary Financial. These are summarized as follows and in our opinion are apparent contraventions of the Act as indicated:



- 1) The Applicants asserted that the Candidate did not properly include an expense for computers used throughout the campaign. This expense was omitted in the Primary Financial and in our opinion is an apparent contravention of Subsection 67(1) of the Act. A reasonable expense was included in the Supplementary Financial as discussed in paragraphs 3.39 to 3.40.
 - 2) The Applicants asserted that a large campaign sign initially used by the Candidate in a 1976 election was omitted in the Primary Financial. In our opinion, this is an apparent contravention of Subsection 67(2)(1) of the Act. We obtained third party pricing information and determined that a reasonable replacement value was used in the Supplementary Financial. This is further discussed in paragraphs 3.41 to 3.42.
- 2.15 The Applicants asserted that all expenses pertaining to wooden stakes were not accounted for by the Candidate. Our review determined that the costs were properly included. This is further discussed in paragraph 3.43.
- 2.16 The Applicants asserted that the Candidate did not properly include any expenses associated with an employee of the Candidate sending campaign-related emails from his business email address, thereby making it a corporate contribution of goods in kind. In our opinion, this is a contribution of supervised employee time that is permitted under the provisions of Subsection 66(2)(ii) of the Act. This is further discussed in paragraphs 3.44 to 3.45.
- 2.17 The Applicants asserted that the cost, print quantity and distribution of fundraising flyers were inflated for the purpose of restating an advertising expense as a fundraising expense and thereby reducing the expenses subject to limitation. Our review and analysis determined that the flyers were for the purpose of fundraising and that their costs and quantity were appropriate. This is further discussed in paragraphs 3.46 to 3.51.
- 2.18 The Applicants questioned the occurrence of a fundraising event held at Mastro's Ristorante on June 10, 2010. After contacting the vendor and reviewing documentation in the Candidate's records, we are satisfied that this fundraising event occurred. This is further discussed in paragraphs 3.52 to 3.54.
- 2.19 The Applicants asserted that the Candidate misused funds to advance post-election litigation and that everything should have been considered in a personal capacity. In our opinion, Cusimano complied with the requirements for extending his campaign as set out in the Guide. As such, he was entitled to accept contributions for the purpose of assisting with his legal costs and incurred legal expenses in accordance with what is set out under the section 'Recounts, Controverted Elections and Compliance Audits'. This is further discussed in paragraphs 3.55 to 3.63.



- 2.20 The Applicants queried the timing and nature of the Candidate seeking legal advice regarding the election process. In our opinion, this was an inadvertent misreading of the date of the invoice by the Applicants and a resultant error in their assertion. This is further discussed in paragraphs 3.64 to 3.66.

Financial Reporting

- 2.21 In his Supplementary Financial, Cusimano recorded the amount paid to Campaign Solutions for fundraising work commenced in June 2011 as “event advertising” for his May 25, 2011 fundraising event. This should have been recorded under “Other” as it was not related to the fundraising event. This is an apparent financial reporting contravention of Subsections 69(1)(k) and 78(1) of the Act that requires that the Financial Statement be filed in the prescribed form. This is further discussed in paragraph 3.67.
- 2.22 Based upon our findings, FFP determined that the Candidate’s total contributions should be decreased by \$9,100.00 to \$74,390.00 and the resultant deficiency for the period ended June 30, 2011 should be increased by \$9,100.00 to \$89,196.06. This is shown in a table in paragraph 3.68 and reflects the contributions that FFP has determined were made after June 30, 2011.

3 Details in Support of Findings

Contributions

Corporate Contributions

- 3.1 There were two contributions recorded as having been from individuals that were in fact received from corporations owned by the individuals. These contributions were received by a cheque from each corporation. The two entities are:

Company Name	Address	Cheque Date	Contribution
Shoreham Chronic Pain and Assessment Center Inc. ¹	4640 Jane St., Suite 203, Toronto, Ont. M3N 2K5	May 30, 2011	300.00
Fine Arts Assessment & Treatments	4640 Jane St., Suite 203, Toronto, Ont. M3N 2K5	May 30, 2011	300.00
TOTAL			\$ 600.00

- 3.2 FFP conducted corporate searches and determined that Ida Li Preti is a Director of Fine Arts Assessment & Treatments and that Peter Li Preti is a Director of Shoreham Chronic Pain and Assessment Centre. The receipts and schedules accompanying the Financial Statements show the two individuals as the contributors, not their corporate entities.
- 3.3 We questioned the candidate regarding these two contributions and he stated that he was not aware of receiving any contributions from corporations.
- 3.4 We communicated with the two principals who both responded in writing that the corporate cheques were recorded as loans/advances to the principals within the records of their corporations. This transaction would have the effect of funds coming from the individuals by way of their corporate entities. We did not request the corporate records in order to corroborate the representations that the amounts were recorded as loans/advances to the principals.

Post June 30, 2011 Contributions

- 3.5 The Financial Statement as filed recorded an amount of \$25,754.20 as an account receivable as at June 30, 2011, the end of the extended campaign period. **Schedule 1**

¹ The 'Inc.' was crossed out on the cheque.



attached details the deposit dates, cheque date, contributor and receipt number for all contributions deposited after June 30, 2011.

- 3.6 The account receivable represents contributions that were deposited during the months of July and August, 2011, after the campaign period ended on June 30, 2011.
- 3.7 Cusimano utilized Campaign Solutions, owned and operated by Davis, to assist with his fundraising during the latter days of his extended campaign.
- 3.8 Cusimano entered into an agreement with Campaign Solutions on June 13, 2011. A copy of the unsigned agreement is attached as **Exhibit A**.
- 3.9 The agreement stated the following:
 - 1) Under 'The Client' heading: *"The final date for donations to be accepted to offset legal bills is June 30, 2011."*
 - 2) Under the 'Proposal' heading: *"Campaign Solutions Inc will provide campaign fundraising services to Gus Cusimano for the financial reporting period ending June 30, 2011."*
- 3.10 The Applicants provided a letter issued by Davis dated June 15, 2011, two days after the date of the agreement between Campaign Solutions and Cusimano. This letter is attached as **Exhibit B** and was sent to potential contributors.
- 3.11 The letter provides the reader with information presumably to support contributing to the Cusimano campaign. The letter explains the benefit of the rebate program and further states *"Please give generously before the June 30th deadline and your donation will qualify for a rebate."*
- 3.12 The letter was accompanied with a 'Donation Invoice.' The invoice listed an 'issue date' of June 15, 2011, and a 'due date' of June 30, 2011. Davis' address was listed in the 'Pay to' box. We identified six (6) similar invoices in Cusimano's records. They all had the same invoice number 100200145 and only differed by the 'Invoice issued to' box which had names and addresses of individuals drawn from a database provided by Davis. A copy of one (1) of these invoices is attached as **Exhibit C**. Mr Davis has confirmed that Exhibits B and C were part of his mailing to seek contributions for Cusimano's campaign.
- 3.13 Cusimano and Davis brought to our attention Canada Post rotating strike action which started on June 3, 2011. Based on news releases, Canada Post operations were fully suspended as of June 15, 2011, with mail delivery re-commencing on June 28, 2011. Davis advised that he took the large mailing to a Canada Post sorting facility on the evening of June 14, 2011.



- 3.14 The Candidate and Davis raised the postal strike as an obstacle to their ability to fundraise. However, rotating strike action had started prior to Cusimano and Davis entering into their agreement. Further, there were several months prior to these rotating strikes when fundraising efforts could have taken place.
- 3.15 There are ninety-eight (98) cheques listed on Schedule 1 as having been deposited after June 30, 2011. A stop payment was placed on one (1) of the cheques and it was charged back to the campaign account. Sixty-nine (69) of these cheques totalling \$20,800.00 were dated on or before June 30, 2011 and we have concluded that these may be allowable contributions, subject to the comments in the following section. The remaining twenty-eight (28) cheques totalling \$5,050.00 were dated subsequent to June 30, 2011 and we have concluded that these are not allowable contributions.

Altered Cheque Dates – Cheques Deposited after June 30, 2011

- 3.16 Amongst the cheques that were deposited after June 30, 2011, we identified seven (7) cheques where the month was altered from 07 (July) to 06 (June). We have listed the contributors and cheque details on ***Schedule 2***.
- 3.17 In our opinion, the purpose of the alterations was to make the cheques appear to be issued in June 2011. FFP has written to each contributor requesting that they review their records and advise FFP of the month the cheque was issued according to their records. A sample copy of the letter issued is attached as ***Exhibit D***. Copies of the altered cheques with account numbers removed are attached as ***Exhibits E - J***.
- 3.18 We received communication from all but one (1) of the seven (7) contributors noted on Schedule 2. Each of the six (6) contributors that did respond confirmed that the months were altered from 07 to 06. Three of the responding contributors believe that they were responsible for altering the month.
- 3.19 One (1) of the contributor cheques for \$750.00 did not clear Cusimano's campaign account due to a stop payment being placed on the cheque by the contributor, who advised that this was done because the cheque was dated in July, after the June 30, 2011 deadline. The contributor became aware that the contribution would not qualify for the rebate as set out in Davis' mailing material. The other six (6) cheques totalled \$2,550.00.
- 3.20 We considered the six (6) cheques with altered months to be July 2011 payments and, as such, contributions issued and received after the end of the extended campaign period.
- 3.21 The deficit reported on the financial statement should be increased by \$2,550.00 and the funds should be returned to the contributors.



- 3.22 Subsection 89(h) of the Act states that “a person is guilty of an offence if he or she furnishes false or misleading information to a person whom this Act authorizes to obtain information.”
- 3.23 As the compliance auditor, FFP requested from Cusimano all of his financial information and records in support of his campaign fundraising and expenses. We have considered the altered cheques to be false and misleading as the alteration takes the transaction that originally occurred outside the extended campaign period to inside the extended campaign period. As noted above, three of the seven contributors believe that they altered the date.
- 3.24 We have not been able to identify who specifically altered the remaining cheques. When FFP asked Cusimano to provide his explanation as to why these cheques were altered, he stated that he “can’t comment on it.”

Money Orders

- 3.25 There were two batches of money orders purchased at the Bank of Montreal (“BMO”) Dufferin & Celt branch that were payable and deposited to Gus Cusimano’s campaign account. The details are as follows:

Purchase Date	Money Order Number	Amount	Source of Contribution	Contributor
05/30/ 2011	052516	\$300.00	Cash	Oliver Cusimano
	052517	\$300.00	Cash	Katherine Cusimano
	052518	\$300.00	Cash	Danny Egizil
	Subtotal	\$900.00		
6/20/2011	052589	\$300.00	Credit Card	Anthony Bratti
	052590	\$300.00	Cash	Carmine Bisogno
	052591	\$600.00	Credit Card	Rui Cunha
	052592	\$600.00	Credit Card	Anthony Crisanti
	052593	\$300.00	Credit Card	Glen Pestrin
	052598	\$600.00	Credit Card	Rina Camara
	Subtotal	\$2,700.00		
	Total	\$3,600.00		

- 3.26 Money Orders Purchased May 30, 2011 Cusimano advised that Oliver and Katherine Cusimano are his children and Danny Egizil is his client. They each gave him cash as contributions to his campaign. Cusimano further advised that, accompanied by Mr.



Egizil, he went to the BMO branch and purchased three (3) money orders with the cash and subsequently deposited the money orders to his campaign account.

- 3.27 Money Orders Purchased June 20, 2011 Cusimano advised that at a fundraising event he had credit card authorization forms for contributors to complete and he would process the payments via PayPal. Cusimano further advised that this payment system was not working in this capacity at the time so he processed the credit cards through the credit card terminal at his business, Deerborne Insurance (“**Deerborne**”)². FFP was provided authorization forms for all the contributors except for Carmine Bisogno. Cusimano advised that he believed that this contribution was received in the form of cash.
- 3.28 Processing the credit card contributions totalling \$2,400.00 through the Deerborne terminal resulted in that amount being credited to the Deerborne business banking account. Cusimano issued a cheque from the Deerborne business banking account in the amount of \$2,385.30 payable to himself which was deposited to his personal bank account from where he purchased the six (6) money orders listed above. The money orders were then deposited to his campaign account.
- 3.29 Cusimano provided documentation to show that he paid \$85.53 in transaction fees as a result of processing these contributions through his Deerborne terminal - \$33.75 for MasterCard, \$37.08 for Visa and \$14.70 for American Express.
- 3.30 Issuing the cheque from his Deerborne business account for \$2,385.30 took the American Express transaction fee of \$14.70 into account however it did not consider the \$70.83 total for MasterCard and Visa fees.
- 3.31 Not deducting transaction fees totalling \$70.83 for processing credit card contributions through the Deerborne terminal is considered a donation of goods in kind from a corporation.
- 3.32 As discussed, four (4) cash contributions were received totalling \$1,200.00. In one (1) instance, we have been advised that the contributor was present to purchase the money order and we have not received any information to the contrary. Accepting the remaining three (3) cash contributions totalling \$900.00 is an apparent contravention of Subsection 70(8) of the Act.

Receipts Issued for Contributions from Joint Personal Bank Accounts

- 3.33 We identified instances where contributions were made by a contributor issuing a cheque that displayed two (2) individuals as apparent signatories to the account.

² Deerborne Insurance Inc. was incorporated under the laws of Ontario. Cusimano is listed as the only Officer on the Corporation Profile Report.



- 3.34 We noted that the following situations existed on the cheques with two (2) names noted as signatories:
- 1) A receipt was issued to the individual signing the cheque (Forty-three (43) instances);
 - 2) A receipt was issued to the individual that did not sign the cheque but was noted as one of the signatories (seven (7) instances);
 - 3) The signature was illegible and the appropriate recipient of the receipt could not be determined (eighteen (18) instances);
 - 4) Two cheques were issued on the joint account, both cheques were signed by one individual with memo notations on the cheques identifying that each person receive a receipt for that particular cheque. Receipts were issued in the two account holders names despite one account holder signing both cheques (two (2) instances); and
 - 5) Two receipts were issued to the two account holders with the total of the two receipts equalling the cheque amount but the cheque had only one signatory (one (1) instance).
- 3.35 The Act states under subsection 69(1)(e) that a candidate shall ensure that "receipts are issued for every contribution..."
- 3.36 The Guide states on page 39 that:
- "Only one contributor can be listed on a receipt. If a cheque is from a joint personal bank account the receipt must have the name of the person who signed the cheque. If both contributors signed the cheque, the candidate must determine how much each person contributed and issue a separate receipt to each person."*
- 3.37 Those situations where the receipt was issued to an individual on a joint account but was not the signatory is an apparent financial reporting contravention.
- 3.38 There were no situations of excess contributions in any of these situations and a receipt was issued to one or both of the signatories.

Expenses

Computers

- 3.39 The Applicants indicated that the Cusimano campaign failed to include expenses related to the use, donation or rental of computers when at least one was used by the campaign, as evidenced with the purchase of a voter's list from the City on a CD-



ROM. Cusimano advised that this was his girlfriend's own personal laptop computer that was used throughout the campaign.

- 3.40 Cusimano failed to account for the use of the computer in his Primary Financial however he did add \$100 to his office expenses for the use of this computer and printer paper in his supplemental filing of his Supplementary Financial. We have considered the \$100 to be a reasonable cost for these additional expenses.

Large Campaign Sign

- 3.41 The Applicants submitted that the Cusimano campaign did not include the expense related to a large 4 foot x 16 foot campaign sign. Cusimano explained that this was a *circa* 1976 sign from when he first ran for city council and did not think it had any current value. This sign represented inventory from a prior campaign and Subsection 67(2)(1) of the Act requires that that it be given replacement value as an expense in the financial reporting.
- 3.42 Cusimano reported a value for the sign of \$350.00 in his expenses when he filed the supplemental Financial Statement. We contacted the vendor used to produce campaign signs for the Candidate's campaign and were quoted a replacement value for a similar 4 foot x 16 foot sign to be \$200.00 (single-sided) or \$384.00 (double-sided). We have considered the \$350 replacement cost of the sign to be reasonable for reporting purposes. To determine the price point for this vendor, we compared sign prices to those of other vendors used by 2010 election candidates and determined that their prices are comparable.

Wood Sign Stakes

- 3.43 The Applicants referred to a campaign expense for five hundred (500) arterial signs and noted that the amount of wood purchased was only sufficient to support two hundred (200) signs, using two (2) stakes per sign. The Cusimano campaign reported an invoice showing the purchase of four hundred (400) 2" x 2" x 8 foot wood stakes for erecting election signs. We questioned the candidate about this and he advised that each piece of wood was cut in half to support one sign and that eight hundred (800) four-foot stakes were used to erect four hundred (400) of his election signs. The remaining one hundred (100) signs were placed in windows or on railings, not requiring wood stakes.

Campaign Emails

- 3.44 The Applicants submitted that Cusimano omitted the expense for the use of a corporate email account to send campaign-related emails to volunteers. An employee of Deerborne who was also a member of the Candidate's campaign team utilized his Deerborne email account to send an email regarding a flyer distribution to volunteers.

Cusimano confirmed that this occurred approximately ten (10) times on separate occasions.

- 3.45 The Applicants maintain that since the use of the email service was not invoiced, it is a corporate contribution on the part of Deerborne. We do not agree as any costs would be incidental and would relate to time incurred by the employee, who was acting under the direction of the candidate. In our opinion, this is permitted under the provisions of Subsection 66(2)(ii) of the Act.

Flyers

- 3.46 There were six (6) invoices for printing work completed by Costa Printing for Cusimano's campaign as set out in the following table:

Invoice Number	Date	Quantity	Description	Amount	Pre-Tax Unit Cost	Expense Allocation	
						Brochures	Fundraising
29613	05/27/2010	9,000	9x12 Flyers, folded to 9x6	1,220.40	\$0.12	1,220.40	
29612	05/27/2010	15,000	Flyers – June 10 Fundraiser	1,935.18	\$0.11		1,935.18
29611	05/27/2010	15,000	Flyers – Meet & Greet	1,935.13	\$0.11		1,935.18
29837	10/01/2010	20,000 total	Multiple Item Invoice – Flyers and Letters	3,039.70	\$0.12/ \$0.18/ \$0.14	3,039.70	
29970	11/26/2010	7,000	Election Flyers – Multi-fold	4,678.20	\$0.59	4,678.20	
30549	05/02/2011	250	Fundraising Tickets	107.35	\$0.38		107.35
			TOTAL			8,938.30	3,977.66

- 3.47 The Applicants submitted that two (2) of the six (6) invoices from Costa Printing for flyers printed for the Cusimano campaign were improperly classified as fundraising so as to divert funds from and remain below the campaign spending limit. The applicants maintain that the fundraising pamphlets cost the most to produce on a per square foot basis and were classified as fundraising because there is no spending limit for that category.
- 3.48 The Applicants also submitted that these flyers served as promotional flyers and the entire cost of the flyer cannot be attributed to fundraising. After reviewing the flyers classified as fundraising, FFP can confirm that the expenses were classified correctly by the Candidate. Fundraising information was the primary focus of these flyers which also included points about Cusimano's campaign platform.
- 3.49 The flyers and tickets classified as a fundraising expense totaling \$3,977.66 were properly allocated to this category as their content primarily contained fundraising information. The remaining brochures that were classified as "brochures" and subject



to a spending limit totaled \$8,938.30. The cost of the flyers not subject to a spending limit did not exceed those that were subject to a spending limit as was raised by the Applicants.

- 3.50 Reviewing the flyer expenses on a cost per unit basis, the prices of the fundraising flyers are the lowest of the printing work that Cusimano had done and not the highest as was stated by the Applicants.
- 3.51 The Candidate advised that quotes for the brochure printing were obtained verbally.

June 10, 2010 Fundraiser

- 3.52 The applicants questioned the occurrence of a fundraiser held at Mastro's Ristorante on June 10, 2010 that the Candidate reported on his Supplementary Financial.
- 3.53 When interviewed, Cusimano confirmed that this fundraiser did take place. FFP has reviewed the Candidate's invoices and noted that one was issued by Mastro's Ristorante for this event in the amount of \$3,120.00. The Cusimano campaign also had a flyer printed to advertise the event. The invoice for this flyer is listed in the above table as # 29612.
- 3.54 FFP independently contacted the restaurant and received verbal confirmation from the manager that this fundraising event took place.

Post-Election Litigation

- 3.55 The legal expenses totaled \$132,253.92 including \$43,790.00 up to December 31, 2010 and a further \$88,463.92 for the period from January 1 to June 30, 2011.

The two primary issues raised by the Applicants are:

- 1) Are the legal expenses incurred by Cusimano allowable as an expense as submitted with his filing on September 30, 2011?
- 2) What is the status of the contributions received by Cusimano after January 1, 2011? Was Cusimano entitled to raise funds to help finance his legal fees pertaining to the litigation initiated with respect to a controverted election, and, do related contributions qualify for the rebate program?

The time period after January 1, 2011 is when the legal action was formally initiated by Cusimano. The action is still ongoing.

- 3.56 The Applicants asserted that Cusimano's campaign misused funds to advance post-election litigation and have noted several points regarding the use of campaign contributions for the purpose of post-election litigation, including:



- 1) By utilizing campaign funds for litigation, the campaign is effectively having the City of Toronto, through the rebate program, fund the litigation commenced by Cusimano;
 - 2) Citing the *Di Biase*³ Court case, a person who engages in post-election litigation does so as a private citizen, unless they have voluntarily extended their campaign under section 68(1) Rule 5 in order to use funds for basic contestation and recount costs. The Applicants claim that the aforementioned rule allows surplus funds in the campaign to be used only for those costs other than legal fees;
 - 3) Again citing *Di Biase*, when a candidate engages in litigation to contest an election, or as part of a recount, those expenses are undertaken as a voter, not a candidate; hence campaign contributions cannot be so used;
 - 4) Cusimano needs to fund his litigation as a private citizen – campaign funds cannot be used for litigation;
 - 5) The Municipal Elections Act only allows an elector, not a candidate, to bring forward a legal application such as that brought forward by Cusimano;
 - 6) Reference is made to a Factum dated August 2, 2011 whereby Cusimano, as the Applicant/Respondent in Appeal, states in paragraph 86 that: *“As the application was brought pursuant to section 83 of the MEA, the Respondent’s candidacy in the election is wholly unrelated to the Respondent’s ability to initiate this Application.”* The Applicants stated that Cusimano *“consciously understands the portions of the MEA’s which prohibit a legal challenge being brought forward before the court as a candidate”*;
 - 7) The Candidate’s claim of \$132,253.92 for legal fees represent a cost incurred by a voter/citizen as represented in his Factum of August 2, 2011 and as such they are not valid expenses that a Candidate can use to calculate a Campaign Surplus or Deficit.
- 3.57 FFP reviewed the issues raised by the Applicants regarding the legal fees totaling \$132,253.92. These legal fees are reported on page 3 of the filing by Cusimano as ‘Expenses related to controverted elections’ under the category of ‘Expenses Not Subject to Spending Limit’.
- 3.58 We have examined the invoices from the law firms of Weir Foulds and McCague Borlack for the period October 25, 2010 to June 30, 2011. There were no legal services rendered prior to the election date of October 25, 2010. We reviewed the

³ Paragraph 13 of a Written Judgment by Justice Peter J. Wright following the Oral Ruling delivered in Court on February 28, 2011.



details included on the monthly billings which refer to the consideration of legal advice, strategy, opinions and activity undertaken by counsel in support of the ultimate legal action initiated by Cusimano. We are advised that the litigation matter is currently continuing regarding the October 25, 2010 election outcome in the Ward in which Cusimano was a candidate.

3.59 FFP considered the points raised by the Applicants and identified the following for consideration in forming its opinion regarding the matter raised by the Applicants:

- 1) Section 83(1) of the MEA under the heading "Controverted Elections" states that: "*A person who is entitled to vote in an election may make an application to the Superior Court of Justice requesting that it determine, (a) whether the election was valid; (b) whether a person's election to an office in the election is valid.*" As a voter, Cusimano was apparently entitled to bring forward an action. Cusimano was also a candidate and was granted an extension to his campaign for the purpose of obtaining more contributions in order to mitigate his deficit;
- 2) The Guide states on page 74 that: "*If a candidate has a deficit as of December 31, 2010, they can extend their campaign to erase the deficit.*" Cusimano's deficit as filed at December 31, 2010 was \$32,866.28 including legal costs for a controverted election of \$43,790.00;
- 3) The Guide on page 91 states under the section, 'Campaign Recommencement':

"(a) Prior to and including June 30, 2011:

If, after a candidate's campaign period ends, a candidate incurs expenses related to a recount, controverted election proceeding or a compliance audit and the candidate notifies the Clerk in writing, the following applies:

- *the surplus, if any is returned with interest*
- *the campaign recommences to allow acceptance of contributions and incurring of expenses*
- *the campaign period ends no later than June 30, 2011*

(b) After June 30, 2011:

If, after a candidate's campaign period ends, a candidate incurs expenses related to a recount, controverted election proceeding or a compliance audit and the candidate notifies the Clerk in writing, the following applies:

- *it is no longer possible to recommence the campaign*
- *the candidate cannot accept any further contributions*



- *the surplus, if any, is returned with interest*
 - *the candidate can only incur expenses relating to the recount, controverted election or compliance audit."*
- 4) The Guide states on page 92 that: "*Candidates must continue to report on every 90 day period until...the candidate is no longer incurring any expenses in relation to the recount, controverted election or compliance audit.*"
- 5) FFP has reviewed the available correspondence between the Candidate (including his legal counsel) and the City of Toronto and have noted that the City Clerk was provided with proper notice on February 24, 2011 of the reasons for extending the campaign.
- 6) The Candidate's extended campaign concluded on June 30, 2011. During the period January 1, 2011 to June 30, 2011, Cusimano incurred additional legal costs of \$88,463.92 pertaining to controverted election expenses. His deficit at June 30, 2011, after receiving more contributions during the extension period, was filed as \$80,096.06;
- 7) The contributions raised by Cusimano post December 31, 2010 totaled \$49,225 (\$95,070 less \$45,845) based upon the differences between his Primary Financial and Supplementary Financial.
- 3.60 Based upon the advice and direction provided within the 2010 Candidates Guide under the section 'Recounts, Controverted Elections and Compliance Audits', it is our conclusion that Cusimano complied with the requirements and was entitled to extend his campaign. As such, he was entitled to accept contributions for the purpose of assisting with his legal costs and incurred legal expenses in accordance with what is set out in the 2010 Candidates Guide.

Nature of Legal Services Obtained

- 3.61 Within the Applicants' submission, they refer to the invoice dated November 30, 2010 in the amount of \$15,565 (before tax) that was issued by Cusimano's lawyer. The Applicants raised an issue as to whether the services of counsel to Cusimano pertained to a recount.
- 3.62 We reviewed the invoice from the law firm. The invoice identified a number of issues being considered prior to commencing litigation including, "*Review of statutes and City of Toronto Bylaws to determine various avenues of redress in cases of controverted elections*"; "*Preparing opinion on election irregularities*"; and "*Drafting Affidavit of Cusimano in support of application*". It is apparent that counsel to Cusimano were considering the various options available to him with respect to the ultimate action commenced by him against the City of Toronto following the October 25, 2010 election results for the Ward in which Cusimano was a candidate.

- 3.63 The legal expenses in the invoice referred to by the Applicants did not solely refer to a recount issue. FFP considered this invoice to be properly included in the total legal expenses as filed in the Financial Statements.

Timing for Engaging Legal Assistance

- 3.64 The Applicants alleged that legal advice regarding the possibility of pursuing a controverted election was obtained before the election had taken place on October 25, 2010.
- 3.65 The Applicants reference was to an invoice from a law firm that referenced a meeting date of 9/11/2010. The Applicants alleged that the meeting took place on September 11. Our review of the invoice identified a billing for the month of November and that the meeting took place on November 9, 2010. This date was further confirmed by the Candidate.
- 3.66 As such, there was no apparent contravention of the Act with respect to this particular invoice and the timing of obtaining legal advice by the Candidate.

Financial Reporting

- 3.67 In the Expenses Not Subject to Spending Limit section of the Supplementary Financial, Cusimano recorded the amount of \$3,355.00 paid to Campaign Solutions for fundraising work completed in June 2011 as "event advertising" for a May 25, 2011 fundraising dinner. This should have been recorded under the heading of "Other" as the two occurrences were not related.
- 3.68 We calculated a revised deficit based on the following items as set out in the table below:
- 1) The two (2) ineligible contributions from Shoreham Chronic Pain and Assessment Centre Inc and Fine Arts Assessment & Treatments totalling \$600.00;
 - 2) The twenty-eight (28) ineligible cheque contributions dated after June 30, 2011 totalling \$5,050.00;
 - 3) The six (6) cheques from contributors whose original cheque date was altered for the month from 07 (July) to 06 (June) totalling \$2,550.00;
 - 4) The three (3) money orders that were purchased with cash contributions totalling \$900.00; and
 - 5) The processing fee for processing credit card contributions through the credit card terminal at Deerborne totalling \$70.83.



Campaign Period Income and Expenses	As Filed	Adjustments	As Adjusted
<i>Income</i>			
Contributions from Candidate	11,580.00	70.83	11,650.83
All other Contributions	83,490.00	(9,100.00)	74,390.00
Other	155.00	-	155.00
Campaign Period Income	95,225.00	(9,029.17)	86,195.83
<i>Expenses</i>			
Subject to spending limit	25,910.28	-	25,910.28
<i>Other expenses adjusted as follows:</i>			
Bank charges	321.28	70.83	392.11
Revised expenses subject to the spending limit	25,910.28	70.83	25,981.11
Not subject to spending limit and not adjusted	149,410.78	-	149,410.78
<i>Other expenses adjusted as follows:</i>			
Accounting and audit			
Expenses not subject to the spending limit	149,410.78	-	149,410.78
Total Campaign Period Expenses	175,321.06	70.83	175,391.89
Excess (Deficiency) of Income over Expenses	(80,096.06)	(9,100.00)	(89,196.06)



4 Restrictions and Limitations

- 4.1 This Report was prepared for the City of Toronto in relation to the compliance audit regarding the 2010 election campaign finances of Gus Cusimano requested by the Compliance Audit Committee. 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.
- 4.2 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.
- 4.3 This Report is respectfully submitted by Bruce Armstrong of FFP and Glen R. Davison. We were assisted in the compliance audit by Stuart Douglas and Ainsley Vaculik of FFP.

Yours truly,

Bruce Armstrong, FCA, CFE
Managing Director
Froese Forensic Partners Ltd.

Glen R. Davison, CA
License #5774

APPENDIX A

What the Act & Guide say about Financial Records and Reporting

Re: Gus Cusimano

What the Act and Guide Say about Contributions

- 1.1 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”*. Paragraph 69(1)(n) also requires that a contribution not returned to the contributor is paid to the City Clerk.
- 1.2 Subsections 70(1) and 70(2) of the Act provide that a contribution should only be made to or accepted by a candidate within his or her election campaign period.
- 1.3 Subsection 70.1(1) of the Act states that *“the City of Toronto may by by-law prohibit a corporation...or a trade union...from making a contribution to or for any candidate for an office on city council.”* The City of Toronto passed by-law 1177-2009 prohibiting contributions from corporations or trade unions to or for candidates running for an office on Toronto City Council.
- 1.4 In the section “Before Election Day” under the heading “Accepting Campaign Contributions” (page 39), the City of Toronto 2010 Municipal Election Candidate’s Guide includes that any contribution over \$25 must be made by cheque, money order or credit card. On the same page under the heading “Receipts for Contributions,” it specifies that *“If a cheque is from a joint personal bank account the receipt must have the name of the person who signed the cheque.”*
- 1.5 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.
- 1.6 Subsection 66(2)(ii) of the Act states that *“the value of services provided voluntarily, under the person’s direction, by an employee whose compensation from all sources for providing them does not exceed the compensation the employee would normally receive for the period the services are provided.”*

What the Act and Guide Say about Expenses

- 1.7 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].
- 1.8 Item 1 of subsection 67(2) states that the replacement value of goods brought forward from a previous election and used in the current election are expenses.

- 1.9 Item 2 of subsection 67(2) states that expenses include “*the value of contributions of goods and services*”. Accordingly, any contribution of goods or services is also a campaign expense of the same amount.
- 1.12 In the section “Before Election Day” of the City of Toronto 2010 Municipal Election Candidate’s Guide under “Definition of a campaign expense” (page 45), it states: “*Any expense incurred in whole or in part for goods or services for a candidate’s campaign is considered a campaign expense. It includes...any contribution of goods or services during the campaign period.*”
- 1.10 In the same section of the City of Toronto 2010 Municipal Election Candidate’s Guide under “Campaign inventory” (page 45), it states: “*All materials from a previous campaign that are brought into the current campaign must be included in the opening inventory. In valuing campaign materials, the candidate should use the current market value.*”

What the Act and Guide Say about Financial Reporting

- 1.11 Subsection 69(1) of the Act, under the heading “Duties of candidate”, requires candidates to:
 - 1) Open one or more bank account in the name of the candidate’s election campaign exclusively for the purposes of the election campaign (69(1)(a));
 - 2) Deposit all contributions into campaign bank account(s) (69(1)(b));
 - 3) Make all payments of expenses from the campaign bank account(s) other than the nomination filing fee (69(1)(c));
 - 4) Value all contributions of goods and services (69(1)(d));
 - 5) Issue receipts for every contribution (69(1)(e));
 - 6) Retain receipts for all expenses (69(1)(g) and (h)) for the term of office of the members of council or until their successors are elected;
 - 7) Make financial filings in accordance with sections 78 and 79.1 (69(1)(k)); and
 - 8) Provide proper direction to those authorized to incur expenses and accept or solicit contributions on behalf of a candidate (69(1)(l)).
- 1.12 Subsection 78(1) of the Act, under the heading “Financial Statement and Auditor’s Report”, states that “*on or before 2 p.m. on the filing date, a candidate shall file with the clerk with whom the nomination was filed a financial statement and auditor’s report, each in the prescribed form, reflecting the candidate’s election campaign finances*”.
- 1.13 In the section “After Election Day” under the heading “Financial Statement” (page 77), the City of Toronto 2010 Municipal Election Candidate’s Guide states that it is the

responsibility of the candidate to ensure they file a complete and accurate financial statement on time.

What the Act and Guide Say about Offences, Penalties and Enforcement

- 1.14 Subsection 89(h) of the Act states that *“A person is guilty of an offence if he or she furnishes false or misleading information to a person whom this Act authorizes to obtain information.”*

SCHEDULE 1

GUS CUSIMANO

SCHEDULE 1 - 1

CONTRIBUTIONS MADE AFTER THE END OF THE EXTENDED CAMPAIGN PERIOD

Deposit Date	Date Per Cheque/Pay Pal	Contributor	P=Pay Pal	Receipt #	Contributio n Amount	Pay Pal Charge	Deposit Total	Cheque Date		Comments
								30-Jun-11 or Earlier	30-Jun-11 Post	
11-Jul-11	27-Jun-11	Enza Checchia	P	44796	100.00	3.20		100.00		
	28-Jun-11	Robert Johnston	P	44795	750.00	22.05		750.00		
	28-Jun-11	William Gaw	P	44794	300.00	9.00		300.00		
	28-Jun-11	Yaotuan Li	P	44793	100.00	3.20		100.00		
	29-Jun-11	James Hutchinson	P	44792	300.00	9.00		300.00		
	30-Jun-11	Nadia Lombardi	P	44791	300.00	9.00		300.00		
	30-Jun-11	Adrian Lew	P	44790	200.00	6.10		200.00		
	05-Jul-11	Bryan Webster	P	44786	100.00	3.20				100.00
	30-Jun-11	Michael Lombardi	P	44785	300.00	9.00		300.00		
	29-Jun-11	Rocco Morra	P	45028	750.00	22.05		750.00		
					3,200.00	95.80	3,104.20			
13-Jul-11	29-Jun-11	Saverio Dimondo		44992	300.00			300.00		
	28-Jun-11	Americo Meneguzzi		44989	500.00			500.00		
	05-Jul-11	Michael Leshyk		44986	400.00					400.00
	30-Jun-11	Paul Mason		44991	100.00			100.00		
	30-Jun-11	Giuseppe Tumino		44990	100.00			100.00		
	05-Jul-11	Anne Marie Huebner		44987	100.00					100.00
	30-Jun-11	A. Ziering		44823	300.00			300.00		
	28-Jun-11	Harvey Frisch		44822	100.00			100.00		
	25-Jun-11	A. Rappaport		44821	500.00			500.00		
	27-Jun-11	Guy Steer		44820	300.00			300.00		
	28-Jun-11	Geoffrey Grossmith		44819	100.00			100.00		
	30-Jun-11	Richard Miner		45006	750.00			750.00		
	29-Jun-11	James Canavan		44973	300.00			300.00		
	04-Jul-11	John Shearer		44972	75.00					75.00
	30-Jun-11	Gail Souter		44791	750.00			750.00		
	05-Jul-11	Lili Halmagyi		44970	50.00					50.00
	30-Jun-11	Christine Horodnyk		44969	400.00			400.00		
	30-Jun-11	Ron Paquette		44977	300.00			300.00		
	28-Jun-11	David Khazanski		44978	100.00			100.00		
	29-Jun-11	Peter Locke		44981	100.00			100.00		
	29-Jun-11	Barry Sparks		44980	400.00			400.00		

This schedule is an intrgral part of and should be read in conjunction with our Compliance Audit Report dated May 25, 2012.

GUS CUSIMANO
CONTRIBUTIONS MADE AFTER THE END OF THE EXTENDED CAMPAIGN PERIOD

Deposit Date	Date Per Cheque/Pay Pal	Contributor	P=Pay Pal	Receipt #	Contributio n Amount	Pay Pal Charge	Deposit Total	Cheque Date		Comments
								30-Jun-11 or Earlier	Post 30-Jun-11	
	29-Jun-11	Ann Hulak		44979	100.00			100.00		
	?	Anne Waterhouse		44982	750.00			750.00		
	29-Jun-11	Arnost Kolin		44983	200.00			200.00		
	05-Jul-11	Maureen Milne		44984	300.00				300.00	
	30-Jun-11	Sam Lewkowicz		44985	750.00			750.00		
	06-Jul-11	Wai Chi Cheng		44994	100.00				100.00	
	28-Jun-11	Enio Rubino		44993	750.00			750.00		
	29-Jun-11	Bruce Lloyd		44975	100.00			100.00		
	30-Jun-11	Vladislav Tilkov		44976	200.00			200.00		
	30-Jun-11	Primo Pierozzi		44974	100.00			100.00		
	30-Jun-11	Steven Lombardi		44784	300.00			300.00		
	28-Jun-11	Bradley Loundes		45029	100.00			100.00		
	28-Jun-11	Thomas Mervin		45030	100.00			100.00		
	20-Jun-11	Joseph Rubin		45031	500.00			500.00		
	29-Jun-11	Jean McChesney		45032	300.00			300.00		
	29-Jun-11	Douglas Tate		45033	250.00			250.00		
	24-Jun-11	Joseph Chiappetta		44824	400.00			400.00		
	28-Jun-11	Jack Micay		45034	300.00			300.00		
	29-Jun-11	Tony O'Donohue		45035	200.00			200.00		
	28-Jun-11	D. R. McCoppen		45036	50.00			50.00		
	29-Jun-11	Nicolina Pianosi		45037	750.00			750.00		
	03-Jun-11	Edward Thompson		45038	100.00			100.00		
	30-Jun-11	Roger Guest		45039	50.00			50.00		
	29-Jun-11	Michael Marshall		45040	200.00			200.00		
	30-Jun-11	Paul Levin		45041	100.00			100.00		
	30-Jun-11	Adele Milroy		45085	100.00			100.00		
	30-Jun-11	Domingos Carneiro		45042	500.00			500.00		
	28-Jun-11	Darcy Rector		45043	750.00			750.00		
					14,425.00			14,425.00		
20-Jul-11	07-Jul-11	A. Tylman		44780	400.00				400.00	
	11-Jul-11	E. Turner		44781	100.00				100.00	
	12-Jul-11	Park Nin Lam		44779	300.00				300.00	
	12-Jul-11	Michael Minnich		44778	100.00				100.00	
	30-Jun-11	R. Tillotson		44777	200.00			200.00		

This schedule is an intrgral part of and should be read in conjunction with our Compliance Audit Report dated May 25, 2012.

GUS CUSIMANO

CONTRIBUTIONS MADE AFTER THE END OF THE EXTENDED CAMPAIGN PERIOD

Deposit Date	Date Per Cheque/Pay	Contributor	P=Pay Pal	Receipt #	Contributio n Amount	Pay Pal Charge	Deposit Total	Cheque Date		Comments
								30-Jun-11 or Earlier	Post 30-Jun-11	
21-Jul-11	07-Jul-11	John Challinor		45005	100.00				100.00	
	08-Jul-11	Michael Wissell		45004	100.00				100.00	
	25-Jun-11	M. Coram		44783	100.00			100.00		
	30-Jun-11	G. Fletcher		44782	200.00			200.00		
	07-Jul-11	Eric Fleming		45082	100.00				100.00	
	25-Jun-11	Victor Coram		45131	100.00			100.00		
	12-Jul-11	R. Rodgers		45083	100.00				100.00	
	09-Jul-11	Marjory Webster		45001	100.00				100.00	
	07-Jun-11	Edward Ziraldo		45002	400.00			400.00		Note 2
	22-Jun-11	Brian Somer		44999	200.00			200.00		Note 2
	05-Jun-11	Edward Winter		45000	750.00			750.00		Note 2
	14-Jun-11	Morris Reid		45081	150.00			150.00		Note 2
	28-Jun-11	Jeffrey Jennings		44996	100.00			100.00		Note 2
	14-Jun-11	Cecil Hawkins		44995	750.00			750.00		Note 2
	07-Jul-11	Withheld contributor name		N/A	750.00					Note 1
	12-Jul-11	Braden Smith		44998	400.00				400.00	Note 2
	14-Jun-11	Gladys Douglas		44997	300.00			300.00		Note 2
					<u>5,800.00</u>			<u>5,800.00</u>		
21-Jul-11	07-Jul-11	Withheld contributor name		N/A	(750.00)			(750.00)		Note 1
25-Jul-11	28-Jun-11	James Shantora		44770	100.00			100.00		
	18-Jul-11	John Usborne		44774	200.00				200.00	
	11-Jul-11	John Ross Quigley		44773	500.00				500.00	
	19-Jul-11	B. J. Fiore		44772	200.00				200.00	
	30-Jun-11	Stuart Dymont		44771	100.00			100.00		
					<u>1,100.00</u>			<u>1,100.00</u>		
04-Aug-11	09-Jul-11	Marcel Fuhrer		45007	125.00				125.00	
	11-Jul-11	Wm. Hamilton		45008	50.00				50.00	
	04-Jul-11	Tim Kwan		45009	200.00				200.00	
	05-Jul-11	Herbert Roerig		45010	100.00				100.00	
	22-Jun-11	Dermot Coughlan		45011	200.00			200.00		Note 2
	09-Jul-11	J. Woodruff		45012	100.00				100.00	

SCHEDULE 2

GUS CUSIMANO
CHEQUES WITH ALTERED DATES RECEIVED AFTER JUNE 30, 2011

Deposit Date	Original Cheque Date	Altered Cheque Date	Contributor	Receipt #	Contribution	Exhibit #	Comments
20-Jul-11	07-Jul-11	07-Jun-11	Edward Ziraldo	45002	400.00	E	Confirmed cheque was written in July. Contributor confirmed he altered the date.
	05-Jul-11	05-Jun-11	Edward Winter	45000	750.00	F	
	14-Jul-11	14-Jun-11	Morris Reid	45081	150.00	G	Confirmed cheque was written in July. Contributor believed he altered the date.
	13-Jul-11	13-Jun-11	Cecil Hawkins	44995	750.00	H	Confirmed cheque was written in July. Contributor confirmed he altered the date.
	14-Jul-11	14-Jun-11	Gladys Douglas	44997	300.00	I	Confirmed cheque was written in July.
04-Aug-11	22-Jul-11	22-Jun-11	Dermot Coughlin	45011	200.00	J	Confirmed cheque was written in July.
					<u>2,550.00</u>		
Stop Payment	07-Jul-11	07-Jun-11	Contributor name withheld	N/A	750.00	K	Confirmed cheque was written in July.

EXHIBIT A

Campaign Solutions Inc.



June 13, 2011

Gus Cusimano
185 Bridgland Blvd
Toronto, ON M6A 1Y7

Dear Gus:

RE: Provision of Services to the Gus Cusimano Campaign

It was great speaking with you Friday evening about your election campaign. The following is my understanding of your needs and an outline of an agreement to provide services to you.

The Client

The client, Gus Cusimano, is a candidate for City Councillor who has successfully challenged the legality of the 2010 municipal election results in Ward 9. The NDP member of council Maria Augiemeri is appealing the decision to a higher court, indirectly through the City of Toronto Clerk's department. Gus Cusimano is a well known local community activist who operates his own insurance brokerage. The legal costs associated with the court challenge and subsequent appeal are significant. Provincial legislation requires financial filings to be completed by September 2011. The final date for donations to be accepted to offset legal bills is June 30, 2011.

Proposal

Campaign Solutions Inc will provide campaign fundraising services to Gus Cusimano for the financial reporting period ending June 30, 2011. Campaign Solutions Inc. will, working with the candidate, prepare all fundraising materials.

Professional Fees

The fee charged will be \$1,000 plus 10% (ten percent) of the gross amount of funds raised by the Cusimano Campaign during the current reporting period, from today's date, June 13, 2011, until June 30th 2011. An additional retainer in the amount of \$2,000 will be paid to Campaign Solutions Inc. The retainer will be used for the sole purpose of covering expenses related to fundraising efforts. (i.e. postage, envelopes printing etc...) All expenses will be receipted and provided to the Cusimano Campaign at the end of the project.

Cont'd.....2/

104 Wells Hill Avenue, Toronto, ON M5R 3B1

robdavis@campaignsolutions.ca
416.427.4413

Any expenses will be approved by the Candidate/Client, Gus Cusimano, or his designate in advance. The candidate will remit a payment in the amount of \$3,130 at the time of signing this agreement. The 10% (ten percent) commission for funds raised will be calculated on July 7, 2011 at which time the Cusimano campaign will remit payment. Payment is due at the end of day July 7th, 2011.

Additionally, Campaign Solutions can at the option of the Cusimano campaign provided tele-marketing service at a rate of \$3.00 per conversation with potential donors. A completed conversation shall include an introduction and a explicit request for a donation. All calls will be made as a follow-up to fundraising mailed correspondence.

The consultant will rely on the accuracy of all information supplied by the client and his representatives or agents without seeking confirmation. Work done by the consultant on behalf of the candidate is the property of the candidate, Gus Cusimano.

The consultant will charge net 2% per month (24% per annum) for any unpaid monies outstanding at the end of the project.

The agreement signed and executed on the 13th day of June 2011.

Rob Davis
Campaign Solutions Inc
104 Wells Hill Ave
Toronto, M5R 3B1

Gus Cusimano
Candidate/Client

I hereby acknowledge receipt of a fully executed original copy of this agreement this 13th day of June, 2011.

Gus Cusimano
Candidate/Client

EXHIBIT B

Rob Davis
104 Wells Hill Ave
Toronto Ontario
M5R 3B1

June 15, 2011

**Rob Ford's team needs your help because
the battle for Toronto City Council is NOT over.**

Gus Cusimano came within 89 votes of defeating the NDPer in Toronto's Ward 9 last fall.

Just days after the city election, Gus and his team discovered problems with the voting process that were so serious, a judge ordered a new election. This unprecedented event will be part of Toronto's political history.

A new election has been called and only one more legal hurdle remains before a date is set.

**The coming by-election in Ward 9 will be a
referendum on Mayor Rob Ford's leadership.**

The current NDP councillor is an outspoken opponent of Mayor Ford. She has voted against every one of his most important policy initiatives in the past six months.

Gus and Rob Ford need your financial contribution to make certain that they win the seat, and Toronto Taxpayers will have another strong, fiscally responsible advocate at City Hall.

**Gus Cusimano is a big ally of Mayor Rob Ford.
He will help stop the gravy train & restore respect for taxpayers.**

you can do your part by showing your financial support for Gus and Mayor Rob Ford. The legal cost for exposing voting irregularities is well over \$70,000. We need your help to make certain Gus Cusimano has the financial resources to fight the new election and pay off his legal bill.

Cont'd ...2/

A contribution to the Gus Cusimano campaign is eligible for a generous rebate from the city of Toronto. The maximum donation of \$750 will go a long way to defray the legal cost of this campaign. You will receive a rebate of \$450. Of course smaller donations are also welcome and also eligible for rebate. A contribution of \$500 will receive a \$325 rebate; the net cost to you is only \$175.

Some people say one vote doesn't matter.

But there have been a number of REALLY close votes at City Council. Some were too close to call.

Taxpayers need Gus Cusimano to win this seat and Rob Ford will have one more vote on city council.

Every vote counts.

So does every donation. Your contribution will be put to good use to ensure that "Ford Nation" prevails at city hall and that the Unions and NDPers don't get their way in this by-election.

Time is running out. Cheques must be dated on or before June 30th in order to qualify for a rebate. Rebates will be sent to you this fall from the City of Toronto.

Every donation will make a difference.

Together, we can make sure that the future for Toronto remains strong. By participating in this historic campaign we are doing our part in supporting Rob Ford at City Hall. Let's help elect another City Councillor who will work with him, not work against him. And by working with Rob Ford, Gus Cusimano will work for all of us.

Thank you in advance for your generous contribution.

Sincerely,



Rob Davis

P.S. Rob Ford's team needs your help to restore accountability and respect for taxpayers. By donating to the Gus Cusimano Campaign you're helping Rob Ford at city council. Please give generously before the June 30th deadline and your donation will qualify for a rebate.

EXHIBIT C

DONATION INVOICE

INVOICE NUMBER: 10200145

ISSUED: June 15, 2011

DUE DATE: JUNE 30, 2011

Invoice issued to J. L. D. Woodruff 106 North Drive Toronto, M9A 4R2		Pay to: GUS CUSIMANO CAMPAIGN 104 Wells Hill Ave Toronto, M5R 3B1	
Check one	Donation	Rebate	Net Cost
<input checked="checked" type="checkbox"/>	\$100	\$75	\$25
<input type="checkbox"/>	\$300	225	\$75
<input type="checkbox"/>	\$400	\$275	\$125
<input type="checkbox"/>	\$750	\$450	\$300
<input type="checkbox"/>	OTHER AMOUNT	\$	

Corporate and union donations are not permitted
Maximum allowable donation is \$750.

**Rob Ford's team needs your help because
the battle for Toronto City Council is NOT over.**

Make all cheques payable to:

Gus Cusimano Campaign

Attach your cheque to this invoice and **mail it today**
using the enclosed envelope

EXHIBIT D



FROESE FORENSIC
partners

April 9, 2012

Morris Reid
5 Averill Crescent
Toronto, ON
M2M 2A8

Dear Mr. Reid,

RE: Compliance Audit of Gus Cusimano Campaign under Section 81 of the Municipal Election Act, 1996

The firm of Froese Forensic Partners Limited has been engaged by the City of Toronto to conduct a compliance audit of the financial records filed by Mr. Gus Cusimano pertaining to his candidacy for the October 25, 2010 Municipal Election.

As the auditor on this matter, we are able to request information in accordance with section 81(8) of the Municipal Elections Act, 1996 (the "Act") which states:

"...the auditor

- a) is entitled to have access, at all reasonable hours, to all relevant books, papers, documents or things of the candidate and the municipality or local board; and*
- b) has the power 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."*

As such, we have the authority to request any person by summons (if necessary), to produce documents that we specify. The purpose of this letter is to advise you of the information we require from you to complete our audit of the candidate's campaign finances.

We noted you contributed to Mr. Cusimano's campaign in 2011 by cheque. The month in the date field appears to have been altered from '07' (July) to '06' (June). A copy of the cheque is attached for your reference. Would you please review your records and advise whether they show this cheque was issued in July or June. Any supporting records you can provide would be appreciated.

Kindly reply by letter, phone or email (barmstrong@froeseforensic.com) as soon as possible. If we have not heard from you by Friday April 20, 2012, we will treat this cheque as an altered item with respect to the date the cheque was issued. If you have any questions regarding this request, please do not hesitate to contact me at 416-682-7178. Thank you for your assistance.

Yours truly,

Bruce Armstrong, FCA, CFE
Managing Director
Froese Forensic Partners Ltd

EXHIBIT E

MARY THERESA ZIRALDO
EDWARD ZIRALDO
11 RIDGEVALE DRIVE
MARKHAM, ONTARIO L6B1A8

543
DATE 20110607
Y Y Y Y M M D D

PAY TO THE
ORDER OF

SUS CUSIMANO CAMPAIGN \$ 400⁰⁰/₁₀₀

Four Hundred

100 DOLLARS

Security features
included.
Details on back.

HSBC Bank Canada

SUITE 108, HSBC TOWER
3601 HIGHWAY #7 EAST
MARKHAM, ONTARIO L3R 0M3

MEMO

Donation #10200145


MP

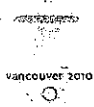
EXHIBIT F

EDWARD WINTER
14 WESTMOUNT PARK RD
ETOBICOKE ON M9P 1R5
TEL: (416) 249-8097

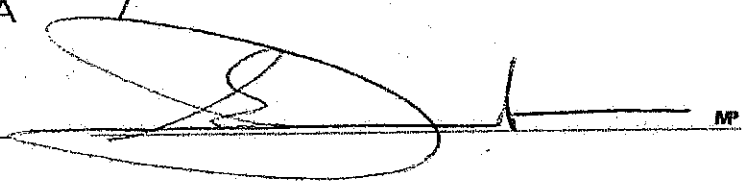
761
DATE 2011-06-05
Y Y Y Y M M D D

PAY TO THE ORDER OF GUS CUSIMANO CAMPAIGN \$ 750-
SEVEN HUNDRED FIFTY DOLLARS 100 DOLLARS

 Security features included. Details on back.



ROYAL BANK OF CANADA
REXDALE & KIPLING BRANCH
129 REXDALE BLVD. (REXDALE)
ETOBICOKE, ON M9W 1P4

 MP

MEMO

EXHIBIT G

MR MORRIS REID

DATE 19062011
D D M M Y Y Y Y

PAY TO THE
ORDER OF

Gus Cusimano Campaign

\$ 150--

ONE HUNDRED & FIFTY DOLLARS

/ 100 DOLLARS



Security features
included.
Details on back.



Canada Trust

574 BLOOR WEST OF BATHURST
TORONTO, ONTARIO M6G 1K1

MEMO

Morris Reid

MP

EXHIBIT H

CIBC PremierService™

CECIL HAWKINS OR SUSAN HAWKINS
2 HIGH POINT ROAD
DON MILLS, ON M3B 2A4
(416) 447-5806 SUSANHAWKINS@ROGERS.COM

207

DATE 2 0 1 1 - 0 6 - 1 3
Y Y Y Y M M D D

PAY TO THE
ORDER OF

GUS CUSIMANO CAMPAIGN

\$ 750 ⁰⁰

Seven hundred and fifty only - ^{xx}/100 DOLLARS



Security features
included.
Details on back.



CANADIAN IMPERIAL BANK OF COMMERCE
946 LAWRENCE AVE. E.
TORONTO, ON M3C 1R1

DEPOSIT ACCOUNT

MEMO

POLITICAL DONATION

Cecil Hawkins

MP

EXHIBIT I

www.tdcanadatrust.com www.tdcanadatrust.com www.tdcanadatrust.com www.tdcanadatrust.com

GLADYS E DOUGLAS
24 FOXMEADOW RD
ETOBICOKE, ON M9R 1E5

309

DATE 2 0 1 1 - 0 6 - 1 7
Y Y Y Y M M D D


PAY TO THE
ORDER OF

Mr. Cusimano Campaign

\$ 300.00

Three Hundred

100 DOLLARS

 Security features
included
Details on back.



Canada Trust

250 WINCOTT DRIVE (EGLINTON WEST OF ISLINGTON)
ETOBICOKE, ONTARIO M9R 2R5

MEMO _____

Gladys E Douglas

EXHIBIT J

DERMOT G COUGHLAN
JANET D COUGHLAN
SUITE 1 100 YORKVILLE AVE
TORONTO ON M5R 2C3

RBC Wealth Management®
Private Banking

544


DATE 2011-06-22
Y Y Y Y M M D D

PAY TO THE
ORDER OF

Gus Cusimano Campaign
Two hundred

\$ 200^{xx}

100 DOLLARS

 Security features
included.
Details on back.



ROYAL BANK OF CANADA
TOR ON-PRIVATE BANKING TORONTO PH: 416-973-3652
200 BAY STREET, 10TH FLOOR / SOUTH TOWER
TORONTO, ONTARIO M5J 2J5



J. Coughlan

MP

MEMO

EXHIBIT K

084

DATE 20 11 06 07
Y Y Y Y M M D D

PAY TO THE ORDER OF AUS CUSIMANO CAMPAIGN \$ 750.00
SEVEN HUNDRED & FIFTY ~~XX~~ 100 DOLLARS

 Security is included. Details on b.

HSBC Bank Canada

222 SPADINA AVENUE
TORONTO, ONTARIO M5T 3A2

MEMO _____