

**IN THE MATTER OF THE TORONTO EXTERNAL CONTRACTS INQUIRY**

**AFFIDAVIT OF SUSAN CROSS**

I, Susan Cross, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

**BACKGROUND**

1. The information in this affidavit is supplemental to the affidavit I swore for the Toronto External Contracts Inquiry on November 18<sup>th</sup>, 2004 (the "November 18<sup>th</sup> Affidavit").
2. My educational and professional background is set out at paragraphs 1 through 10 of the November 18<sup>th</sup> Affidavit.
3. I left Mr. Lyons' office in December of 2000 to work at Ketchum Canada Inc. doing fundraising work, but unfortunately I did not enjoy my new job. In April of 2001, I learned through Mr. Lyons who learned through Councillor Soknacki that Councillor Jane Pitfield was also looking for an Executive Assistant. I met with Councillor Pitfield and was hired to begin work about May 21, 2001. I am still working with Councillor Pitfield.

**BALL HSU & ASSOCIATES**

4. In March of 2000, Mr. Lyons told me that one of his clients, Mr. Ball Hsu, wished to be able to support various candidates by contributing financial donations during the Toronto

municipal election campaign. Mr. Lyons said that because Mr. Hsu would be out of the country most of the time, he needed me to make the donations on behalf of Mr. Hsu as needed when the candidates to be supported were identified for Mr. Hsu by Mr. Lyons.

5. On March 9, 2000, Mr. Lyons wrote a confirming letter after a telephone conversation with Mr. Hsu requesting that a cheque be made payable to Morrison Brown Sosnovitch, LLP ("MBS") (TEC024108). Mr. Hsu wrote a reply letter to Mr. Lyons later that day (March 9, 2000) enclosing a \$15,000 cheque payable to MBS (TEC024109).
6. I subsequently followed up with a telephone call to Natalia Hsu, Mr. Hsu's wife, and explained that Mr. Lyons thought it best that the cheque be made payable to me, and that I would be sending the first cheque back to them. Mr. Lyons then wrote a second letter later that day to Mr. Hsu confirming that the cheque be made payable to me instead (TEC024110).
7. On March 15, 2000, I again followed up, this time by writing a memo to Mrs. Hsu, and explained that Mr. Lyons' didn't think the campaign funds should be processed through MBS, and requested that she forward a replacement cheque for \$15,000 payable to me (TEC024111). Shortly thereafter a second cheque made payable to me arrived.
8. I opened a separate chequing account for the Ball Hsu funds (the "Ball Hsu Account"). I went to the CIBC branch located at street level in our office building and opened an ordinary account there. (Account Application TEC026671, Signature Card TEC026675). I deposited

a cheque payable to me from Ball Hsu and Associates in the amount of \$15,000 (TEC024115).

9. I believe Mr. Lyons generally wrote letters to his clients requesting specific support for various candidates. From time to time Mr. Lyons would write a letter addressed to Mr. Hsu to identify candidates who should be supported. For example, on March 7, 2000, Mr. Lyons wrote to Mr. Hsu requesting a \$500 donation to support Norm Kelly (TEC024106), enclosing a copy of Norm Kelly's fundraising letter (TEC024107). On March 29, 2000, the first cheque Mr. Lyons asked me write for Mr. Hsu was a donation for \$450 to the Norm Kelly campaign (TEC026272).
10. Mr. Lyons wrote to Mr. Hsu on March 29, 2000 requesting support for Gerry Altobello and Mario Giansante, and noted he already had funds (TEC024117). Between March 29, 2000 and October 25, 2000, I wrote twenty-nine cheques payable to municipal candidates' election campaigns at the direction of Mr. Lyons.
11. The amounts and particulars for each cheque I wrote on behalf of Mr. Hsu, at the direction of Mr. Lyons, together with any corresponding bank statements and receipts for each donation are set out in the table attached to this my Affidavit and marked as Schedule "A".
12. Mr. Lyons enclosed the cheques I wrote with a cover letter, often with other donations he had solicited for the candidates from other clients. For example, on April 3, 2000 Mr. Lyons wrote to Kyle Rae (TEC026460) enclosing various cheques he had solicited for Mr. Rae,

including one from me for \$350, with a notation in the letter "re: Ball Hsu" (TEC026274). On May 29, 2000, Mr. Lyons wrote to the Anne Johnston campaign (TEC026445), enclosing a \$250 cheque I completed at his direction. (TEC026286).

13. Of the \$15,000.00 I received from Ball Hsu, I donated a total of \$13,600.00 to candidates running for municipal office in 2000. I also wrote a cheque at Mr. Lyons' direction drawn on the Ball Hsu account to Nav Mangat (TEC026298), a Special Assistant in Mr. Lyons' office.

14. I used the remaining balance in the Ball Hsu Account (\$900.00) towards legal fees incurred as set out in paragraph 22 (below) and subsequently closed the Ball Hsu Account. I am not aware of Mr. Hsu making any attempts to contact me in order that remaining balance be returned to him. I am prepared to return this sum to Mr. Hsu, but I do not know how to contact him.

15. I did not apply for a rebate for any of the donations. I did not know at that time nor did I suspect or believe that there was anything improper or illegal when I made campaign donations on behalf of Mr. Hsu at Mr. Lyons' direction.

#### **THE *NOVÆ RES URBIS* ARTICLE**

16. On Thursday May 10, 2001, at about six p.m., and just over one week before I was supposed to start at Councillor Pitfield's office, someone from *Novæ Res Urbis* tried to contact me and

left a message concerning an article they were writing about donations to municipal election candidates.

17. I called Mr. Lyons because I didn't know what to say. Mr. Lyons advised me not to bother calling back, particularly as it was after six p.m. Mr. Lyons also said that if I didn't speak to them they wouldn't have anything to write. Mr. Lyons said *Novæ Res Urbis* was published by people associated with Bruce Davis and the Urban Intelligence firm, which was his chief competitor in municipal lobbying in Toronto, and that we should accordingly be very careful what we said to them. I did not have a very good opinion of *Novæ Res Urbis*, and therefore was not interested in speaking with them in any event.

18. The next day, on May 11, 2001, an article appeared on the front page of *Novæ Res Urbis*, which identified me as a donor of more than \$9,000 to municipal electoral candidates (Article TEC025161). Janet Andrew of the City Election office was quoted in the article as saying a person can only donate money that belongs to them, and is therefore barred from giving on behalf of someone else. This was when I first realized I may have broken the law by making the donations on behalf of Mr. Hsu.

19. I was very concerned when I read this and telephoned Jane Pitfield. We discussed the story, and I pointed out where it was inaccurate identifying me as a government relations consultant and so forth. I told Ms. Pitfield I didn't know that making such donations on behalf of another person were illegal and said I would have told her that up front before I was hired if I

had known. Ms. Pitfield said we should wait a week or so before I started working with her and we could deal with it then.

20. In the meantime a member of the press called me, and I told this individual that I had no comment, but I was very worried. I started working at Ms. Pitfield's office. I spoke with Mr. Lyons again after the article came out and he said I was to say it was my own money and had freely chosen to support various municipal election candidates. I didn't think there was anything wrong with that, though I should really have questioned that explanation, but I trusted Mr. Lyons and I guess to some extent I panicked and was glad to have an answer to give people.

21. During the week of June 11, 2001 John Barber, a Globe and Mail reporter, came into Ms. Pitfield's office with a tape recorder running and questioned me about the cheques and what had happened. I told Mr. Barber what Mr. Lyons had told me to say, but I admit that was not the truth and I lied to Mr. Barber. I was simply very frightened by what I had got myself into, but I should have told the truth. I telephoned Mr. Lyons, who told me to write down everything that was said in my conversation with Mr. Barber so that he could have his lawyer review it. I wrote down notes of what I could recall of the conversation.

22. I told Ms. Pitfield about Mr. Barber's interview, and she suggested I speak to a lawyer. I was sent by her to George Rust D'Eye, who prepared an Affidavit for me detailing the donations I made on behalf of Ball Hsu, based mainly on the carbon copies I had for some of the cheques, which was sworn on June 20, 2001 (TEC023023). Since that time I have corrected

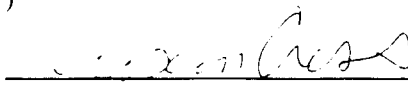
and supplemented the donations described in the June 21, 2001 Affidavit, now reflected in the donation summary attached to this my Affidavit as Schedule "A".

**SWORN BEFORE ME** )


at the City of Toronto )

in the Province of Ontario )

this 6<sup>th</sup> day of January, 2005 )

  
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) **SUSAN CROSS**

  
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A Commissioner for Taking Oaths, etc.

GARRIE ROBERT ATZS

This is Schedule "A" to the )  
Affidavit of Susan Cross sworn )  
before me at the City of Toronto )  
in the Province of Ontario )  
this 6<sup>th</sup> day of January, 2005 )

Barrie Robert Atz



SUSAN CROSS

A Commissioner for Taking Oaths, etc.

BARRIE ROBERT ATZ



# Schedule "A" to Affidavit of Susan Cross

## Donation Summary

Issued Cheque	Cheq. No.	Date of Cheque	Payee	Amount	Donation Receipt	Bank Statement
TEC024113	1102	Mar. 16, 2000	Susan Cross (Payor: Ball Hsu & Associates)	\$15,000.00	N/A	TEC026259 (Deposit Slip)
TEC026272	001	Mar. 29, 2000	Norm Kelly Campaign	\$450.00	TEC0260 93	TEC026677 TEC026264
TEC026273	002	Mar. 29, 2000	George Mammoliti Campaign	\$500.00	TEC0258 49	TEC026676 TEC026263
TEC026274	003	Mar. 31, 2000	Kyle Rac Campaign	\$350.00	TEC0260 48	TEC026676 TEC026263
TEC026275	004	Apr. 03, 2000	Joe Pantelone Campaign	\$500.00	TEC0260 76	TEC026676 TEC026263
TEC026276	005	Apr. 05, 2000	Peter Mileczyn Campaign	\$750.00	TEC0258 66	TEC026676 TEC026263
TEC026277	006	Apr. 07, 2000	Frank Di Giorgio Campaign	\$500.00	TEC0260 64	TEC026677 TEC026264
TEC026278	008	Apr. 11, 2000	Gerry Altobello Campaign	\$500.00	TEC0257 54	TEC026678 TEC026265
TEC026279	009	Apr. 13, 2000	Mario Giansante Campaign	\$500.00	TEC0257 39	TEC026677 TEC026264
TEC026280	010	Apr. 13, 2000	Bill Saundercook Campaign	\$500.00		TEC026678 TEC026265
TEC026281	011	Apr. 13, 2000	Norm Gardner Re-election Campaign	\$500.00	TEC0262 30	TEC026678 TEC026265
TEC026282	012	Apr. 18, 2000	The Sherene Shaw Re-election Campaign	\$750.00	TEC0257 25	TEC026677 TEC026264

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Issued Cheque	Cheq. No.	Date of Cheque	Payee	Amount	Donation Receipt	Bank Statement
TEC026283	013	May 05, 2000	Gloria Lindsay Luby Campaign	\$500.00	TEC0259 43	TEC026678 TEC026265
TEC026284	014	May 08, 2000	Case Ootes Campaign	\$750.00	TEC0257 96	TEC026678 TEC026265
TEC026285	015	May 25, 2000	Brad Duguid Campaign	\$450.00	TEC0260 05	TEC026679 TEC026266
TEC026286	016	May 29, 2000	Anne Johnston Campaign 2000	\$250.00	TEC0259 88	TEC026678 TEC026265
TEC026287	017	May 30, 2000	Lorenzo Berardinetti Campaign	\$450.00	TEC0260 35	TEC026678 TEC026265
TEC026288	018	Jun. 08, 2000	Bruce Sinclair Campaign 2000	\$500.00	TEC0262 03	TEC026678 TEC026265
TEC026289	019	Jun. 16, 2000	Maria Augimeri Campaign Fund	\$500.00	TEC0267 15	TEC026679 TEC026266
TEC026290	020	Jun. 19, 2000	Rob Davis Campaign	\$450.00	TEC0261 88	TEC026679 TEC026266
TEC026291	021	Jun. 21, 2000	Ron Moeser Campaign	\$450.00	TEC0258 35	TEC026679 TEC026266
TEC026645	022	Jun. 26, 2000	The Chris Korwin-Kuczynski Campaign	\$500.00	TEC0259 76	TEC026679 TEC026266
TEC026292	024	Jul. 25, 2000	Friends of Sherene Shaw Golf Tournament	\$200.00		TEC026680 TEC026267
TEC026293	025	Aug. 24, 2000	Brian Ashton Campaign Fund	\$500.00	TEC0261 27	TEC026681 TEC026268
TEC026294	026	Aug. 24, 2000	Milton Berger Campaign	\$500.00	TEC0262 47	TEC026681 TEC026268

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## Donation Summary

Issued Cheque	Cheq. No.	Date of Cheque	Payee	Amount	Donation Receipt	Bank Statement
TEC026295	027	Aug. 24, 2000	Peter J. Preti Campaign	\$300.00	TEC0259 59	TEC026681 TEC026268
TEC026296	028	Aug. 24, 2000	Kim Scott Campaign	\$500.00	TEC0261 57	TEC026681 TEC026268
TEC026297	029	Aug. 24, 2000	James Kennedy Campaign	\$500.00		TEC026681 TEC026268
TEC026298	031	Oct. 10, 2000	Nav Mangat	\$500.00	-	TEC026683 TEC026270
TEC026299	032	Oct. 25, 2000	The Linda Lynch Campaign	\$500.00	TEC0262 16	TEC026683 TEC026270

**\$14,100.00**