

- An application for a compliance audit must be received by the City Clerk within 90 days after the latest of,
 - the filing date under section 78 of the *Municipal Elections Act, 1996, as amended (the Act)*
 - the candidate's supplementary filing date, if any, under section 78 of the Act;
 - the filing date for the final financial statement under section 79.1 of the Act; or
 - the date on which the candidate's extension, if any, under subsection 80(4) of the Act expires.
- The applicant must be entitled to vote in a City of Toronto municipal election.
- This application must be mailed or submitted in person to:
 - City Clerk's Office, City Hall, 1st Floor North, 100 Queen St. W., M5H 2N2
 - from Monday through Friday between 8:30 a.m. and 4:30 p.m.

Important: If an auditor's report finds that there is no apparent contravention to the Act and the committee finds that there are no reasonable grounds for this application Council is entitled to recover the auditor's costs from the applicant.

Applicant	
Last Name <u>DeBoe</u>	First Name <u>David</u>
Applicant's full qualifying address within municipality	
Address	Unit No. City Postal Code <u>Toronto ON</u>
Mailing Address, if different	Unit No. City Postal Code
F-mail Address	Fax No.
Business Phone No.	Home Phone No. <u>177-1</u>
<u>David DeBoe</u>	
the applicant mentioned in this application, declare that I am presently legally entitled to vote in a City of Toronto municipal election, that the above is my qualifying address.	
Signature of Applicant <u>David DeBoe</u>	Date <u>May 10, 2011</u>

Candidate Information and Reason for Audit Request		
Last Name <u>Ford</u>	First Name <u>Rob</u>	Nominated for the Office of: (check one) <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Councillor, Ward No.: _____
Your application must set out the reasons of your belief that this candidate contravened provisions of the <i>Municipal Elections Act, 1996</i> relating to his or her election campaign finances. Reasons may be stated here or attached to this application on a separate sheet.		
<u>After an extensive examination of the Mayor's election filings, I feel he may not have followed the rules in the (See attached) Municipal Elections Act</u>		

For Office Use Only	
Received by: _____	Date Received: <u>May 12, 2011</u>

Personal information on this form is collected under the authority of the *City of Toronto Act (2006) s.137 and the Municipal Elections Act (1996) s. 81* for the purpose of applying for a compliance audit of a candidate's election campaign finances. Pursuant to the *Municipal Elections Act (1996) s.88* this document is a public record, despite anything in the *Municipal Freedom of Information and Protection of Privacy Act (1980)*, and, until its destruction, may be inspected by any person at the City Clerk's Office at a time when the office is open. Questions about this collection can be directed to Elections Coordinator, 89 Northline Rd., Toronto, ON M4B 3G1, Telephone: 416-338-1111.

CITY CLERK'S OFFICE
SECRET

2011 MAY 13 AM 8:13

David DePoe

Toronto ON

May 11, 2011

Compliance Audit Committee
City Clerk's Office
City Hall, 1st Floor North
100 Queen St. West
Toronto, On
M5H 2N2

Dear Committee Members,

As a retired teacher, I expect all elected officials to act fairly and play by the rules. After reading an article in the Globe and Mail on Monday, I went online and read the Candidate Handbook for elections. On Tuesday, I went to the Elections Office at City Hall and began looking through the election materials filed by Rob Ford. As I took extensive notes, many questions arose about whether the rules as laid out by the Government of Ontario and the City bylaw passed in 2009 banning corporate and union donations had been complied with.

After many hours of careful research and writing, questions arose in four areas AND CONCERN THAT THERE MAY HAVE BEEN :

1. Spending by or on behalf of the campaign prior to the CANDIDATE REGISTRATION.
2. Inappropriate financial transactions by the candidate's COMPANY on behalf of the campaign; this also raises the question of fair market value because these do not appear to be arms-length transactions,
3. Spending above the campaign spending limit,
4. Certain goods and services obtained at less than market value during the campaign.

Attached you will find a copy of the article that raised my concerns, a list of twelve areas of concern, and a lengthy reference list of my findings accompanied by the reasons for each.

Yours sincerely,

David DePoe

The compliance audit committee should request an audit of the Rob Ford Campaign accounts for the following reasons:

1. It appears that the campaign incurred expenses in advance of the candidate registering on March 25, 2010 for example the invoice for the Toronto Congress centre was signed on the 24th of March and printed invitations were mailed out two weeks prior.
2. It appears that the campaign held an event on March 26, 2010, and claimed it was a fundraising event, even though the invitations said it was "complimentary" and there was no ticket charge and no legitimate effort was made to collect funds from attendees. These event expenses of \$34,371.72 should be subject to campaign expense limits and not exempted as fundraising expenses
3. It appears that Doug Ford Holdings Inc. incurred expenses on behalf of the Rob Ford Campaign which is contrary to the Municipal Elections Act.
4. It appears that Doug Ford Holdings Inc. provided credit to the Rob Ford Campaign by way of paying for campaign expenses that the campaign could not otherwise finance. It is not clear when or if these expenses were ever reimbursed.
5. It appears that the credit service provided by Doug Ford Holdings Inc. to the Rob Ford Campaign that were more generous than commercially available constituted a corporate donation that is prohibited by City of Toronto by-law and may have exceeded the allowable donation limited (\$2,500) established by provincial statute.
6. It appears that Deco Labels & Tags incurred expenses on behalf of the Rob Ford Campaign contrary to the Municipal Elections Act.
7. It appears that Deco Labels & Tags provided credit to the Rob Ford Campaign by way of paying for campaign expenses that the campaign could not otherwise finance. It is not clear when or if these expenses were ever reimbursed. Election law is clear that if a candidate wants to borrow money he has to borrow from a financial institution.
8. It appears that the credit terms provided by Deco Labels & Tags to the Rob Ford Campaign that were more generous than commercially available constituted a corporate donation that is prohibited by City of Toronto by-law and may have exceeded the allowable donation limited (\$2,500) established by provincial statute.
9. Deco Labels & Tags was also a supplier of printing services to the Rob Ford Campaign. Given that these were non arms-length transactions, the compliance audit committee needs to determine whether these services were provided on a fair market value basis and whether the credit terms were comparable to other Deco Labels and Tags clients. It needs to be determined

whether the Rob Ford Campaign derived an unfair benefit, and possibly a corporate contribution prohibited by Toronto by-law, because the candidate owned a printing company.

10. It appears that the events at the Liberty Grand and the Capitol Event Theatre included discounts from those venues that constituted donations to the Rob Ford Campaign that are prohibited by City of Toronto by-law and exceed limits set-out in provincial statute.

11. It seems that Prime Contact provided automated dialling services that are billed at different rates to the Rob Ford Campaign. If any of these rates are at less than fair market value these expenses should be restated and subject to campaign expense limits.

12. It appears that Michael Robertson provided a recreational vehicle to the campaign at rates lower than fair market value and that this may constitute a campaign contribution exceeding the statutory limit (\$2,500); the true fair market value of the RV should be added to the expenses subject to the limit.

References related to the Rob Ford Campaign return filed with the City of Toronto for the period 25 Mar 10 to 31 Dec 10

CONCERN A: Spending by or on behalf of the campaign prior to the campaign

Invitation to the Wine and Cheese reception with Councillor Rob Ford on 26 Mar 10. This invitation was apparently distributed two weeks prior to the campaign launch, before Rob Ford was registered.

Funds spent prior to Registration

379.81

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$25,375 on 26 Mar 10 to be reimbursed for the Toronto Congress Centre's invoice PEB22708. The invoice from the Toronto Congress Centre to Doug Ford Holdings is dated 24 Mar 10, which is the day before Rob Ford was nominated.

Funds spent Prior to registration

CONCERN 2: Inappropriate financial transactions by the candidate's companies on behalf of the campaign; this also raises the question of fair market value because these are non-arms-length transactions

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$10,000 on 25 Mar 10 to be reimbursed for Steve Sparling's professional fees.

Campaign loan; corporate donation; payment from campaign account

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$8,242. on 27 Mar 10 to be reimbursed for the Digital Dreams Productions Inc. Inv #032710.

Campaign loan; corporate donation; payment from campaign account

On 26 Mar 10 Toronto Stamp Inc. invoiced Deco labels & Tags \$41.56 for a stamp.

Campaign loan; corporate donation; payment from campaign account

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$3,000 on 31 Mar 10 to be reimbursed for Mark Towhey's professional fees Invoice #1.

Campaign loan; corporate donation; payment from campaign account

On 29 Mar 10 Deco Labels & Tags Toronto invoiced itself \$719.35 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 31 Mar 10 Deco Labels & Tags Toronto invoiced itself \$2,477.72 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 31 Mar 10 Deco Labels & Tags Toronto invoiced itself \$1,123.68 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 31 Mar 10 Deco Labels & Tags Toronto invoiced itself \$2,209.15 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$7,000 on 4 Apr 10 to be reimbursed for Tom Beyer's professional fees.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 19 Apr 10 Rexdale Printers Limited invoiced Dec o Labels & Tags \$1,097.25 for letterhead and envelopes that were campaign related.

invoicing to other party other than the campaign

On 27 Apr 10 Deco Labels & Tags Toronto invoiced itself \$1,494.31 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 27 Apr 10 Rexdale Printers Limited invoiced Dec o Labels & Tags \$367.50 for letterhead and envelopes that were campaign related.

invoicing to other party other than the campaign

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$23,100 on 11 May 10 to be reimbursed for Praxicus invoice 01157.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 17 May 10 Deco Labels & Tags Toronto invoiced itself \$675.70 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 17 May 10 Deco Labels & Tags Toronto invoiced itself \$2,520.70 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 17 May 10 Deco Labels & Tags Toronto invoiced itself \$1,284.25 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 25 May 10 Deco Labels & Tags Toronto invoiced itself \$622.35 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

Doug Ford Holdings Inc. invoiced Rob Ford Campaign \$1,000 on 3 Jun 2010 to be reimbursed for a deposit paid for the June 5 Grand Baccus event.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 7 Jun 10 Deco Labels & Tags Toronto invoiced itself \$591.18 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 8 Jun 10 Deco Labels & Tags Toronto invoiced itself \$681.84 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 14 Jun 10 Deco Labels & Tags Toronto invoiced itself \$442.94 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 30 Jun 10 McCague Borlack LLP invoiced Deco Labels & Tags \$3,375.00 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 6 Jul 10 Deco Labels & Tags Toronto invoiced itself \$2,817.09 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 28 July 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign more than \$28,000 for various campaign disbursements, including Micro Mailing, Vonage and Party Packagers.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 28 July 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign more than \$400 for campaign disbursements, including Party Packagers.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 4 Aug 10 Deco Labels & Tags Toronto invoiced itself \$624.83 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 11 Aug 10 Deco Labels & Tags Toronto invoiced itself \$1,471.83 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 20 Aug 10 Deco Labels & Tags Toronto invoiced itself \$1,180.85 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 20 Jul 10 Davis LLP legal advisors invoiced Deco Labels & Tags \$2,415.00 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 31 Aug 10 Deco Labels & Tags Toronto invoiced itself \$648.06 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 31 May 10 McCague Borlack LLP invoiced Deco Labels & Tags \$1,181.25 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 3 Sep 10 J & J Manufacturing invoiced Deco Labels & Tags \$1,111.71 for campaign buttons.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 30 Sep 10 McCague Borlack LLP invoiced Deco Labels & Tags \$329.56 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 31 Aug 10 McCague Borlack LLP invoiced Deco Labels & Tags \$8,779.84 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 31 Oct 10 McCague Borlack LLP invoiced Deco Labels & Tags \$1,035.00 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$918.45 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$27,120 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$1,721.56 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$3,217.11 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$7,006.00 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$1,627.77 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$25,403.81 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$609.07 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$1,223.91 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value</p>
<p>On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$5,831.90 for printing that was campaign related.</p> <p>Campaign loan; corporate donation; payment from campaign account; invoicing to other party other</p>

than the campaign; Non arms length confuses fair market value

On 5 Nov 10 Deco Labels & Tags Toronto invoiced itself \$698.53 for printing that was campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign; Non arms length confuses fair market value

On 29 Oct 10 Julian Porter QC Professional Corporation invoiced Deco Labels & Tags \$1,030.00 for legal services that were campaign related.

Campaign loan; corporate donation; payment from campaign account; invoicing to other party other than the campaign

CONCERN 3: Spending above the campaign spending limit

The Rob Ford Campaign reported that the 26 Mar 10 wine and cheese was a fundraising event and that the expenses were not subject to the campaign expense limit. Page 118 of the RFC return indicates that \$34,371 was spent on the event and that \$7,655 was collected at the door. The invitations circulated did not say that this was a fundraising event and in fact say that this was a "complimentary" wine and cheese.

Was this launch event a legitimate fundraising event

CONCERN 4: Fair market value of certain goods and services

On 1 Apr 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

On 1 May 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

Lease agreement between Rob Ford Campaign and Loblaws Inc. dated 29 Apr 10.

Fair market value

On 1 June 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

On June 25 Liberty Grand Entertainment Complex invoiced the Rob Ford Campaign \$27,721.25 for an event held on 29 June 10.

The invoice clearly indicates that there is a discount of \$1,750.00 applied on food, \$1,750.00 applied

on host bar and \$5,000.00 applied on the room rental.

Fair Market Value; Corporate Donation

On 1 July 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

The Capital Event Theatre invoiced the Rob Ford Campaign \$8,644 for an event held on 19 Aug

The invoice clearly indicates that there is a discount of \$2,800 applied on the room rental.

Fair market value; Corporate donation

On 1 Aug 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

On 1 Sep 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,000 for office space.

Fair market value

15 Sep 10 Prime Contact invoiced the Rob Ford Campaign for automated dialling of 780,000 households @ \$0.013 per household. On 23 Sep 10 Prime Contact charged the campaign \$0.025 per household. On 8 Sep 10 Prime Contact charged \$0.019 per household. On 5 Oct 10 Prime Contact charged \$0.017, \$0.0137 per contact. On 16 Oct 10 Prime Contact charged \$0.015 per contact. On 23, 24 and 25 Oct 10 Prime Contact charged \$0.018 per contact.

These rates compare with the services provided by 3D Contact Inc. which charged the Rob Ford Campaign \$0.095 per contact.

Fair Market Value

On 1 Oct 10 Deco Labels & Tags Toronto invoiced the Rob Ford Campaign \$1,130 for office space.

Fair market Value

On 1 Nov 10 Michael Robertson of 318 Greenwood Avenue invoiced the Rob Ford Campaign \$1,808.00 for the rental of a recreational vehicle for four months during the peak RV rental season (July, August, Sept, October).

Fair market value