

Minutes
Compliance Audit Committee
July 20, 2023
Municipal Council Chambers

1. Call to Order

Bob Beccarea called the meeting to order.

Time 9:01 am

2. Preliminary Motions and Declaration of Interest

None.

3. Opening Statement

Mr. Beccarea gave opening remarks and explained that he encourages the parties to provide additional information as long as the information is relevant. He explained the powers of the Committee.

4. Appointment of Chair

It was **Moved** by G. Magwood, **Seconded** by S. Cruickshank and **Carried**

That the Compliance Audit Committee appoints Robert Beccarea as the Chair of the Committee.

5. Clerk's Report – Sauble River Camp Contribution to Candidate Garry Michi

5.1 Presentation by Staff

Clerk Cathrae explained that when the candidate filed the financial statement, it included an audit, as required for expenditures in excess of \$10,000. The financial statement did not reveal any issues, however the audit pointed out the fact that the contribution on the financial statement attributed to the candidate was actually made by a corporation. The contribution was in excess of the maximum contribution limit of \$1,200 and corporations are not permitted to contribute to a candidate's campaign. The audit did not provide any details with regard to the corporate donation just that a contribution in excess of \$7,500 was from a corporation. When Clerk Cathrae asked for clarification from the candidate, she was told that the candidate has only one bank account which is used for both personal and business spending and that the accountant separates the expenditures into separate ledgers.

5.2 Delegation – Garry Michi

Mr. Michi requested that he be able to introduce a letter from his accountant. The Committee accepted it and a copy was also given to Douglas Jordan, applicant for the second item on the agenda.

Mr. Michi explained that the letter says that he has one bank account and the receipts go to the accountant and he allocates expenses under his personal income tax. Mr. Michi hasn't had a personal bank account in 20 years. Whatever he needs to live is allocated to his personal income tax.

A member of the Committee asked about the numbered company which was displayed in the additional information given to the Committee.

Mr. Michi explained that the numbered company is an umbrella company for the two camps, Sauble River and Spry Lake. He explained that he takes money from the companies, whatever he needs. This is his company and he didn't think there was anything wrong with that.

A member of the Committee asked if Mr. Michi had the banking ability to take money from the corporation and deposit into another personal account.

Mr. Michi responded that he does not. He takes cash or writes himself a cheque from the company for personal expenses.

A member of the Committee asked if he is the owner of the company.

Mr. Michi responded that he is the sole shareholder of the company.

5.3 Delegation – Doug Briggs

Mr. Briggs told the Committee to follow the money. He explained that there is a letter from the accountant that the corporation did not breach the Act.

A member of the Committee asked if Mr. Briggs what role he played in the campaign.

Mr. Briggs explained that he was the campaign spokesperson.

A member of the Committee asked if Mr. Briggs was authorized to make payments from the election accounts.

Mr. Briggs explained that he did not make payments from the campaign account.

5.4 Committee Questions

A member of the Committee asked who had the authority to send from the account.

Mr. Michi explained that he had a lady who opened the bank account and made all of the transactions.

A member of the Committee asked for clarification about the notation in the rebuttal to the application regarding Mr. Briggs paying for Tim Hortons gift cards. The member wondered if the receipt for the gift cards was made to Mr. Briggs.

Mr. Briggs explained that he purchased the gift cards and had a Tim Hortons cash receipt and was reimbursed. There was not a name as to who the purchaser was on the receipt.

6. Application for Compliance Audit – Douglas Jordan Regarding Garry Michi

On a show of hands with the majority being received, it was decided that the Committee would deal with the application at this point in the meeting and come to a decision on the first agenda item later in the meeting.

6.1 Delegation – Garry Michi

Mr. Michi explained that he sponsored Hayden Hellyer and he did take a picture in front of the election sign. The cheque was addressed to Hayden Hellyer's company and was from the camp. The sponsorship had nothing to do with the campaign. There were other businesses that had also sponsored Mr. Hellyer's event. The Facebook page did show him handing over the cheque in front of his election sign.

6.2 Delegation – Douglas Jordan

Mr. Jordan explained that Mr. Michi claimed post-election expenses which were not subject to the spending limit and he believes that they should have been claimed under expenses subject to the spending limit. They were for office expenses and this seems like a mistake. The amount he received came from a corporate account and Mr. Jordan called the CRA and they don't allow this. The provisions regarding donations makes no exception for corporations. Mr. Michi accepted a contribution from two people and the Act doesn't make exception for people to over contribute and this is an illegal donation. Mr. Gatis made the \$100 monetary donation and he lives here and the money could have been given back to him. The money given to the Town was not part of the report and was hard to follow. The Warton Tim Hortons gift cards were purchased by Mr. Briggs and Mr. Jordan said we needed to see that. Apparently Mr. Michi ran a tab inside the

Tim Hortons and the Committee does not have the information for that. Mr. Michi had \$700 in advertising with no detail. The pictures of the event were on Facebook and not on Mr. Michi's website. There is a video of the event with the MC chanting Garry Michi for Mayor. It seems very clear that it was a campaign event and was for supporters and was to possibly hide expenses.

6.3 Delegation – Doug Briggs

Did not make any presentation at this time.

7. Deliberations

The Committee explained that they were going to move into closed session to deliberate on both items. Members of the public, the applicant, candidate and witness were asked to leave the room.

Prior to leaving the room, the applicant asked the Committee if he could provide them with a picture of the election sign at the event. The Committee accepted the picture. The Chair advised the applicant to also give a copy of the picture to Mr. Michi and Mr. Briggs.

8. Decisions

The Committee moved out of closed session and invited all parties and the public back into the room.

Chair Beccarea explained that the matters have raised concern with the Committee. He read the resolutions which were subsequently voted on and carried by Committee members.

8.1 Clerk's Report

It was **Moved** by S. Cruickshank, **Seconded** by G. Magwood and **Carried**

That the Compliance Audit Committee has received a report from the Clerk of the Town of South Bruce Peninsula regarding Sauble River Family Camp Inc.;

And that the report has identified non-compliance with Section 88.9 and 88.8 of the *Municipal Elections Act, 1996*, as amended;

And that the non-compliance is identified as a contribution by a corporation to a candidate, a contribution to a candidate exceeding \$1,200 and a contribution to two or more candidates exceeding \$5,000;

And that the Compliance Audit Committee met on July 20, 2023 and has considered all evidence presented, both verbal and written;

And that the Compliance Audit Committee has decided that it appears that there has been a breach of the *Municipal Elections Act, 1996* as amended;

And that the Compliance Audit Committee directs the Clerk to secure the services of a prosecutor to commence legal proceedings in the Superior Court of Justice;

And further that the written reasons for the decision of the Committee will follow.

8.2 Application for Compliance Audit

It was **Moved** by S. Cruickshank, **Seconded** by G. Magwood and **Carried**

That the Compliance Audit Committee has received an application from an elector of the Town of South Bruce Peninsula regarding Garry Michi;

And that the application has identified non-compliance with Section 88.8 and 88.9 of the *Municipal Elections Act, 1996*, as amended;

And that the non-compliance is identified as excessive after voting day expenses, acceptance of a contribution from a corporation, acceptance of a contribution which exceeds the maximum allowable from one contributor, accepting a cash contribution in excess of \$25, not reporting advertising expenses and exceeding the overall allowable spending limit for a campaign.

And that the Compliance Audit Committee met on July 20, 2023 and has considered all evidence presented, both verbal and written;

And that the Compliance Audit Committee has decided that the application will be accepted;

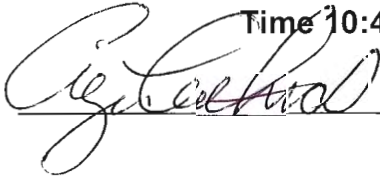
And that the Compliance Audit Committee directs the Clerk to secure the services of an independent auditor to undertake a compliance audit of the candidates election finances;

And further that the written reasons for the decision of the Committee will follow.

9. Adjournment

It was **Moved** by S. Cruickshank, **Seconded** by G. Magwood and **Carried**

That the meeting adjourn.

Time 10:40 am
 Secretary