



**Notice of Decision**  
**Town of South Bruce Peninsula**  
**Compliance Audit Committee**

Established under Section 88.37 of the *Municipal Elections Act, 1996*, as amended

IN THE MATTER OF an application for compliance audit under Section 88.33(1) of the *Municipal Elections Act, 1996*, as amended;

AND IN THE MATTER OF the Administrative Practices and Procedures established by the Clerk for the Town of South Bruce Peninsula for the 2022 Municipal Election Compliance Audit Committee, in accordance with Section 88.37(6) of the *Municipal Elections Act, 1996*, as amended;

<b>Applicant</b>	Douglas Jordan
<b>Candidate</b>	Garry Michi
<b>Meeting Date</b>	Thursday July 20, 2023
<b>Meeting Location</b>	Town Hall, 315 George Street, Warton ON N0H 2T0

**Decision**

**A) Purpose of Meeting**

The Compliance Audit Committee met to consider a compliance audit application submitted by Douglas Jordan with respect to the 2022 Municipal Election as it relates to candidate Garry Michi.

The meeting was held in accordance with the provisions of the Administrative Practices and Procedures established for the 2022 Municipal Election Compliance Audit Committee.

**B) Decision**

After considering the application, the rebuttal submitted by Garry Michi and Doug Briggs, receiving additional evidence at the meeting provided by Garry Michi and by Douglas Jordan and hearing verbal representations from Garry Michi and the applicant Douglas Jordan, the Compliance Audit Committee gave careful consideration to the issues and rendered a decision to accept the application and order a compliance audit by an independent auditor.

At the meeting on July 20, 2023, the Compliance Audit Committee adopted the following resolution:

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; and
- not reporting advertising expenses and thereby 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.

### **C) Reasons**

The reasons for the decision are as follows:

1. Garry Michi filed the requisite financial statement on March 16, 2023. Mr. Michi spent more than \$10,000 and as such, in accordance with Section 88.25 (7) of the *Municipal Elections Act, 1996* as amended, an audit was performed by Nara Manickam Professional Corporation and submitted with the financial statement.
2. Mr. Michi was successfully elected to the position of Mayor for the Town of South Bruce Peninsula. There was no evidence or suggestion by applicant Douglas Jordan that this matter affected the outcome of the election.
3. The application filed by Mr. Jordan is dated June 26, 2023 and cites multiple sections of the *Municipal Elections Act, 1996*, as amended that are purported to have been violated, namely Section 88.8(4)3, Section 88.9(1), Section 88.9.1(1)(a)(i), Section 88.22(1)F, Section 88.2(1) H and Section 88.23(c).

4. Mr. Jordan believes that the election office expenses claimed as after voting day and not subject to the spending limit should in fact be pre-voting day expenses and therefore are incorrectly recorded in the financial statement.
5. Mr. Jordan has identified, as outlined in the audit report furnished by Mr. Michi with his financial statement, that the candidate accepted a donation from a corporation which is not permitted under the *Municipal Elections Act, 1996*, as amended.
6. Mr. Jordan has identified, as outlined in the audit report furnished by the Mr. Michi with his financial statement, that two contributions from two individuals exceeded the \$1,200 but were subsequently allocated to two other individuals.
7. Mr. Jordan has identified, as outlined in the audit report furnished by Mr. Michi with his financial statement, that a cash contribution in excess of \$25 was received. Mr. Jordan submits that the apparent contributor lives in South Bruce Peninsula and it should have been easy to return that payment and that the payment was given to the Clerk.
8. Mr. Jordan has expressed concern with regard to the reporting of advertising expenses on the financial statement and questions the \$700 expense recorded.
9. In questioning the advertising, Mr. Jordan draws attention to Mr. Michi purchasing coffee cards from Tim Hortons and handing them out at the drive-through in Wiarton and in Oliphant at an event. Mr. Jordan also indicates that he believes that a tab was run inside Tim Hortons where Mr. Michi distributed literature regarding his campaign and that in the absence of dated and time stamped receipts, it cannot be determined if these expenses were properly recorded as election expenses.
10. Mr. Jordan questions a Labour Day concert in Sauble Beach where Mr. Michi apparently paid the organizer to post his campaign signs across the venue and made a campaign speech on stage during the event. Mr. Jordan noted that he feels that a cancelled cheque and not a handwritten receipt is required to be viewed in order to determine if this was in fact an election expense. During his verbal representations, Mr. Jordan further explained that if this was not a campaign event, it is wondered why Mr. Michi took a picture of him handing a cheque to the event organizer in front of the campaign sign and why the picture was posted on Mr. Michi's election social media site and not on the corporation's social media site if in fact the corporation was the sponsor of the event organizer.
11. Mr. Michi provided a written rebuttal dated July 17, 2023 and gave verbal representations at the Compliance Audit Committee meeting in response to the application.

12. Mr. Michi provided a detailed breakdown of expenses to verify the offices expenses claimed after voting day.
13. Mr. Michi explained that he has had only one bank account which is used for both is personal and corporate expenditures. Mr. Michi makes all personal expenditures through the bank account which is in the name of the Sauble River Family Camp Inc. The bookkeeper separates the expenditures in the ledger to ensure that the personal expenses are kept separately recorded from the corporate expenditures.
14. Mr. Michi explained that the contributions from individuals which appeared to be exceeding the maximum for an individual were the result of life partners making contributions to the campaign using one cheque from their joint bank accounts. Verbal instructions were given to the contributors to ensure that they did not over contribute.
15. Mr. Michi explained that the campaign did receive a cash contribution of \$100 which exceeded the maximum allowable limit of \$25. The cash contribution was turned over to the Town Clerk. The Town Clerk provided documentation supporting this fact.
16. Mr. Michi claims that the Tim Hortons gift card purchase is documented in the campaign expense detail and that there was no concealment of this expenditure.
17. Mr. Michi claims that he, as a candidate, did not sponsor the Labour Day event at Sauble Beach. He made a contribution to the event from his corporate account. He explains that he did not make a campaign, or any speech during the event. Mr. Michi acknowledges that his campaign signs were displayed by the event organizer.
18. In making its decision, the Compliance Audit Committee is to serve in a gate-keeper function to see that municipal financial and other resources are deployed in the public interest or for some useful purpose.
19. The Compliance Audit Committee, in considering all evidence provided notes that not all allegations remain at issue.
20. The explanation as it relates to the allegations regarding the contribution by two individuals being attributed to two other individuals has been accepted and the Compliance Audit Committee no longer considers this to be an issue.
21. The explanation as it relates to the recorded after voting day office expenses has been accepted and the Compliance Audit Committee no longer considers this to be an issue.

22. The Compliance Audit Committee has determined that all of the other allegations raise concerns and need to be addressed through an independent compliance audit.
23. The Compliance Audit Committee compels the independent auditor to focus on:
- the concert sponsorship and whether it should have been a campaign expense and recorded on the financial statement;
  - the acceptance of a donation by a corporation to Mr. Michi's campaign; and
  - the Tim Hortons gift card and inside tab expenses and if they were properly recorded and accounted for in the financial statement.
24. It is clear that the acceptance of a contribution by a corporation to Mr. Michi's campaign is not an acceptable practice under any circumstances and that even given the explanation provided, nothing negates the fact that a violation occurred. It is to be determined if this practice has been exacerbated and exploited by additional expenditures through the corporation instead of being properly designated as election expenses and paid for from the election account.

#### **D) Conclusion**

1. The Compliance Audit Committee finds that the public interest and a municipal purpose will be served by ordering a compliance audit of the election finances of Garry Michi, a candidate in the 2022 Municipal election. The Committee has therefore decided to order the compliance audit by directing the Clerk to secure the services of an independent auditor.
2. In coming to this decision, the Compliance Audit Committee recognizes that the independent auditor will complete an audit in accordance with their professional audit practices and the Compliance Audit Committee will reconvene at a future date to consider the findings of the independent auditor.

Issued by the Town of South Bruce Peninsula Compliance Audit Committee at Wiarton, Ontario on July 24, 2023.

**Bob Beccarea, Chair**  
**Compliance Audit Committee Members**