



C O N F I D E N T I A L

Investigative Report

City of Greater Sudbury – 1211250 Ontario Inc.
Transit Kiosk Contract



TABLE OF CONTENTS

CONTACT INFORMATION	3
EXECUTIVE PROFILES	4
Ronald Wretham	4
Steve Majoran	4
EXECUTIVE SUMMARY	5
SCOPE OF WORK / SUMMARY OF FINDINGS	7
CONCLUSION	10
RECOMMENDATIONS	11
INTERVIEWEE LIST	12
INTERVIEW SUMMARIES	14
APPENDIX 'A' - INTERVIEW SUMMARIES	20
Richard SCHAAK CPA, CA	20
Bob JOHNSTON	25
Kevin FOWKE.....	28
Brian BIGGER.....	30
Roger SAUVE	35
Lorella HAYES.....	38
Allan LEKUN	41
Robert GAUTHIER	42
Jamie CANAPINI	46
Terra GLABB	49
Robert TYRER.....	51
Paddy BUCHANAN.....	52
Roger SAUVE - follow up.....	55
Doug NADOROZNY - Part 1.....	57
Doug NADOROZNY - Part 2.....	61
Bridget JOKITALO	62
Eric LABELLE	65
APPENDIX 'B'	67
APPENDIX 'C'	68
APPENDIX 'D'	69
APPENDIX 'E'	70
APPENDIX 'F'	71



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EXECUTIVE PROFILES

Ronald Wretham

Ron Wretham is the Co-CEO and Partner of Investigative Solutions Network Inc. (ISN) located in Pickering, Ontario. Ron is a licensed Private Investigator within the Province of Ontario.

Prior to joining ISN, in 2007, Ron served 32 years as a Police Officer with the Toronto Police Service (TPS).

Ron progressed through the ranks of the Toronto Police Service, from uniformed patrol to Detective Sergeant/Uniformed Staff Sergeant and Platoon Commander, leading a platoon of uniformed members in a division charged with the security and safety of over 200,000 community members. Ron was accountable for leadership, performance, discipline, mentoring, compliance, budget issues, and policy writing.

During his tenure at the Toronto Police Service, Ron coordinated, developed, and executed educational programs for the private sector and the police community. He co-chaired the Toronto Police Service Core Values and Mission Statement Committee, served as a member of the elite Emergency Task Force, Special Weapons Team, and the Drug Squad where he worked as an undercover operative and team leader. Ron served as a Detective and a Detective Sergeant in downtown Toronto where he lead a team of 105 detectives and undercover police officers.

Throughout his career, Ron has been involved in many high profile investigations requiring extensive interviews with multiple victims and or witnesses.

Steve Majoran

Steve is a Senior Private Investigator with Investigative Solutions Network Inc. licensed within the Province of Ontario.

Steve began his career with the Toronto Police in 1976 until he retired from the ranks 30 years later. Within the Toronto Police he served as Police Sergeant, Supervising Detective of the Fraud and Forgery Squad where he managed, directed and controlled the operations of the following sub units: Internet Fraud/Social Benefits, Crimes against the elderly and the Mortgage Fraud sections.

Following TPS, Steve worked for Scotiabank as a Senior Investigator where he planned and coordinated national and international investigations into a variety of high priority cases that included internal and external criminal attacks on the Bank, its staff and holdings.

Steve has an extensive background consisting of local, national and international investigations covering areas such as corporate/securities fraud, Internet fraud/social benefits, mortgage fraud, forgery, corruption issues, and crimes against people. He joined Investigative Solutions Network Inc. in 2012 as a Senior Investigator.



EXECUTIVE SUMMARY

As a result of a Request for Proposal (RFP) process, The City of Greater Sudbury (the City) entered into a legal agreement with 1211250 Ontario Inc., operated as Zio's Tuck Shop, on June 1st 2004. The agreement was for a two (2) year, eight (8) month term, concluding on January 31st, 2007. There was a further optional two (2) year extension "provided the City is satisfied with the performance of the operator". The City executed on this option. 1211250 Ontario Inc. and Zio's Tuck Shop were owned and operated by Tony Sharma.

The contract specified that 1211250 Ontario Inc. (Sharma) would "operate a ticket counter and information booth Kiosk at the Sudbury Transit Centre Building".

1211250 Ontario Inc. (Sharma) was paid an annual fee to operate the Transit Kiosk for the City. Under the terms of the contract, Transit tickets were provided, by the City, to 1211250 Ontario Inc. (Sharma) on a consignment basis. Reconciliation was to be made to the City by Sharma on the 25th of each month prior to receiving next month's tickets.

The terms of the contract were not followed by Sharma, nor were they enforced by the City and this formed the grounds of their relationship. Sharma habitually fell behind on his payments to the City. When the City Finance Department would become aware that Sharma was in arrears, the Director of Transit Operations was notified to collect from Sharma. These payments were usually made when requested, however; this cycle continued for many years. At no time was the strict wording of the contract ever enforced.

On or about September 4th 2009, the Transit Kiosk did not open. As of that day, 1211250 Ontario Inc. owed approximately \$800,000.00 in outstanding revenues, to the City, for the consignment based transit tickets. Initially, Sharma cooperated with the City and approximately \$300,000.00 in assets was recovered. However, shortly thereafter, Sharma ceased cooperating; leaving the City with a shortfall \$579,030.11. Subsequently, the City initiated civil action against Sharma's corporation, 1211250 Ontario Inc. On March 31st 2010, the City was awarded judgment against 1211250 Ontario Inc. in the amount of \$579,030.11, as well as, \$1,211.00 in costs. However, nothing was ever collected as there were no assets in the corporation.

In January 2010, City council instructed the City Solicitor to ascertain if civil action could be initiated against Sharma, personally, for the missing funds. Subsequently, the City retained the law firm of Desmarais Keenan LLP for an outside opinion. On January 26th, 2010 Desmarais Keenan LLP, provided the City with a legal opinion, recommending that the City proceed against Sharma's corporation only and not him personally, at that point.

Early in 2011, The City asked the Chief of the City of Greater Sudbury Police Service (GSPS) to have his members investigate the matter. The assigned investigator felt that there was no criminality and advised the City that he felt it was a civil matter.

In August 2011 City Council voted in favor of pursuing criminal charges against Sharma. The City Solicitor met with the Chief of Police who advised that he would need solid evidence to proceed.

On August 9th, 2011, the City Solicitor hired the accounting firm of Collins Barrow to review the evidence, relative to a criminal charge. Collins Barrow replied to the City within days with a three page, "Preliminary Review". The review included some potential outcomes of a full forensic investigation, the approximate cost of the investigation and the documents which would be required, from the City, in order to proceed.



Albeit, this was not a “Forensic Audit”, the Preliminary Review did provide some traction to move forward, with a full investigation to ascertain if Sharma could be held personally liable for the funds owed to the City.

In a closed session with City Council, \$30,000 - \$50,000 was quickly approved for Collins Barrow to conduct a Forensic Audit. A full Forensic Audit was never completed. Collins Barrow delivered a three page Preliminary Review that suggested there were “many unusual transactions that could be of forensic interest upon further investigation”. In October 2011 Richard Schaak met with members of the Ontario Provincial Police where he passed on his findings to investigators.

In September of 2011, then GSPS Chief Frank Elsner, requested that the OPP investigate the matter. The OPP Anti-Rackets branch took carriage of the investigation and eventually concluded that the incident did not support criminal charges.

In April of 2012, at the request of council, HR Capacity Management Consulting, submitted an Accountability Review to the City relative to transit kiosk matter. The focus of the review was CGS employee activities with regards to 1211250 Ontario Inc.

In June of 2012, as a result of the Accountability Review, several CGS employees were disciplined relative to the kiosk matter.

Between the time of the employee’s discipline action and the Mayoralty campaign of 2014, the transit kiosk matter continued to fester within the community at large, and with the members of City Council.

During the Mayoralty campaign, candidate Brian Bigger stated emphatically that if elected, he would revisit the transit kiosk matter. Further, Bigger promised that he would release the entire Forensic Audit to the general public.

In October of 2014, Brian Bigger was elected Mayor of CGS. Following up on his election promise to release the Forensic Audit, Mayor Bigger reached out to Collins Barrow to obtain a copy of the audit. In February 2015, Bigger was advised by Collins Barrow that a Forensic Audit was never completed relative to the kiosk matter.

In a press release dated June 25th, 2015, Mayor Bigger called on the interim CAO Bob Johnson, to summon an independent review of the transit kiosk matter.

In September 2015, Investigative Solutions Network Inc. (ISNI), a private investigation firm situated in Pickering Ontario, was hired by the CGS to conduct the investigation.



SCOPE OF WORK / SUMMARY OF FINDINGS

After discussions with Mayor Brian Bigger and (then) Interim CAO Bob Johnston, it was agreed that ISN would undertake the following:

- 1. Determine if any City of Greater Sudbury employee was significantly negligent in the managing of the Transit Kiosk account.

FINDINGS:

In accordance with the scope of the investigation, and following lengthy and detailed interviews with those involved, ISN has been able to establish the following pertinent information:

[Redacted text block]

- 2. Determine whether the discipline taken previously by the city administration and/or city council towards certain employees was appropriate, and whether or not further discipline is recommended.

FINDINGS:

[Redacted text block]

- [REDACTED]
3. Determine if any City of Greater Sudbury employee or council member may have committed a conflict of interest, breach of Ontario Statute or breach of a Federal Statute relating to their relationship with Tony Sharma and/or his companies.

FINDINGS:

During the course of the investigation the investigators found nothing to point to any type of nefarious actions or relationships by any CGS employees including counsel, management and staff. Further, there was no evidence, whatsoever, of any type of conspiracy, conflict of interest or gain between any CGS employee and Tony Sharma in regards to the contract with 1211250 Ontario Inc.

4. Determine if a Forensic Audit was conducted relating to the Transit Kiosk Ticket matter. If it is determined that a Forensic Audit was conducted, the following will be investigated:

[REDACTED]

- **Who conducted the audit**

Richard Schaak, Managing Partner at Collins Barrow, was retained by CGS to produce the Forensic Audit.

[REDACTED]

- **Who from CGS received the completed audit**

A full forensic audit was never completed relative to the Transit Kiosk matter. The only forensic documents produced relative to the Transit Kiosk matter, was a three (3) page Preliminary Review, by Collins Barrow dated August 10th, 2011 (*see Appendix 'D'*). The contents of this review suggested that there were "*many unusual transactions that could be of forensic interest upon further investigation.*"

- **Retrieving a copy of the final forensic audit**

It was determined that a Forensic Audit was never completed. A copy of the Preliminary Review is in the City's possession.

FINDINGS:

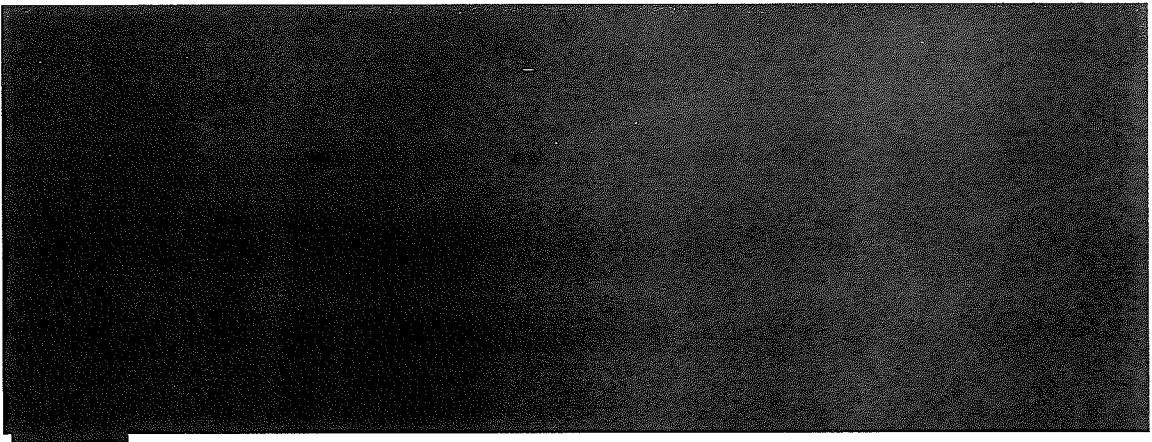
A Forensic Audit (or `Investigation`) of the transit kiosk matter was never completed.

Definition of Forensic Audit:

The application of accounting methods to the tracking and collection of forensic evidence, usually for investigation and prosecution of criminal acts such as embezzlement or fraud. Also called forensic accounting.

CGS Council approved a complete forensic investigation of the transit kiosk matter. The City hired Collins Barrow to start the audit process. Richard Schaak was the Managing Partner in charge of the project and as he worked his way through the forensic audit, he was instructed to turn his review over to the OPP prior to completion. In October 2011, Schaak turned his findings over to the OPP.

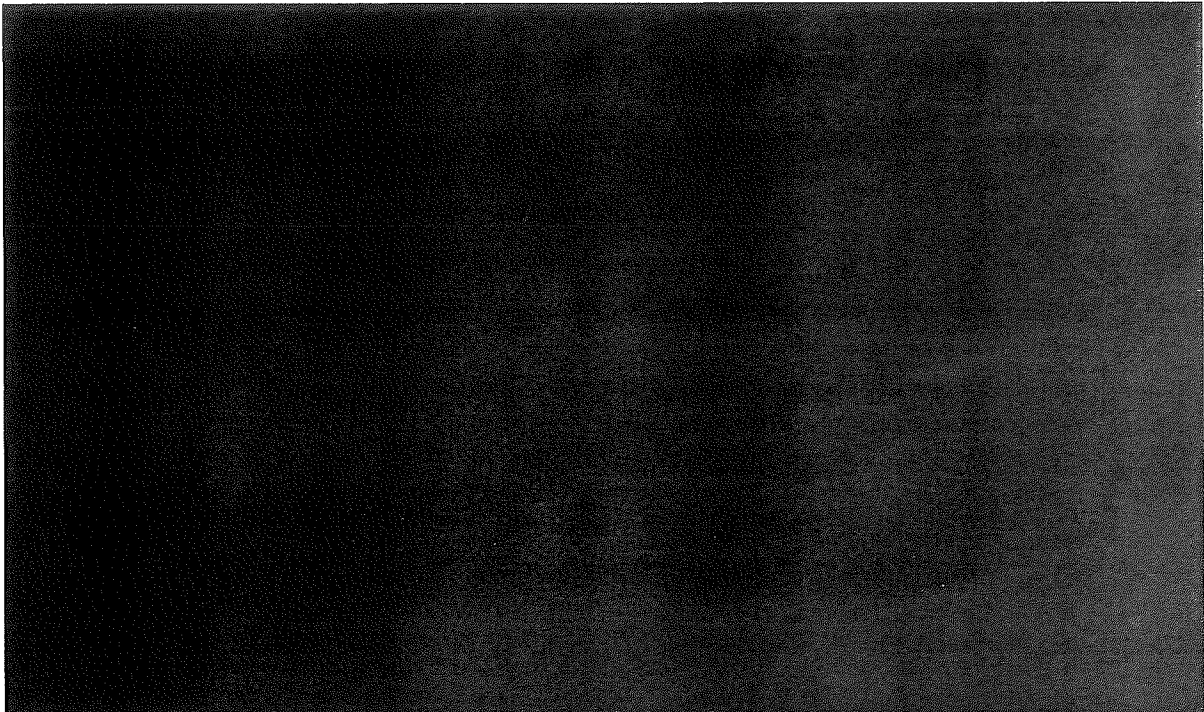
5.



6. **Determine if there is evidence to support criminal or civil recourse for The City of Greater Sudbury**

FINDINGS:

It has been determined that there is no evidence to support a criminal recourse and the timeline on further civil action has long expired.



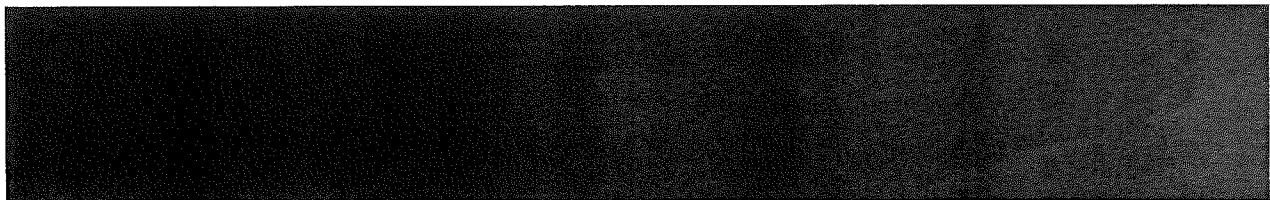
CONCLUSION

During the course of the investigation, there was no evidence whatsoever of any reprehensible or criminal conduct on behalf of the CGS Council, Management or staff.

Throughout the investigation, City staff were professional, courteous and cooperated fully with ISNI, and were willing to discuss the matters relating to the Transit Kiosk contract. A contract is an important part of business that commits the business, and the vendor, to an agreed upon course of action. When the terms of a contract are not followed through, there is a loss of control.

From the information gathered during interviews, it was apparent that the management of the contract as a whole was what led to the extensive state of arrears.

Had there been a qualified training program available both in leadership and management, the terms and conditions of the contract for 1211250 Ontario Inc. may have been fully understood and enforced. [REDACTED]





Since the 2013 Municipal election, there has been a great deal of frustration amongst the CGS Council, Management and the community in regards to having access to what they believed was a completed forensic audit. Since the Transit Kiosk matter came to light, the term ‘forensic audit’ seems to have been a contentious issue among many of the CGS Council and Management. Given the magnitude of the City’s financial loss, this is completely understandable. However, through this investigative process, it has become evident that this frustration is based on semantics – simply, the use of incorrect terminology with regards to ‘Forensic Audit’ versus ‘Preliminary Review’.

The Investigators concluded that proper business practices and internal processes appear to have been developed and implemented by CGS since, in the hopes that this type of situation will not recur.

RECOMMENDATIONS

Continue to follow the Auditor General’s recommendations on implementing quality contract drafting, management and oversight.

Monitor and enforce current internal processes within CGS departments in regards to contract management.

Ensure proper developmental training is implemented in all aspects of management roles.



INTERVIEWEE LIST

The following CGS staff members including the Mayor and outside professionals were interviewed by the ISN Investigators:

- Interviewee 1:** Richard Schaak
Chartered Accountant
Collins Barrow
- Interviewee 2:** Bob Johnston
Former Interim CAO
City of Greater Sudbury
- Interviewee 3:** Kevin Fowke,
Interim CAO
Director of Human Resources and Organizational Development
City of Greater Sudbury
- Interviewee 4:** Brian Bigger
Mayor
City of Greater Sudbury
- Interviewee 5:** Roger Sauve
Director of Transit
City of Greater Sudbury
- Interviewee 6:** Lorella Hayes
General Manager of/ Assets & Finance/ Chief Financial Officer
City of Greater Sudbury
- Interviewee 7:** Allan Lekun
Deputy Chief of Police
Greater Sudbury Police Service
- Interviewee 8:** Robert Gauthier
Manager of Transit
City of Greater Sudbury
- Interviewee 9:** Jamie Canapini
City Solicitor
City of Greater Sudbury



- Interviewee 10:** Terra Glabb
Chief Executive Officer
Greater Sudbury Airport
- Interviewee 11:** Robert Tyrer
Airport Operations Manager and Fire Chief
Greater Sudbury Airport
- Interviewee 12:** Paddy Buchanan
(Retired) Manager
City of Greater Sudbury
- Interviewee 13:** Dan Zembryzcki
Constable
Greater Sudbury Police
- Interviewee 14:** Caroline Hallsworth
City Representative,
City of Greater Sudbury
- Interviewee 15:** Doug Nadorozny
(Former) CAO
City of Greater Sudbury
- Interviewee 16:** Bridget Jokitalo
Lawyer
MacDonald, Charette and Associates
- Interviewee 17:** Eric Labelle
Assistant City Solicitor
City of Greater Sudbury



INTERVIEW SUMMARIES

(For complete interview summaries please see Appendix 'A')

On Monday August 31st 2015, ISN Investigators conducted the following interviews:

- **Richard Schaak, Managing Partner, Collins Barrow.** Mr. Schaak confirmed the following:
 - A forensic investigation was not completed by Collins Barrow.
 - A forensic investigation was initiated, Schaak was stopped in the process, and findings were turned over to the OPP.
 - The only document provided by Collins Barrow was a 3 page Preliminary Review dated August 10th 2011. (see Appendix 'D')
 - [REDACTED]

- **Bob Johnston, Interim CAO, City of Greater Sudbury.** Mr. Johnston confirmed the following:
 - That he has been a long time employee of the City and was involved in his capacity as Director of Transit Facilities with contract negotiations with Sharma's company.
 - He did not have a personal relationship with Sharma.
 - [REDACTED]
 - [REDACTED]
 - As far as a forensic audit goes he was under the impression that one was undertaken and a portion of the mandate was completed, however not finalized.

- **Kevin Fowke, Director of Human Resources and Organizational Development, City of Greater Sudbury.** Mr. Fowke stated the following:
 - He was under the impression that on October 26, 2011 the forensic audit was turned over to the O.P.P.
 - He reports that a consultant's report examining the transit kiosk matter was done by a consultant named Luciano Contini of HR Capacity Management Consulting.
 - He had no disagreements with the consultant's findings.
 - [REDACTED]
 - [REDACTED]

- **Brian Bigger, Mayor, City of Greater Sudbury.** Mayor Bigger established the following:
 - In 2009 he was Auditor General for the City. As AG, his office examined issues with the City's contract with 1211250 Ontario Inc. and its principal, Tony Sharma.
 - Judgment was obtained by the City in 2010 against 1211250 Ontario Inc.
 - As a result of his investigation he encouraged the then Mayor and Counsel to go after Sharma personally through the civil courts in hopes of recovering the loss to the city.
 - [REDACTED]
 - [REDACTED]
 - The City retained outside Counsel to gather an opinion in regards to claiming against Sharma personally for the losses (See Appendix 'C' – 'Memorandum – Opinion of Outside Counsel (Jokitalo) re Claiming against Sharma personally for Unremitted Ticket



Proceeds' by Miller Thompson). Named in this memorandum is Ms. Bridget Jokitalo, of Desmarais Keenan Law Firm.

- [REDACTED]
- Subsequent to a review of the CGS legal department records, the conclusion Andrew Roman (from Miller Thompson) had come to was in fact, that Ms. Jokitalo **had** advised the City to pursue Tony Sharma personally along with the numbered company.
- *ISN Investigators interviewed Ms Jokitalo. She rebuts the Miller Thompson report and advises that her position was not to proceed against Sharma personally. Ms Jokitalo was taken aback by the fact that she was never contacted personally until now for clarification. (her further comments are below)*
- Mayor Bigger stated that in February 2015 he contacted Collins Barrow asking for a copy of the Forensic Audit. He discovered then that NO Forensic Audit was completed on the City's behalf.
- [REDACTED]

On Tuesday September 1st 2015, ISN Investigators interviewed the following individuals:

- **Roger Sauve, Director of Transit and Fleet Services.**
 - Acknowledged that the contract with Sharma's company was problematic for a long time. He advised investigators that the contract would frequently fall into arrears. The CGS Finance Department would notify Transit regarding the issue.
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

On Wednesday September 2nd 2015, ISN Investigators interviewed the following individuals:

- **Robert Gauthier, Manager Transit Operations.**
 - When instructed by Sauve or the Finance Department that the contract was in arrears, he would notify Sharma. Sharma would then make a payment to the City. This continued for a long period up until the day that the Transit Kiosk closed.
 - [REDACTED]

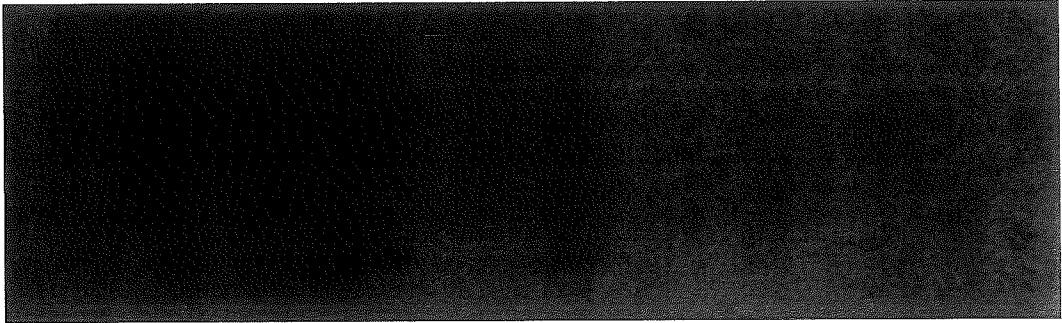
▪ **Jamie Canapini, City Solicitor**

- Canapini was made aware of the situation relating to 1211250 Ontario Inc. and Tony Sharma by Eric Labelle of the City's Legal Department.
- The City reached out to outside counsel at Desmarais Keenan LLP.
- Bridget Jokitalo was assigned to give an opinion on whether or not the Principal Tony Sharma, should be added into the law suit against his corporation. Ms Jokitalo's opinion was not to add Sharma.
- *ISN interviewed Ms Jokitalo who confirmed that based on the evidence that she was given at the time, that yes, that had been her opinion.*
- The City sued 1211250 Ontario Inc. No defense was offered by 1211250 Ontario Inc. The City received judgment against 1211250 Ontario Inc. for about \$560,000.00. Attempts were made to collect on the judgment however, no funds were found. The civil limitation period of two years was approaching and Canapini noted that the Mayor and one councilor wanted Mr. Sharma sued, however, the majority of City council decided not pursue him further.
- Canapini stated that the City was looking at several options relative to pursuing Sharma. These options included 1) sue Sharma, 2) do nothing or 3) get the police involved.
- Canapini stated that after debate, counsel decided to go after Sharma on a fraud or misappropriation charge. As a result, Canapini spoke to the Police Chief - Jim Elsner. The Chief advised that his investigators would need evidence, and that an investigation could not be launched on a whim. Canapini reported his conversation with the Chief to counsel. As a result, counsel directed him to obtain a Forensic Audit on behalf of the City. Subsequently, in September of 2011, Canapini contacted Richard Schaak, of Collins Barrow who immediately started work on the Forensic Audit.
- Canapini stated that the O.P.P. became involved, most likely because the local police perceived a conflict of interest. Canapini met with the O.P.P. to show them the preliminary report from Collins Barrow. The purpose of the meeting with the O.P.P. was to provide evidence triggering a police investigation.
- Schaak came to the conclusion that there was no evidence of fraud.
- [REDACTED]
- Canapini stated that he had indicated this to the O.P.P.
- [REDACTED]
- [REDACTED]
- [REDACTED] They came to the conclusion there was no evidence to substantiate fraud or misappropriation.
- Canapini noted that the final forensic audit said 'preliminary' because Collins Barrow would have liked to have had the personal financial records of Mr. and Mrs. Sharma.
- Canapini advised the investigators that he gave, what he referred to as the "forensic audit", to the O.P.P.
- [REDACTED]
- [REDACTED]

On Wednesday September 15th 2015, ISN Investigators interviewed Paddy Buchanan:

▪ **Paddy Buchanan (Retired) Manager of Accounting, City of Greater Sudbury.**

[REDACTED]



On Thursday October 8th 2015, ISN Investigators met with Constable Dan Zembrycki, City of Greater Sudbury Police Service.

- **Constable Zembrycki** was the lead investigator who initially looked into the Transit Kiosk matter on behalf of the City of Greater Sudbury. He concluded that the matter was a civil, not criminal matter. He was never privy to a “Forensic Audit” prepared by Collins Barrow and does not believe one exists. The matter was later turned over to the OPP Anti Rackets to investigate. He informed investigators that as far as he knew a “Forensic Audit” into this matter had never been done.

ISN Investigators interviewed the following individuals:

- **Doug Nadorozny (Former) CAO, City of Greater Sudbury**
 - Mr. Nadorozny advised that 1211250 Ontario Inc. was constantly in arrears with accounts receivable and slow with payments.
 - NADOROZNY stated that it was difficult to say who was responsible for overseeing the contract.
 - [REDACTED]
 - The police advised that there was nothing criminal in the way in which Sharma conducted business, however it was a management failure. Nadorozny agreed.
 - An Accountability Review was conducted by an outside consultant.
 - In response to the review, Nadorozny stated: *“There was a long list of things which were implemented to ensure the contract system ran better and in regards to discipline, blame went across the whole organization. It was hard to pinpoint on one person and say they should lose their job.”*
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - Nadorozny was under the impression that there was a Forensic Audit Report until he heard otherwise from the Mayor.

On Friday, October 30, 2015, ISN Investigators interviewed Bridget Jokitalo:

- **Bridget Jokitalo, Lawyer**
 - Ms. Jokitalo confirms she had received consent from The Greater City of Sudbury to speak with ISN.

- Ms Jokitalo was outside counsel and employed by Desmarais Keenan Lawyers in Sudbury at the time. She provided advice to the City’s Legal department regarding the Transit Kiosk matter. In particular, she advised on the initial default by 1211250 Ontario Inc., the shuttering of the premises at the bus station and airport and, the subsequent law suit for outstanding arrears.
- She explained that the firm had an ongoing retainer with the City of Greater Sudbury for many matters as their litigation counsel.
- Ms Jokitalo pointed out that she did not have the file and was going by memory.
- She stated that 1211250 Ontario Inc. owed significant amounts of money in the hundreds of thousands.
- Eric Labelle was the acting City Solicitor at the time.
- During the course of the kiosk matter, Jamie Canapini became City Solicitor.
- 1211250 Ontario Inc. was to be sued, however the question became... “Can we sue Tony Sharma personally.”
- Ms Jokitalo indicated that the corporate veil could be pierced if fraud was evident.
- Based on her review, Ms Jokitalo found no criminality.
- Her advice was to sue 1211250 Ontario Inc., and if they defended, examinations for discovery could be done. If evidence of fraud was found, Sharma could be added as a party.
- The ISN investigator produced a Memorandum from Miller Thomson Lawyers dated, June 2nd 2011 to Ms Jokitalo (*See Appendix ‘C’*). The Memorandum was addressed to Brian Bigger (the then Auditor General for the Greater City of Sudbury).
- While reading the Memorandum, Ms Jokitalo advised that she did not have the file.
- Ms Jokitalo was quite perplexed by the Memorandum. She advised that if she had been contacted there would have been no need to guess what her advice was.
- Ms Jokitalo stated “*Why didn’t they just call me and ask me about my advice?*”
- She was asked about the first page of the memorandum:
 - *In an email on May 17, 2010, Mr. Canapini wrote to then CAO Doug Nadorozny: We sought an opinion from outside counsel on whether there existed sufficient grounds which we could “pierce the corporate veil” Our outside counsel advised against pursuing Mr. Sharma personally as it was felt there were insufficient grounds with which to successfully recover losses from him personally. Further, if such a claim is made and then cannot be proven at trial, the plaintiff may suffer court cost consequences over and above the losses and legal expenses.*
- Ms. Jokitalo commented, that sounded correct.
- She advised that she did supply Mr. Canapini with a Draft Statement of Claim against Sharma to be used if they ever got to the point that they could prove fraud.
- [REDACTED]
- [REDACTED]



On Thursday, November 19th, 2015, Investigative Solutions Network interviewed Eric Labelle.

- **Eric Labelle, Acting City Solicitor, City of Greater Sudbury.**
 - Mr. Labelle allowed the ISN Investigator access to the City's legal file relating to the Transit Kiosk matter.
 - He confirmed that he was Assistant City Solicitor at the time and reached out to Desmarais Keenan Lawyers and Bridget Jokitalo for advice relating to the matter.
 - He provided the investigator with a letter from Desmarais Keenan Lawyers dated July 26th 2010 where the author Bridget Jokitalo in essence indicates that they cannot formulate the basis to include Sharma in the suit (*See Appendix 'F'*)
 - Mr. Labelle further told the investigator that the only documentation that he is aware of seeing from Collins Barrow is the initial Preliminary Review dated August 10th 2011.



APPENDIX 'A' - INTERVIEW SUMMARIES

not to be used as a verbatim transcript

Richard SCHAAK CPA, CA

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Richard Schaak, CPA, CA
Title: Managing Partner, Collins Barrow
Location: 1174 Saint Jerome Street, Sudbury ON
Interview Date: Monday, August 31st, 2015 - 7:56 AM
Audio Length: 1:03:31

The summary of the interview is as follows:

- Richard SCHAAK [REDACTED]
[REDACTED] He later became a managing partner in 2003. Over the years he has handled all of the fraud and forensic work for the firm. Collins Barrow works with a number of financial institutions and is thus responsible for a large amount of fraud cases.
- Their cases vary between criminal and civil fraud. There are frauds that occur in a not-for-profit organization, where there is a judiciary duty to try and close the case and lay charges where possible, and then the other side are cases where restitution is possible – here Collins Barrow has a wider range of clientele. SCHAAK explained that many cases start on the civil side and proceed to criminal.
- SCHAAK confirmed that Collins Barrow was retained around August 9th, 2011 by the City of Greater Sudbury to investigate the transit kiosk incident. As per the City, SCHAAK stated that it was pressing that they compile preliminary information and have a report turned over to the City quickly. SCHAAK confirmed that they were retained by the City solicitor, Jamie Canapini, and that Canapini was their only contact with the City during this process.
- The investigation that was directed was very narrow, and as per SCHAAK, revolved around Tony Sharma, the owner of 1211250 Ontario Inc. The basis of the investigation was to deduce if there was reason to implicate Sharma personally. The dealings and monies had all been between the City and the corporation. There was thought that if Sharma was implicated, he might have personal assets which could cover the City's receivables. SCHAAK explained that these were verbal instructions at the time and it was made clear that the timeline was very urgent. It was approximately a two day turn around for the information and report which was completed and turned over to the City solicitor on August 10th, 2011.
- At that point, SCHAAK stated that Sharma was cooperating with the City and he had voluntarily provided them with records from his corporation. SCHAAK received the documentation prior to his investigation.

Exhibit 1: Letter of findings addressed to Jamie Canapini:

- SCHAAK gives a summary of the letter:
 - We reviewed the information and provided the following findings to the City: The Corporation was originally owned by Tony Sharma and Larry Ralph.
 - In 2003 Sharma became the sole owner at which time he began withdrawing considerable funds from the corporation, by way of salaries and advances.
 - The summary of transactions is very unusual:
 - The transactions between the corporation and the accountant suggest the account provides monthly bookkeeping.
 - In 2006, there is a transaction initiated which sees Mr. Sharma transfer his shares of 1211250 to 1662248 Ontario Inc. in the amount of \$224,900.00, this is used to replenish the shareholder account. Paper transactions only and no money exchanged between the corporations.
 - In 2009, the statements detail a number of unusual transactions: a sum of \$147,350.00 is advanced to 1662248 Ontario Inc. and is again used to replenish the shareholder account.
 - There is a sum of money which seems to relate to a fraud in which Sharma was involved.
 - There was a break in the accounting in February 2010 during which Mr. Sharma's shareholder account increases by approximately \$250,000.00. Approximately \$175,000.00 of this occurred after August 2009.
 - The conclusions based in the preliminary review are that there are many unusual transactions which could be of forensic interest upon further investigation. However it would be difficult to predict the outcome of any further investigation due to the amount of missing information. The areas of interest would be to match the City and corporate records to look for a potential diversion of funds and to trace corporate payments to Mr. Sharma's personal records to establish use of the funds.
 - There are many transactions between the corporation and Mr. Sharma which would be of interest to Canada Revenue Agency. Due to the lack of information, it is difficult to provide an estimated cost of the forensic investigation; expected cost would be \$30,000 to \$50,000. To proceed, the following documents would be required:
 - Records of payments between the City, 1211250 and Mr. and Mrs. Sharma;
 - Cancelled checks and deposit books for 1211250 and for the Sharma's;
 - All original invoices from the accountant for 1211250 and for 1662248;
 - Personal tax returns and credit card statements for Mr. & Mrs. Sharma.
- Documents which were included with the letter of findings: summary of transactions of shareholder payroll.
- SCHAAK confirmed that this letter was sent to Canapini, and after the report was sent, at the request of the City, Collins Barrow submitted an Engagement Report to do the forensic work, dated August 10th, 2011.

Exhibit 2: Engagement Report – from Collins Barrow, addressed to Jamie Canapini, City Solicitor, dated August 10th, 2011.

- Outline of the professional services to be provided by Collins Barrow and provide an estimate of fees.

- SCHAAK stated that the scope of the engagement was to investigate all documents available pertaining to 1211250, 1662248, and Tony Sharma for the purpose of potentially laying ground for criminal charges;
- To provide the City with restitution, and as well assist with reading and interpreting data.
- Methodology: standard practices for forensic investigations, utilizing an investigative mindset and presenting the findings in an unbiased manner.
- Records of all payments and receipts between the city, 121150 Ontario Inc. and Mr. and Mrs. Sharma, cancelled checks and deposit books for 121150 and for the Sharmas, all original invoices from the accountant for 121150 and for 1662248, personal tax returns of the Sharmas, and credit card statements of the Sharmas. The professionals assigned to this case by Collins and Barrow LLP are Richard A. Schaak, CA, and Tony Albertson, CA.

▪ [REDACTED]

- SCHAAK confirmed that the only documents provided by the City to Collins Barrow were the invoices from the City relating to the case. They matched the records from the City to the records at the corporation and quickly identified a potential fraud perpetrated by Sharma. At some point, Sharma requested that the City pay him personally as opposed to paying the corporation and the City obliged. SCHAAK recited an example where Sharma would bill the city for \$10,000.00, the City would pay Sharma personally, Sharma would then issue an invoice to the City from his corporation for \$7,500 and pocket the difference. He was reducing the amount of assets in the corporation so was less able to pay back the City.
- A full Forensic Audit was never completed. Collins Barrow delivered a three page Preliminary Review that suggested there were “many unusual transactions that could be of forensic interest upon further investigation”. In October 2011 Richard Schaak met with members of the Ontario Provincial Police where he passed on his findings to investigators.

Exhibit 3:

- Reconciliation of payments from the City of Greater Sudbury to 121150 Ontario Inc.
- A full forensic audit was never supplied to the City from Collins Barrow. Collins Barrow supplied the City with a preliminary review which was turned over to the OPP in October 2011.
- Schaak never met Sharma or anyone associated with 1211250 Ontario Inc.
- The files originally provided by the City were records and a Quickbooks file of Mr. Sharma’s corporation.
- [REDACTED]. Did not find it unusual they handed the case over to the O.P.P. as civilly, you could get some of the required documents but it would be much more difficult. There could have been other avenues pursued. The firm was not asked about those, their scope was very narrow. Schaak was not aware of what the City planned to do.

- When the request for the name change of the corporation came to light, there were worries over the City's involvement and did that cause them not to go forward. The only explanation ever received was the City's accounting system inputted corporate names and owners' names and as long as someone on the list was getting paid there was no issue. What avenue they were looking for was presumably restitution which is why they wanted to tie in Mr. Sharma [REDACTED] some interest in forwarding the case to CRA to cause something to happen to Sharma.
- SCHAACK could not confirm if there was ever forensic accounting that happened.

Tape turned off at 8:38 AM.

Tape resumes at 8:40AM

- Exhibit 4 is a letter from the mayor Brian Bigger is requesting engagement letter, forensic audit report (nothing titled forensic audit report) and any supporting documentation.
- Exhibit 5 is a letter dated September 27th, 2011 signed by Kristin Neuman, assistant city solicitor, for further bank statements of Zios Tuck Shop.
- Exhibit 6 is a letter dated August 22nd, 2011 signed by Kristin Neuman, assistant city solicitor, original receipts, documents, spreadsheets, vendor IDs, relating to Tony Sharma (details of why the name was changed) transit month end reports, further information.
- Exhibit 7 is Tab 2 - Copies of checks issued by the city to Tony Sharma – they are all cancelled checks.
- The checks should always be payable to the Ontario Inc. company not the individual.
- Exhibit 8 is Tab 3 - Analysis of cancelled checks.
- Exhibit 9 is Tab 4 - List of transactions for various companies operated by Tony Sharma – vendor number listed in PeopleSoft from Jan 04 to Sept 09.
- Exhibit 10 is Tab 5 Summary – Notes for forensic auditor, Sept 1 05 copies of invoices.
- Exhibit 11 is Tab 6 Summary of number of rides and types of tickets – coming to a dollar value of tickets sold from Jan 2008 to June 2008 month end reports not being done, report was by KPMG signed Jody Mciver.
- Exhibit 12 is a Memo from Kristin Neuman to Jamie Canapini dated July 28th, 2011 at 6PM re Zios (was originally received for the quick preliminary audit)
- Doesn't recall if the O.P.P. was supplied with these documents. It would be normal to supply them but Schaak is not sure.
- A forensic audit would be required to proceed civilly or criminally. Schaak's impression was the City was looking for the "smoking gun" doesn't believe the City had decided if it was worth pursuing. What was asked of the firm was very narrow and very pointed. It did not constitute a forensic audit. Schaak was not provided with documentation asked for. Did work on what they were given then turned over to the OPP.
- Exhibit 13 is Billing documents – City wanted to be billed monthly, the first one is up to August 31st, including the preliminary report and some discussion
- Exhibit 14 is the second billing document up to August 28th and including September and October, which was up to the time it was turned over to the O.P.P.
- [REDACTED]

■ [REDACTED]

■ Schaak confirmed that he had only met Canapini through this case.

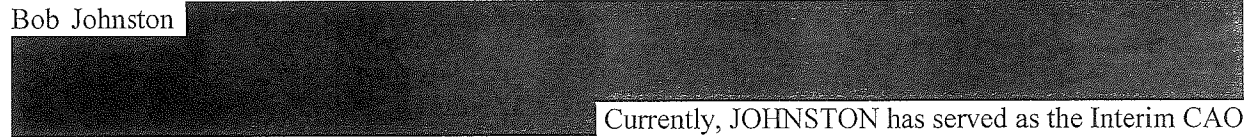
Interview concluded at 9:00 AM

Bob JOHNSTON

Interviewers: Steven MAJORAN, Ron WRETHAM
Interviewee: Bob JOHNSTON
Title: Interim CAO, City of Greater Sudbury
Location: 200 Brady Street, Sudbury ON
Interview Date: Monday, August 31, 2015
Audio Length: 1:53:00

The summary of the interview is as follows:

Bob Johnston



Currently, JOHNSTON has served as the Interim CAO of the City of Greater Sudbury for the last 5 months. His educational qualification is that of Professional Industrial Engineer.

- When asked if CGS entered into a contract with 1211250 Ontario Inc. and its Principal, Tony SHARMA in December 2004, JOHNSTON could not recall the exact date. He summarized that the service the vendor was to supply to the City included operating a small restaurant kiosk and ATM machine within their new transit terminal. Eventually, the City entered into a contract that allowed SHARMA to sell tickets and bus passes on their behalf as well. During this time, JOHNSTON held position of Director of Transit Facilities. JOHNSTON stated that he was involved with some of the negotiations and discussion with regards to contracts on behalf of the City and SHARMA, however his superior, Brian Cottam, was the lead. JOHNSTON admits to knowing SHARMA since approximately 2003 – possibly a few years before.
- The terms of initial contract: (JOHNSTON stated the following to the best of his knowledge without referring to documents) – to advance tickets and passes so that SHARMA would not have to finance the cost of those up front. CGS would provide consensually to him on consignment, they would reconcile at the end of the month and once payment was received they would then replenish his inventory of tickets. (SHARMA) did also look after the ATM and the restaurant in the transit terminal, so there were other terms that were going on at the time.
- (JOHNSTON) Will try to locate original contract for details.



- JOHNSTON stated that payments from 1211250 Ontario Inc., from time to time fell into arrears.



- [REDACTED]
- When asked if SHARMA had run for Municipal Politics – JOHNSTON was not sure.
 - When asked if he has socialized with SHARMA for business or pleasure, JOHNSTON replied that he has never socialized with him for pleasure, however he has probably had (business) lunch at the airport with him twice.
 - When asked if he knew anyone on staff employed at CGS or a political appointee who socialized with SHARMA, JOHNSTON confirmed that the only information he had heard was based on hearsay – [REDACTED] No CGS staff members that he has heard of.
 - On September 4th, 2009 – the transit kiosk did not open. JOHNSTON was not aware of this, he was also not aware of how much in arrears CGS was at this point. If the CGS had filed a lawsuit against 1211250 Ontario Inc., and/or SHARMA for the arrears, he was not aware of this as well. JOHNSTON was not sure if the city’s legal department got involved at that time, however currently, in his position, as he has access to the information, he said that he is aware that there was some kind of involvement with the CGS legal department: Jamie Canapini, City Solicitor – (who would be agreeable to meeting with ISN). JOHNSTON could not confirm if outside counsel had become involved.
 - With regards to the forensic audit – JOHNSTON was under the impression that one was undertaken and a portion of the mandate was completed, however not finalized, as personal documents were required that the auditor did not have access to. Thus, it was JOHNSTON’S understanding that it was turned over to the police for completion. JOHNSTON claims that he only saw an ‘accumulation of data’ and ‘interim findings’, nothing solid in terms of a formal forensic audit report. JOHNSTON confirmed that it was Collins Barrow that was asked to perform the audit.
 - JOHNSTON confirmed that there was a police investigation launched into the transit kiosk matter. Was turned over to the OPP. JOHNSTON was interviewed at the time, but does not recall officers’ names.
 - JOHNSTON was aware that there was a lawsuit, believes it was a civil suit as he recalls the City being awarded of damages that have otherwise been unable to collect – in the range of \$550,000.

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] JOHNSTON stated that in regards to the transit kiosk – it was staffed with a long list of young students, who worked part time at the airport location. (SHARMA) Also had a partner Larry Ralph. [REDACTED]

[REDACTED]

[REDACTED] Large concern [REDACTED] would have been continuity of service. With such a pattern of non-payment, attention would have to be focused on what is the best course of action: work with them (the vendor) to bring them current, or shut them down when they owe the City \$900K and the money is gone.

[REDACTED]

[REDACTED]


[REDACTED]


Interview concluded at 11:34am

Kevin FOWKE

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Kevin Fowke
Title: Director of Human Resources and Organizational Development,
City of Greater Sudbury
Location: 200 Brady Street, Sudbury ON – Human Resources Section
Interview Date: Monday, August 31st, 2015 - 1:07pm
Audio Length: 00:23:00

The summary of the interview is as follows:

Kevin FOWKE is the Director of Human Resources and Organizational Development at the City of Greater Sudbury. 

 then came to the position at the City of Greater Sudbury, where he has been employed since 2009.

- When FOWKE started working for the City in 2009, the transit kiosk matter was big news, which he observed as a citizen even before his position started with the city.
- FOWKE confirmed that he knew on October 26, 2011 the forensic audit was turned over to the O.P.P. The CAO Doug Nadorozny, was asked to return with more information as it relates to individual roles and responsibilities.
- FOWKE stated that Nadorozny, as CAO was tasked on May 1, 2012, by counsel, to report on all measures taken to address the transit kiosk situation, including staff discipline and was also directed to work with the director of HR on the upcoming CAO performance review considering the need for enhanced accountability standards. May 1, 2012 was the day the accountability review was reported out by the consultant. The consultant's report was done by a consultant named Luciano Contini at a small consulting firm, HR Capacity Management Consulting.
- Nadorozny tasked FOWKE with the accountability review. FOWKE admitted that he had to ask for help, because of perceived conflict, which is why Luciano Contini at HR Capacity Management Consulting was contracted to prepare the report - he knew Contini would do a thorough job.

■ 

- FOWKE stated that the consultant gave counsel his opinion on the steps that should be taken regarding number of aggravating circumstances such as the significant amount lost, and the reputation of the City. There were a number of mitigating factors as well, such as the amount of time that had lapsed [REDACTED].
- [REDACTED]
- It was noted by FOWKE that the documents given to the consultant were not extensive.
- FOWKE stated that he does not know Sharma, and is not aware of the relationship with Sharma and the company. He was not around during the time period and was thus unable to speak to it. FOWKE stated that he, and also Contini could not find anyone who was acting out of their own self-interest in generating the loss. [REDACTED]
- Lastly, Detective Constable in Anti-Rackets, Mark LaPointe, e-mailed FOWKE looking for contact information for individuals within the company.

Interview was concluded at 1:30 pm.

Brian BIGGER

Interviewers: Steven MAJORAN, Ron WRETHAM
Interviewee: Brian BIGGER
Title: Mayor, Greater City of Sudbury
Location: 200 Brady Street, Sudbury ON
Interview Date: Monday, August 31st, 2015
Audio Length: 1:26:00

The summary of the interview is as follows:

Brian BIGGER was [REDACTED]

[REDACTED] As Auditor General ('AG'), his duties included: ensuring the quality of safeguarding of public assets and achievement of value for money through Operations for the City. His staff at the time included Senior Auditor – Carolyn Jodouin.

- BIGGER stated that as AG, his office examined issues with the City's contract with 1211250 Ontario Inc. and its principal, Tony SHARMA, starting in 2004. BIGGER stated that the contract actually started earlier than that and that he did conduct an audit review surrounding operations of the transit kiosk, subsequent to a judgment being given to the City in 2010.
- BIGGER confirmed that the service to be provided by the vendor involved two key contracts: 1 – Vendor services for ticket sales in their downtown transit terminal; 2 – Restaurant kiosk services out at the airport.

Exhibit 1 - 2010 Audit of Greater Sudbury Transit Service & Transit Kiosk Management

- BIGGER provided an executive overview:
- We found that the contract the City provided no legal basis for either the company or any of its directors to keep the proceeds of sale of the City's transit tickets for themselves; the AG had been unable to determine any equitable or legal basis for the company to claim the City's money was theirs to spend. AG asked the City to explain why, if the company directors actually received this financial benefit of the contract personally, that they should not also bear the contractual burden of repaying the taxpayers money [REDACTED]

Once judgment had been made against the numbered company, the City did not pursue other avenues that were available to them to recover these public funds.

- Fraud was spoken of, although there may have been breach of contract, unjust enrichment [REDACTED]. We actively pursued through Counsel, with the Mayor, and encouraged them to go after Tony SHARMA personally. The information that exchanged between the time when the City went after the numbered company and when we did the audit, it quickly became apparent that the cheques were being made out personally to Tony SHARMA. We questioned why, if Sharma received all the benefits why could that not be viewed as a mutual agreement and a change to the parties in the contract and a duty to protect public funds?

█ [REDACTED]

█ BIGGER noted that he had heard SHARMA did run for municipal politics in 2003, in a Ward out in New Sudbury. █

█ BIGGER confirmed that he had met SHARMA after the audit report. SHARMA was running a chip stand contrary to by-law (in the flour mill area of Sudbury). BIGGER decided to pay him a visit, out of his own interest and bought some fries. There was no conversation, however BIGGER laid eyes on him but does not believe SHARMA recognized him.

█ When asked if any CGS staff or political appointee socialized with SHARMA, BIGGER stated that he was not aware as he did not live in Sudbury prior to 2009 █

█ BIGGER stated that in September 2009 – the transit kiosk did not open. Amount in arrears as per the audit report was \$847,000.00. They collected only \$286,000.00, leaving over \$500,000.00 outstanding.

█ City went to outside Counsel for an opinion regarding claiming against SHARMA personally for an unremitted ticket (*See Appendix 'C' – 'Memorandum – Opinion of Outside Counsel (Jokitalo) re Claiming against Sharma personally for Unremitted Ticket Proceeds' by Miller Thompson.*) Named is Ms. Bridget Jokitalo, Desmarais Keenan Law Firm, subsequent to a review of legal files. █

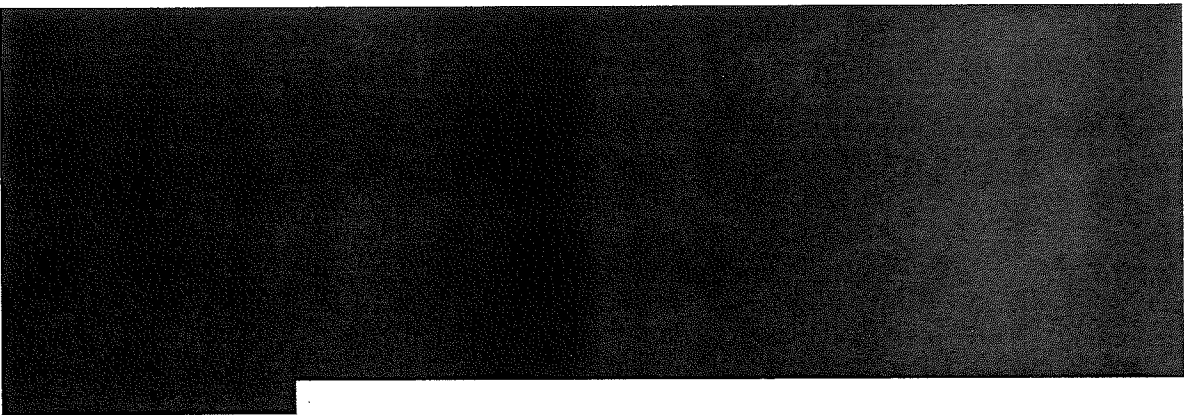
█ Ms. Jokitalo had advised the City to pursue Tony Sharma personally along with the numbered company.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

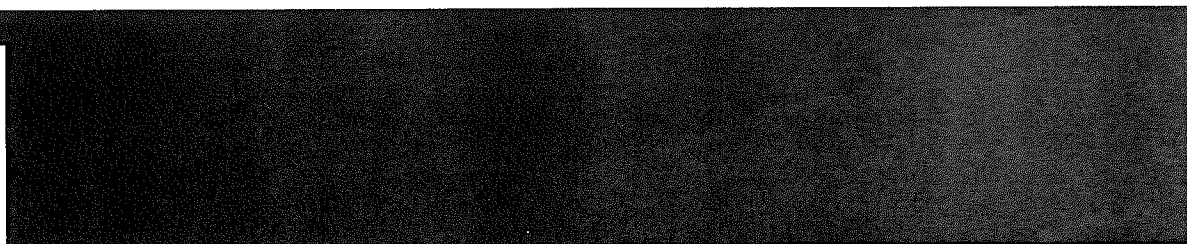
- BIGGER stated that in February 2015 he contacted the auditors that had been retained (Collins Barrow), asking for copy of the report. They looked through all their records and found they had no audit report. Richard Schaak was his contact at this time. BIGGER believed an audit had been done, and had promised it would be made to the public during his mayoral campaign.
- There were a number of investigations that were performed – after SHARMA closed shop, the GSPS (Greater Sudbury Police Service) did their own investigation in the Fall 2009 – BIGGER stated that he was unsure of whom would have called from the City to initiate their assistance. BIGGER was not interviewed by GSPS during this time (that he could recall). BIGGER stated that in an email from GSPS to Paddy Buchanan, the Officer concluded that with cheques going to SHARMA personally there was stronger chance to go after him personally with a civil suit, BIGGER was unsure if a criminal suit was discussed.
- BIGGER stated that sometime in the Fall of 2011 - following statute of legislations, OPP Anti-Rackets was asked by former chief of GSPS to take on an investigation, based on the request of Counsel to have an investigation initiated.

▪ 

- BIGGER noted that in 1999, a prior contractor who sold bus tickets, defaulted on payments and the City went after him personally and collected the outstanding funds. BIGGER stated that he found this interesting. There was no tendering process when SHARMA was awarded the contract. SHARMA was placed into his role



▪ 

▪ 

[REDACTED]

- BIGGER confirmed that as a result of lawsuit - \$586K is still outstanding to the City.

[REDACTED]

[REDACTED]

- BIGGER stated that in February 2015, a press conference revealed to the public that there was in fact no audit report completed. The explanation was that auditor did not receive personal bank statements from SHARMA, and thus could not conduct a proper audit report.

[REDACTED]

[REDACTED]

[REDACTED]

- BIGGER also added that interestingly, another coincidence in 2009 – there was a significant fraud tied into bus tickets in the Toronto area.

[REDACTED]

- In the same session – BIGGER stated that [REDACTED] the cost of the Forensic Audit report, which was in the range of \$50K – which counsel granted. [REDACTED] direction to retain, and there is a copy of the signed retainer with Collins Barrow dated the end of August. The meat of the report (he believes) was a review of the information that was made available to the City on the initial civil case – the Forensic Accountant determined that there was some suspicious transactions and needed more information.

- At the October 12th, 2011 council meeting, the day after the audit report was released to the public – control of information changed after Mayor became AG.

[REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

Exhibit 15 – AG Report

[REDACTED]

(BIGGER goes through various emails, listing as Exhibits):

- Exhibit 18 – Email to Christine Hogarth, Former Chief of Staff, Aug 14, 2011 re: Challenges to getting information – attempts to continue pushing at the Mayor’s office and anyone who would listen that the timeline was running out.

[REDACTED]

[REDACTED]

[REDACTED]

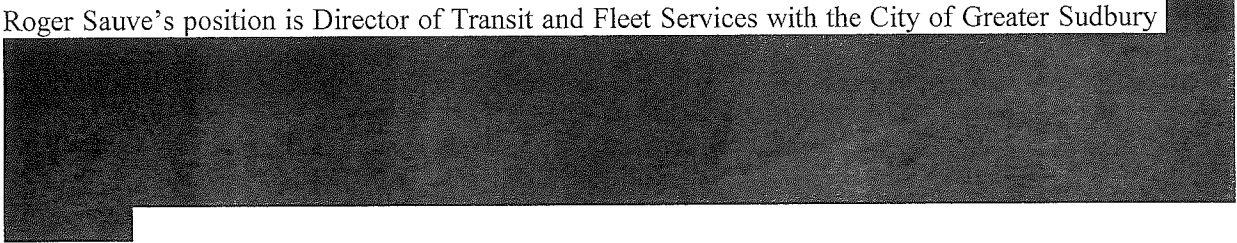
Interview concluded at 3:37pm

Roger SAUVE

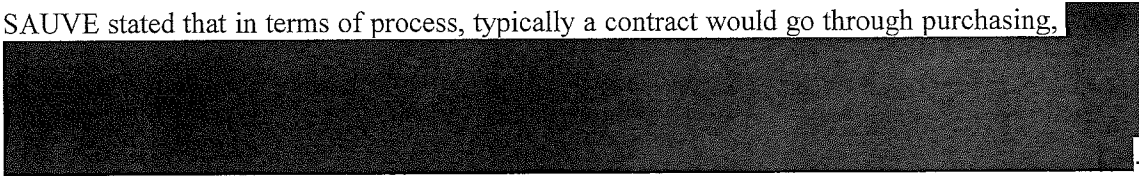
Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Roger SAUVE
Title: Director of Transit and Fleet Services
Location: 200 Brady Street, Sudbury ON – 4th Floor
Interview Date: Tuesday, September 1st, 2015 at 9:05AM
Audio Length: 1:11:48

The summary of the interview is as follows:


Roger Sauve's position is Director of Transit and Fleet Services with the City of Greater Sudbury



- SAUVE confirmed that the City of Greater of Sudbury entered into a contract with 1211250 Ontario Inc. and its Principal Tony Sharma, around 2004. SAUVE was working with Transit during that time however could not recall if he worked on this contract specifically, as there had been several different general managers since then, Bob Johnston being one of them. At that time, it would have been the Manager of Transit.

- SAUVE stated that in terms of process, typically a contract would go through purchasing,
- 

It would appear that the other signature on the document would be Sharma as they would have been the only people to sign off on the document. Once the contract is executed, it would end up in Legal. A copy of any contract is kept with the operating department.



. From the contract, SAUVE stated that it was his belief the payments would go to the company, not to Sharma directly.

-



- Gauthier was still a Supervisor of Transit Operations and eventually his title changed to Manager. When SAUVE moved positions, no one replaced him in his former role of Manager. In

September 2009, SAUVE is Director of Transit and Gauthier is Manager. Directly above SAUVE is GM of Growth and Development, Doug Nadorozny.

- SAUVE confirmed the location of the transit offices were on Frobisher Street, 5-7 kilometers from the downtown core. The tickets are sold in the transit terminal. It was rare that SAUVE would have to go to the kiosk and thus, his interactions with Sharma were minimal. SAUVE stated that he did not know Sharma before the contract. He knew one other employee of Sharma, named [REDACTED] (SAUVE could not confirm his last name), whom he believed was from Sudbury. This was not Sharma's first contract with the terminal.

- [REDACTED]

SAUVE did the RFP process, and discussed the money owing with Doug Nadorozny, during spring of 2009. SAUVE wanted to recover the City's money and take over the selling of the tickets. In the summer of 2009, SAUVE stated that he spoke to Sharma and informed him that he could not have a meeting to discuss the new contract until he (Sharma) was current. SAUVE noted that this conversation would have taken place via phone call (Sharma would have called him and asked when the contract was going to be awarded).

- SAUVE stated that as per the contract, Sharma would receive approximately \$250,000.00 worth of ticket product; he would sell, and they would reconcile by serial number what was delivered, what was returned, and what was owed. Sharma would receive an invoice for the difference of what was sold and what was returned. It ended up with the City being owed about 2 months' worth of money [REDACTED] dealt with the movement, distribution and reconciliation of the tickets: Sharma would place the order, it would be documented, filled, and then the tickets were delivered. Someone at Sharma's would sign for the tickets and they were reconciled. [REDACTED] who was part of transit administration ([REDACTED]) would know the process. At some point during this time, someone from KPMG was brought in to examine the process.

- SAUVE stated that he did not have a copy of the report where he recommended that the city take over ticket sales.

- SAUVE confirmed that he was interviewed by the anti-rackets branch of the O.P.P. and provided them with documents.

- [REDACTED]

- [REDACTED]

- SAUVE did not know of anybody working for the City or any political appointee who socialized with Sharma. [REDACTED]

- [REDACTED]
- SAUVE stated that he found out after the fact that Sharma's wife worked for the City. Doesn't know if Sharma has kids or where he lives. Sharma tried never to involve upper management in his dealings regarding his contracts. SAUVE had the occasional meeting with Sharma but nothing regular.
- Stated that he did not know the exact process of how Sharma was sued by the City. SAUVE got involved with the legal department in the summer of 2009, when discussing how to close the kiosk, etc.
- SAUVE does not recall there being any other lawyers involved. Not aware of any forensic accounting. He was aware that there was a police investigation and that the City is out about \$575,000.00.
- Full process review done by an independent group. SAUVE stated the results are in someone's hands but he has never seen it [REDACTED]

Tape was turned off at 10:07AM

Tape was turned back on 10:36AM

- [REDACTED]
- [REDACTED]

Interviewed concluded 10:45AM.

Lorella HAYES

Interviewers: Steven MAJORAN, Ron WRETHAM
Interviewee: Lorella HAYES
Title: General Manager of/ Assets & Finance/ Chief Financial Officer
Observer: Bob JOHNSTON
Location: 200 Brady Street, Sudbury ON – 4th Floor
Interview date: Tuesday, September 1, 2015
Audio length: 00:37:28

The summary of the interview is as follows:

- Lorella HAYES [REDACTED] The City of Greater Sudbury as CFO in 2005. [REDACTED]
- [REDACTED]
- HAYES stated that the contract in question initially was under 1211250 Ontario Ltd. However she was aware that there were ‘sub-companies’ referred to, but she is unclear about the details. She believes it was a 5 year contract with options to extend. In 2009 an RFP was issued but never awarded – it was cancelled prior to. HAYES stated she was told that the tender would not be awarded until balance was paid in full, and it was Roger’s intention to take over the administration – the plan was collect the balance and take over the administration.
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

○ [REDACTED]

- Regarding how were payments made to 1211250 Ontario Ltd. – HAYES stated that during the Auditor Generals audit, it was highlighted that cheques were issued personally to Tony SHARMA initially, and some to the numbered company. CGS issued the cheques. [REDACTED]

[REDACTED]

They have since changed policies, and it has been communicated to the staff that they need to pay who they were contracted.

- HAYES explained her understanding of how were cheques issued to Tony SHARMA: [REDACTED] SHARMA wanted to be paid personally. Unfortunately the staff complied [REDACTED] made the change and issued the cheques as directed. This process has since been fixed.

- HAYES confirmed that she has never met Tony SHARMA

- To her knowledge, HAYES stated that a local accounting firm was hired to do a full forensic audit, however she never reviewed the engagement letter or terms. Paddy provided whatever information and data through [REDACTED]. Collins Barrow handed the final report over to OPP as part of the investigation.

- When asked if a full forensic report was completed? HAYES confirmed yes, however she never saw the final audit report or details [REDACTED]. If there was any recourse in collecting the dollars, they (CGS) were happy to assist.

- [REDACTED]

- [REDACTED]

Interview concluded at 1:57pm.

Allan LEKUN

In Attendance: Steven MAJORAN, Ron WRETHAM
With: Allan Lekun
Title: Deputy Chief of Police, Greater Sudbury Police Service
Location: Greater Sudbury Police Headquarters
190 Brady Street, Sudbury, ON
Date: Tuesday, September 1, 2015

The summary of the meeting is as follows:

Met with Deputy Chief Allan Lekun. The Deputy provided an overview of the Transit Kiosk Matter and had advised us that [REDACTED] wanted a Police investigation into the matter and then later changed his mind. Subsequent to that, the matter was discussed at City Council. Council indicated that they were going to call in the OPP [REDACTED]. [REDACTED]. Sudbury Chief told Council that only he could call in the OPP which he did.

The Deputy has authorized his officer's full cooperation with this investigation and as well the full cooperation of the Police Service. The meetings are to be set up with Detective Constable Shannon Murray and Detective Constable Dan Zembrzycki upon their return from vacation.



Robert GAUTHIER

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Robert Gauthier
Title: Manager of Transit Operations
Observer: Erin Thompson – HR Department
Location: 200 Brady Street, Sudbury ON – 4th Floor
Interview date: Wednesday, September 2nd, 2015 at 10:08 AM
Audio length: 1:03:04

The summary of the interview is as follows:

Robert GAUTHIER [REDACTED]
[REDACTED] Manager of Operations a few years ago, which remains his current position [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

▪ Invoices were inputted as Exhibit 28, GAUTHIER noted that he approved some of them.

▪ GAUTHIER confirmed that he could only approve invoices up to \$25,000.00.

▪ GAUTHIER was in charge of managing relations and overseeing the day to day operations of 1211250 Ontario Inc. He confirmed that two people usually worked at the kiosk and Sharma was mostly there in the morning. One of the driver's [REDACTED] worked at the kiosk as well, [REDACTED]

▪ During the takeover (of the kiosk), GAUTHIER stated that they did not find any employment records. Some people came by to pick up checks, there was a scruffy guy named [REDACTED], who hung around there during that time, but not anymore.

[REDACTED]

- GAUTHIER was aware that Sharma ran for municipal politics [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
- Other people from the cash room would go to the kiosk for ticket exchange. GAUTHIER could not recall any councilors or City staff being at the kiosk that was not for an operational purpose.
- Around September 4th, 2009, the transit kiosk did not open. From what GAUTHIER is aware, the City did sue Sharma, unsuccessfully (as he was unsure if they were able to recover any money).
- [REDACTED]
- [REDACTED]
- GAUTHIER mentioned seeing [REDACTED] and maybe Sharma at a transit golf tournament.
- [REDACTED]
- In summary, GAUTHIER explained that the contract was awarded to Sharma in 2004, most of the time they would get the tickets from a [REDACTED]. The cash room is in the transit administrative building on Frobisher Street. They would get the tickets and bring them, sometimes [REDACTED], they would bring a reconciliation sheet and one of Sharma's people would flip through and confirm how many tickets they received and sign off on it. The reconciliation sheet then went back to the cash room. GAUTHIER said it was always [REDACTED]
[REDACTED] kiosk would send in orders for tickets and if they ran out of tickets they would call in another order. The person in the cash room prepares the tickets.
- [REDACTED]

[REDACTED]

[REDACTED]

- GAUTHIER noted that he had received a few complaints about [REDACTED] who worked at the kiosk and the restaurant and he brought the complaints to Sharma's attention. Described [REDACTED] as [REDACTED] ". He was Tony's [REDACTED] Sharma parked at the meters on the street. The complaints about [REDACTED] were in regards to [REDACTED]. However it was never anything too serious. Also noted that there was another woman who usually worked there, by the name of [REDACTED]

Interview concluded at 11:10AM

Jamie CANAPINI

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Jamie Canapini
Title: City Solicitor
Location: [REDACTED]
Interview date: Wednesday, September 2nd, 2015 - 12:58PM
Audio length: 00:44:28

The summary of the interview is as follows:

Jamie CANAPINI [REDACTED]

[REDACTED] In January 2010 CANAPINI became City Solicitor at the City of Greater Sudbury [REDACTED]

- CANAPINI confirmed that the City had entered into a contract with 1211250 Ontario Inc. with Tony Sharma as the Principal, in 2004. This was prior to CANAPINI'S employment with the CGS.
- In 2010, CANAPINI stated that [REDACTED], was tasked with trying to clean up a receivable the company had incurred which included seizing assets. [REDACTED] also cooperated in shutting down the two operations Sharma's corporation ran: the transit kiosk and at the airport. CANAPINI stated that under instructions of council, they had initiated a civil law suit against the corporation. They retained outside counsel: Desmarais Keenan LLP, located in Sudbury. CANAPINI explained that outside counsel was retained for litigation as most litigation is typically farmed out by the City. Initially the issue was whether Sharma, as the principal of the corporation should be included in the law suit. An opinion from outside counsel, was that there was not enough evidence; costs could be awarded against the City.
- CANAPINI confirmed that they went after the corporation and they did not defend. A default judgment was obtained for the balance owing - about \$560,000. The City made an attempt to collect on the judgment, however there were no assets that could be found, other than the ones already seized at the outset. The litigation pretty much concluded, there were a few follow up examinations of Sharma, as a representative of the corporation, such as records, to see if there were any other assets to go after. CANAPINI (and the City) got some of that information but could find no evidence of remaining assets.
- CANAPINI stated that there was a letter, in 2010 approximately, in which the outside litigation suggested there was no evidence to go after Sharma personally. [REDACTED]
- At one point, CANAPINI said the City instructed the then Auditor General to perform an audit of the goings on involving the accumulation of the receivable at the Transit Kiosk. Over a lengthy period of time, CANAPINI was peripherally involved in providing management comments to the audit that was undertaken, as all the departments were. [REDACTED]

[REDACTED]

- CANAPINI confirmed that he was involved in some closed meetings of counsel to provide updates on the claim against the corporation and involvement of Sharma. [REDACTED]

[REDACTED]

[REDACTED]. CANAPINI stated that counsel had instructed him not to take further action against Sharma, and that instruction would have been relayed verbally, in the closed meeting.

- The civil limitation period of two years was approaching and CANAPINI noted that [REDACTED] in particular wanted to see Mr. Sharma sued, but the majority of the council decided not pursue it.

- Concurrently CANAPINI stated that they were looking at options: to sue Sharma, to do nothing, or to get the police involved. [REDACTED], asked if she agreed to going after a restitution order, and it's not uncommon. CANAPINI stated that after debate, counsel decided to go after Sharma on a fraud or misappropriation charge, to which CANAPINI then spoke to then [REDACTED] who said that they would need evidence, and that "an investigation could not be launched on a whim". When CANAPINI reported that to counsel, he stated that he was directed to obtain a forensic audit on behalf of the City. This was the summer of 2011. CANAPINI contacted Richard Schaak, of Collins Barrow and Schaak quickly commenced the forensic audit.

- CANAPINI stated that the O.P.P. became involved, [REDACTED] [REDACTED] CANAPINI met with Shawn Evans and a local Constable or Sergeant to show them the preliminary report, the purpose was to provide evidence to trigger a police investigation, and to get more information from Sharma.

- Richard Schaak explained the findings through a preliminary report which CANAPINI refers to as the "forensic audit". Sharma had scratched off the name of the corporation and put his own name on the invoice to the City and the clerk made out the cheques to Sharma personally. He (Sharma) had deposited part of those proceeds in the corporate account and part of the proceeds in his personal account. The conclusion Mr. Schaak came to was that he could not find any evidence of fraud. The corporation was receiving what the contract called for. Although not fraud, there may be a tax issue, with Canada Revenue Agency. CANAPINI stated that he had indicated this to the O.P.P. From all the information CANAPINI had there was no evidence of fraud, however CANAPINI stated that when he presented all of the information the O.P.P. they agreed there was enough evidence to start an investigation. [REDACTED]

[REDACTED]. They came to the conclusion there was no evidence to substantiate fraud or misappropriation. [REDACTED]

[REDACTED]

- CANAPINI went to Collins and Barrow specifically asking for a forensic auditor, and had the retainer letter specifying that. The date on the retainer letter and the preliminary report were the same date, August 10, 2011, the letter from Collins Barrow said "...You are requesting the accounting services in regards to the two (2) corporations and Sharma."
- CANAPINI noted that the final "forensic audit" said 'preliminary' which was because Collins Barrow would have liked to have had the personal financial records of Mr. and Mrs. Sharma, and that was noted on the report.

■ [REDACTED]

■ [REDACTED]

- CANAPINI confirmed that he had never met Sharma and was not aware whether Sharma ran for municipal council. [REDACTED]

■ [REDACTED]

Interview concluded at 1:44pm.

Terra GLABB

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Terra Glabb
Title: Interim CEO
Greater Sudbury Airport
Location: 200 Brady Street, Sudbury ON – 1st Floor
Interview date: Wednesday, September 2nd, 2015 at 3:37PM
Audio length: 00:13:16

The summary of the interview is as follows:

- Terra GLABB [REDACTED]. Her regular role at the airport is director of business development. Her current role is interim CEO. At the time of the incident, her role was director of business development. She had a big role in tenant contracts with restaurants, airlines, etc. At that time, the restaurant was called Tailwinds Café and the owner was Tony Sharma.
- [REDACTED]
- GLABB confirmed that her dealings were often with Sharma's employees, they would come into GLABB'S office [REDACTED]
- [REDACTED]
- GLABB'S office was just around the corner from the restaurant.
- [REDACTED]
- [REDACTED]
- [REDACTED]



Interview concluded at 3:51PM.

Robert TYRER

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Robert Tyrer
Title: Airport Operations Manager and Fire Chief
Greater Sudbury Airport
Location: 200 Brady Street, Sudbury ON - Ground Floor
Interview date: Wednesday September 2, 2015 at 3:59PM
Audio length: 00:07:40

The summary of the interview is as follows:

- ▣ Robert TYRER has been working for the City at the airport as the Operations Manager and Fire Chief since 2002. [REDACTED]

- ▣ TYRER confirmed that he knows Tony Sharma, not on a personal level, only through Sharma's operation of a restaurant at the airport. [REDACTED]

[REDACTED]

[REDACTED]

Interview concluded at 4:06PM

Paddy BUCHANAN

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Paddy Buchanan
Title: (Retired) Manager of Accounting
City of Greater Sudbury
Observer: Bob Johnston
Location: 200 Brady Street, Sudbury ON – 1st Floor
Interview date: Wed Sept 23, 2015, 9:02am
Audio length: 00:24:35

The summary of the interview is as follows:

- Paddy BUCHANAN [REDACTED], spent the last 8 years in the CGS Finance department as Manager of Accounting – A/R in this portfolio, as is collections. [REDACTED]
- Regarding the contract with Ontario 1211250 Inc. – BUCHANAN became aware of the contract when it had become aged. Stated that she requested the contract so she could review the terms and conditions. This was approximately in 2011? BUCHANAN was unsure of the specific date.
- BUCHANAN stated that the company came off and on the radar for a number of years – SHARMA would go quite a few months current, and then fall back.

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

[REDACTED]

[REDACTED]

Also, she noted that this contract was already in its 3rd, possibly even 4th renewal by this time

[REDACTED]

When asked to explain the difference between: 'Aged' vs 'Delinquent', BUCHANAN'S response: *"CGS terms are 30 days, 60 = overdue. Delinquent means gone. Sharma had sometimes been in 90 – 120 days overdue."*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

When asked if she was aware that Sharma ran for politics. BUCHANAN confirmed that she had heard, but not related to her job.

BUCHANAN did not know of any staff who socialized with Sharma.

[REDACTED]

Was she aware that the City's legal dept got involved? BUCHANAN stated that she knew the rhetoric involved. She had never really spoken to the lawyers, however claims she knew what action council was taking. BUCHANAN also noted that she knew Jamie was taking advice,

BUCHANAN sent him some info, but they weren't asking finance what they should do. Only passing along of information...files, emails....whatever was assembled at that time.

- BUCHANAN confirmed she was interviewed by the OPP and the consultant who did the accountability review.

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

Interview concluded at 9:26AM.

Roger SAUVE - follow up

Interviewers: Steve MAJORAN Ron WRETHAM
Interviewee: Roger Sauvé
Title: Director of Transit and Fleet Services
Location: Room C41, City Hall, Brady Street. Sudbury, ON.
Interview date: Thursday, October 8th, 2015
Audio length: 00:20:46

The summary of the interview is as follows:

- SAUVE is the Director of Transit and Fleet Services.

▪ [REDACTED]

▪ [REDACTED]

- Towards the end, SAUVE noted that he did not like where things stood and took measures to get rid of him.

- When the City brought in an Auditor, Brian Bigger, SAUVE stated that it was asked to audit Transit.

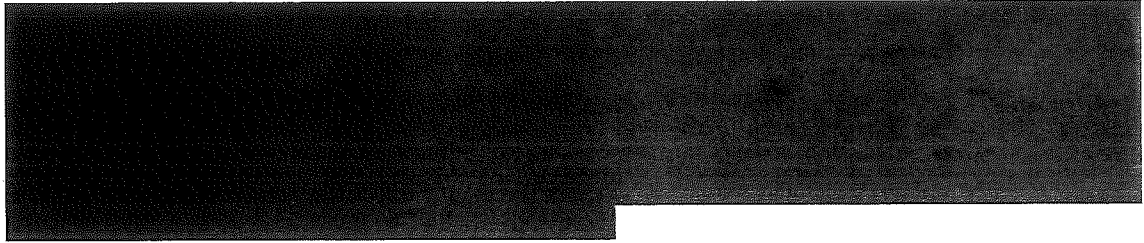
▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]



01:17PM interview concluded.

Doug NADOROZNY - Part 1

Interviewers: Steve MAJORAN Ron WRETHAM
Interviewee: Doug Nadorozny
Title: (Former) CAO
City of Greater Sudbury
Observer: Kevin Fowke
Location: Clarion Hotel Meeting Room, 117 Elm Street, Sudbury, ON
Interview date: Thursday, October 8th, 2015 03:15 PM
Audio length: 01:23:40

The summary of the interview is as follows:

- Doug NADOROZNY is the former CAO of the City of Sudbury. [REDACTED]
[REDACTED]. In that role, NADOROZNY is the main public servant to the Mayor and City Council and ensures that their goals are achieved; using the 2007 full time employees, 1500 part time employees, and a budget of about a half a billion dollars.
- In regards to NADOROZNY'S contact with 1211250 Ontario and Tony Sharma, NADOROZNY confirmed that transit was transferred to him. The company was a perpetual pain with accounts receivable and being slow with payments. [REDACTED]
- NADOROZNY suggested to Roger Sauve, that maybe Sharma was more trouble than he was worth, with late checks, etc.
- NADOROZNY stated that Sauve considered issuing a new RFP, and used the potential new RFP to let Sharma know that if he wanted to bid on the new RFP he would need to be up to date on his accounts receivable.
- Confirmed that the City received two checks from Sharma and the first one cashed fine, and while they were waiting for the second check, Sharma was arrested [REDACTED]
- NADOROZNY noted that Sharma had a multi-dimensional relationship with the City, one relationship was that he rented space in the airport to operate the restaurant and he also rented space and operated a coffee shop in the transit system. He also sold tickets on behalf of the City out of his kiosk.

■ NADOROZNY stated that it was difficult to say who was responsible for overseeing the contract, from an operational standpoint it would be transit, the system was too spread out as far as accountability.

■ [REDACTED]

■ NADOROZNY had heard that Sharma ran for City Council but didn't remember anything about it.

■ NADOROZNY was in a meeting with Sharma, when there were issues with the airport, Bob Johnston, Airport Manager would be running those meetings. NADOROZNY sat in the airport board as a member of the City.

■ NADOROZNY could not recall every meeting with him in a formal way other than.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ The police reported there was nothing criminal [REDACTED].

■ NADOROZNY was told that the investigation was stopped [REDACTED]

■ [REDACTED]

■ The next investigation was involving the HR. NADOROZNY confirmed he was interviewed 3 times in regard to that issue.

- [REDACTED]
- NADOROZNY commented that the fact that the check could be made out to Sharma personally is a failure, the receivables shouldn't have been allowed to climb, and there were no conversations about the receivables and the bond. Sharma was able to pierce through the system that only had small pieces of control.
- In September 2009 the transit kiosk didn't open for business, when Sharma had been arrested, NADOROZNY was not aware if it was closed before the City put their staff in.
- Sharma was in arrears around \$800,000.00. NADOROZNY stated that he was aware that the City went after the company in civil court, seeking civil remedy. There was a debate about whether or not to go after Sharma personally [REDACTED]

04:00PM audio turned off
04:04PM the audio recorder is turned on.

- [REDACTED]
- The second time this was rehashed there was an auditor general present, and he took it upon himself to conduct his own investigation and before issuing his audit, he convinced the Mayor of the day to issue an emergency meeting of council because the two year window in which to sue Sharma personally was closing. The auditor general started alluding to what would be in his report. NADOROZNY confirmed that Brian Bigger is the auditor general. After this meeting, the council decided again to stay the course and to not sue him personally.
- The audit report eventually comes out. There were the issues surrounding contract management issues, etc. [REDACTED]
- The council then orders an independent investigation; they wanted a face and name to every issue. [REDACTED] they retained a person to do a full investigation. [REDACTED]
- As a follow-up NADOROZNY says he was asked to report on what they were doing to make sure this never happened again and also who was paying what price. He delivered that information to council.
- NADOROZNY comments further: *"There was a long list of things which were implemented to ensure the contract system ran better"* [REDACTED]

[REDACTED]

04:19PM recorder is paused.
04:20PM recorder is on.

[REDACTED]

[REDACTED]

As per NADOROZNY, The Chief of Police said during a council meeting, that the audit was complete and had been handed over to the police.

[REDACTED]

A few months later, the Mayor told NADOROZNY to look into the forensic audit because he did not believe one ever happened. The Mayor said that he went to the accounting firm and they said one was never done.

[REDACTED]

. His understanding was that the O.P.P. had decided, based on what they received, that there was nothing there. There was a note from an email from Revenue Canada, saying they agree there were quite possibly tax issues, but it was too small to go into.

- NADOROZNY confirmed he was not interviewed by the O.P.P. relating to this issue.
- NADOROZNY and Sauve discussed getting rid of Sharma, and at one point they brought in KPMG relating to a tax issue. Sauve had staff issues in his office, and had to change duties, etc.
- NADOROZNY could not think of a time that Sauve said come and audit the ticket issue.
- [REDACTED]

04:44PM Interview concluded.



Doug NADOROZNY - Part 2

Interviewers: Steve MAJORAN Ron WRETHAM
Interviewee: Doug Nadorozny
Title: (Former) CAO
City of Greater Sudbury
Location: Clarion Hotel – Meeting Room, 117 Elm Street, Sudbury, ON
Interview date: Thursday, October 8th, 2015
Audio length: 00:06:24

The summary of the interview is as follows:

- [REDACTED]
- There was an \$800,000.00 loss. During the fiscal year that they made the discovery, the account was listed as a doubtful account. They went through the process of taking deposits, getting an insurance piece, so they got the number down to around \$400,000.00 - \$500,000.00, with faint hope of getting that back.
- September 2009 is when the transit kiosk didn't open so it was either in the 2009 or 2010 fiscal year that the account was listed as doubtful. The CFO, Lorella Hayes, didn't want any longer than necessary to have it showing as a collectable.
- Only council can write off a large account. The CFO suggests to NADOROZNY that they bring the account to council and suggest they formally have it written off. This is basically going public with the transit problem.
- The council said no and that they didn't want to appear like they were backing down, and the CFO and NADOROZNY brought this issue to council again and again they were told no.
- When NADOROZNY left as CAO, it would still be in the doubtful account.

04:58PM interview concluded.

Bridget JOKITALO

Interviewers: Steve MAJORAN
Interviewee: Bridget Jokitalo
Title: Lawyer
MacDonald, Charette & Associates
Location: 204 Division Street, Unit "C", Cobourg, ON
Interview date: Friday, October 30, 2015 – 11:05am
Audio length: 1:10:00

These interviews are audio recorded for record keeping purposes.
Declined to be recorded.

By way of introduction my name is Steve Majoran I am a Senior Financial Crimes Investigator with Investigative Solutions Network. I am licensed Private Investigators in the Province of Ontario. I am here today to interview Bridget Jokitalo.

Bridget, as you are aware Investigative Solutions Network has been retained by The City of Greater Sudbury to review the Transit Kiosk matter.

Correct? Yes

I understand that you are a Lawyer in the Province of Ontario.
Yes

What type of law do you practice?
Civil & Family Solicitors Practice.

I understand that you have received consent from the Greater City of Sudbury to speak to me today in relation to the Transit Kiosk matter, a case that I believe you were outside council on when you were employed by Desmarais Keenan Lawyers in Sudbury.

Correct? Yes

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

What was the issue that you were asked to provide advice on?

1. The initial default by the numbered company.
2. The shuttering of the premises at the bus station and airport.
3. The subsequent law suit for outstanding arrears.

We at the Firm had an ongoing retainer with the City of Greater Sudbury for many matters as the litigation counsel.

What advice were you able to provide?

Q..... Law suit in relation to this matter?

Ms Jokitalo points out that she does not have the file and is going by memory.

The company owed significant amounts of money \$100s of thousands.

[REDACTED]

The numbered company was to be sued, the question was.... "Can we sue the guy" (Tony Sharma).

She agreed to do a research memo or look into it.

The corporate veil can be pierced if we can find fraud.

On what was in the file couldn't see any fraud or trust issues.

She said sue the company, if they defend we can do examinations for discovery, if there's evidence of fraud we can add the guy as a party.

Q: Civil Fraud or Criminal Fraud?

A: Civil

[REDACTED]

[REDACTED]

[REDACTED]

I note that on the first page of the memorandum there is an indication that you wrote to Mr. Canapini on January 26, 2010 in relation to this matter.

I also note that according to the memorandum that on May 17, 2010, Mr. Canapini wrote to then CAO Doug Nadorozny:

We sought an opinion from outside counsel on whether there existed sufficient grounds which we could "pierce the corporate veil"..... Our outside counsel advised against pursuing Mr. Sharma personally as it was felt there were insufficient grounds with which to successfully recover losses from him personally. Further, if such a claim is made and then cannot be proven at trial, the plaintiff may suffer court cost consequences over and above the losses and legal expenses.

"Sounds correct".



Based on the opinion that you provided to Mr. Canapini, is this statement accurate?

“Yes however, I would imagine if we were goanna get the guy this is how I’d draft the proceedings”:

1. So proceed against the company.
2. If he defends, if he says anything that gives rise to fraud.
3. Proceed against him.

According to page 3 of the same memorandum it appears that you emailed Mr. Canipini on January 29, 2010 and supplied him with a Draft Statement of Claim claiming Breach of Trust against the Corporation and individual.

Correct?

“Yes, if they were to get to the point to proceed against him they would have a draft”.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Is there anything else that you can think of that might assist us with this investigation?

Nothing I can think of.

Ms Jokitalo requests a copy of both letters. I advised her that I would check with the client.

Thanks very much for meeting with me today.
12:15 PM finished.

Eric LABELLE

Interviewers: Steve MAJORAN, Ron WRETHAM
Interviewee: Eric Labelle
Title: Acting City Solicitor
Greater City of Sudbury
Location: Conference Call
Interview date: Monday, November 2, 2015
Audio length: 00:17:25

The summary of the interview is as follows:

- ▣ ISN stated that in speaking with Bridget Jokitalo, Eric Labelle's name came up regarding the transit kiosk matter
- ▣ Ms Jokitalo had stated that Labelle was acting City solicitor, and he reached out to her firm for some assistance. LABELLE confirmed that this was true – and that he had reached out to her when this matter had come to his attention around August of 2009.
- ▣ LABELLE was acting City solicitor until the end of December or early January until Jamie Canapini came on board.
- ▣ LABELLE confirmed that the City reached out to the Desmarais Keenan law firm, because it was such a large sum of money and they were not set out to do litigation in house, and thus retained them to commence litigation.
- ▣ LABELLE stated, “*Desmarais Keenan lawyers were brought on to help with the frenzy going on in September 2009, they knew it would come to litigation, so it was good to get a firm on board right away so they're familiar with everything. If it was a simple collection matter, they would provide the lawyers with whatever documents they need to start the claim. In this case, they were seeking direction as to whether there was a basis to pursue Mr. Sharma personally.*”
- ▣ The City had asked Desmarais Keenan to comment on that.
- ▣ (*LABELLE reads from the letter in front of him - dated January 26th, 2010 – See APPENDIX 'E'*) stating the fact that they did not feel they had a basis to pursue Mr. Sharma personally without exposing the city to damages, if you claim fraud but it isn't founded.
- ▣ They went to counsel numerous times on this file seeking direction on whether or not they wanted to pursue litigation. LABELLE said they were instructed to proceed against the corporation but not Mr. Sharma personally. The action was not defended by the corporate defendant and they had a default judgment shortly after; likely because there was nothing in the corporation to go after. The amount in the judgment was \$579,030.11, and costs in the amount of \$12,011.00.
- ▣ LABELLE clarified that his involvement in the matter declined after Canapini came on as solicitor.
- ▣ LABELLE stated that the opinion on going after Mr. Sharma personally was revisited because the auditor general at the time (now the mayor) was doing an audit, there were discussions going back and forth regarding that very issue. The auditor general obtained his own legal advice at that time that said there might be a basis to go after Mr. Sharma personally.
- ▣ LABELLE confirmed that he had not been interviewed in regards to this issue before by HR, or police, etc.
- ▣ Labelle noted that he would have been advised of the issue by Roger Sauve in August 2009. Sauve was looking into money and things that could be seized.
- ▣ Roger set up a meeting with him to bring to his attention that there was a large receivable that he had some concerns about. That was the preliminary meeting that got the ball rolling. They

provided some documents to Roger, like a notice of default, and how to proceed in relation to the debt owing.

- There were discussions back and forth from Mr. Sharma on whether they would give small amounts of money and try to continue operating. That was the issue, deciding whether to shut it down and potentially lose everything or to let them continue operating and hope you get the money back. That wasn't the direction they moved into long term. They got small amounts of money out of them but by then most of the money was gone. It happened quite quickly once legal got involved.



APPENDIX 'B'



APPENDIX 'C'



APPENDIX 'D'



APPENDIX 'E'



APPENDIX 'F'
