

The Globe and Mail

Ford family firms gave mayor's campaign a break on late payment fees

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Two companies owned by the Ford family provided goods and services worth \$187,730.96 to Mayor Rob Ford's election team, accounting for almost 10 per cent of campaign spending. But documents filed with the city indicate that while the campaign waited up to a year to pay many of these bills, the two firms - Deco Labels and Tags and Doug Ford Holdings Inc. - did not charge late fees.

Many suppliers, including the City of Toronto, impose such charges after a 30-to-60-day grace period, typically in the 1 to 2 per cent range, compounded monthly.

With Mr. Ford facing a possible compliance audit, the forgone late charges raise new questions about whether the campaign benefited from an indirect corporate donation worth at least \$12,000, according to a Globe and Mail analysis of the campaign's accounts payable payments. Toronto council policy prevents candidates from accepting corporate or trade union contributions.

Mr. Ford has denied violating election finance laws and is appealing the compliance audit committee's May ruling. The case will be heard in the spring.

The compliance audit fight means the city can't issue rebate cheques - worth up to 75 per cent of the donation - to Mr. Ford's contributors until the dispute is resolved.

The Deco connection

The filings show Deco billed the campaign \$110,008.65 for printed materials and rent between March 29, 2010, and Jan. 4, 2011. Mr. Ford has a long history of using Deco to supply print materials for his office and election campaigns, and that habit continues in his current position.

According to documents obtained through an access-to-information request, Deco invoiced the City of Toronto \$1,579.15 for 20,600 business cards for the mayor and his staff. The documents do not indicate whether his office sought competitive bids. The invoice, dated March 30, 2011, is not included on council's office-expense database.

Paying the legal bills

As of late September, Mr. Ford's campaign had spent more than \$55,000 on legal bills associated with fighting the compliance audit. With the case heading to court, he can pay further legal bills out of his own pocket or tap into the campaign's \$27,307.99 surplus, although that sum is probably inadequate.

It's unlikely the city will cover his costs. After several councillors, including Ford ally Giorgio Mammoliti, former Scarborough councillor Adrian Heaps and council speaker Sandra Bussin, found themselves targeted by legal challenges in the previous term, council passed a bylaw allowing the city to reimburse politicians for such costs, including compliance audit challenges.

But deputy mayor Doug Holyday appealed that motion in court and won a judgment in July, 2010, striking down the bylaw. In January, council cancelled the reimbursements, and an external lawyer is trying to recoup the funds.

The other option politicians have to cover such costs involves fundraising.

Without commenting on specifics, integrity commissioner Janet Leiper noted that council's code of conduct includes provisions for situations in which a member of council receives gifts or benefits connected to the office, but it doesn't deal specifically with expenses related to compliance audits.

While Mr. Holyday said in an interview that he would have "concerns" about fundraising for legal fees, election law specialist Jack Siegel said the City of Toronto Act doesn't specifically rule out soliciting donations for such a purpose.

Yet he warned that fundraisers can create conflicts. "If I were advising the mayor, even though the act doesn't require disclosure, I'd do it under the exact same rules [that apply to election campaign contributions] ... That would be the most appropriate, ethical and transparent means of solving the problem."

Mr. Holyday revealed Friday that he spent \$42,500 of his own funds fighting the bylaw that reimbursed legal fees for the three city councillors. The total bill was \$125,000, he said, but his lawyer, **George Rust-D'Eye**, forgave \$67,000, with the rest covered by an award of costs.

Mr. Holyday said under the circumstances he can hardly ask the city to cover his bill. Both the mayor and his brother have said they would help with fundraising, Mr. Holyday said, but so far he has declined the offer. "Even in elections, I don't take many contributions."

With files from Elizabeth Church

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