Addendum to the
Report for the City of Hamilton
Municipal Election Compliance Audit on
Campaign Finances of Candidate
John Best

February 6, 2006
Addendum to the Report for the City of Hamilton  
Re: Municipal Election Compliance Audit  
February 6, 2006

Background to the Compliance Audit

This compliance audit was the result of an appeal by an elector, Joanna Chapman ("Chapman"), regarding her request for a compliance audit under Section 81 of the Municipal Elections Act, 1996 (the "Act"). Justice Timothy Culver ordered the City of Hamilton to conduct an audit of the financial statements submitted by three candidates in the 2003 municipal election in Hamilton – John Best, Marvin Caplan and Larry Di Ianni.

Ken Froese of LECG Canada Ltd. ("LECG") was retained to conduct a compliance audit in accordance with the Act. Subsection 81(6) of the Act requires that the auditor “prepare a report outlining any apparent contravention by the candidate.”

We issued a report dated October 25, 2005 that outlined our findings based on information reasonably available to John Best ("Best") when contributions were accepted, without assuming that he had the level of information potentially available from conducting a forensic investigation of contributions to his campaign.

That report proposed to the City of Hamilton that the compliance audit be extended to address additional matters where the information provided by contributors either did not resolve the issue or the information raised further questions as to whether the contributions were appropriate. We identified one such issue in relation to Best’s campaign.

This report contains our findings from the second phase of the audit of the financial statements submitted by Best and should be read in conjunction with our Report dated October 25, 2005.

Contributions Made by Businesses/Entities that Did Not Appear to be Corporations

The Best campaign received contributions from Bell Manor Apartments, Erie Manor and Old Colony Properties Inc. as follows:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Date of Contribution</th>
<th>Amount of Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Manor Apartments</td>
<td>c/o Effort Trust, 242 Main St E</td>
<td>10-Oct-03</td>
<td>250.00</td>
</tr>
<tr>
<td>Erie Manor</td>
<td>c/o Effort Trust, 242 Main St E</td>
<td>10-Oct-03</td>
<td>250.00</td>
</tr>
<tr>
<td>Old Colony Properties Inc.</td>
<td>c/o Effort Trust, 242 Main St E</td>
<td>10-Oct-03</td>
<td>250.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$ 750.00</td>
</tr>
</tbody>
</table>

Although Old Colony Properties Inc. is an incorporated entity, Bell Manor Apartments and Erie Manor did not appear to be registered corporations.

A clarification letter from Effort Trust dated September 22, 2005 stated that “Bell Manor is a co-tenancy (i.e. an unincorporated group) owned by Ariben Homes Limited and nine individuals; and Erie Manor is an operating account of Renimmob Properties Limited.”
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The Erie Manor contribution was thus from a bank account of a corporation and Erie Manor is an operating name used by Renimmob Properties Limited.

Effort Trust advised that the Bell Manor Apartments contribution was from a bank account of an unincorporated co-tenancy. Effort Trust issued a further clarification letter dated October 24, 2005 that disclosed that Bell Manor was 60% owned by Artben Homes Limited and 40% owned by nine individuals. The letter stated that the contribution had been allocated to each of the co-tenant’s accounts in the books and records of the co-tenancy.

The Accountants for Bell Manor Apartments provided us with the names of each of the owners of the co-tenancy and the allocated percentages and amounts for the $250 contribution.

Accordingly, we have concluded that there were no apparent contraventions of the Act in relation to these contributors. There were two apparent reporting contraventions since the contribution from Erie Manor should have been recorded on the contributors list as being from Renimmob Properties Limited and the contribution from Bell Manor Apartments should have been listed as contributions from each of the nine individuals and Artben Homes Limited. However, our conclusion relied on information not otherwise provided to Best prior to the filing of his financial statement.

Concluding Comments

We identified no apparent contravention of the Act and two apparent reporting contraventions for which the company names listed on the contributors list were not the companies/individuals from which the contributions were made. However, our conclusion relied on information not otherwise provided to Best.

This Report is respectfully submitted by Ken Froese of LECG Canada Ltd. I was assisted in the compliance audit by Kelly Malcolm and Ashley Barr.

Yours truly,

Ken Froese, CA•IFA, CFI
Director
LECG Canada Limited