



FOUNDATION DOCUMENT PART I: THE 2012 SALE OF COLLUS SHARES

Chapter 7: The Funds Paid Relating to the Transaction: The Town, Collus, Consultants and Others Who Received Payments or Benefits

**Commissioner: The Honourable Frank N. Marrocco, Associate Chief
Justice, Superior Court of Justice, Ontario**

Please note that the statements in this Foundation Document have not been tested for the truth of their contents. The contents may be tested, challenged, supplemented, proven false, or discredited through the evidence called and the submissions made at the Inquiry. It will be for the Commissioner to consider all the evidence before ascribing any weight to anything contained in the Foundation Document.

Chapter 7 The Funds Paid Relating to the Transaction: The Town, Collus, Consultants and Others Who Received Payments or Benefits

637. The Terms of Reference for the Judicial Inquiry include inquiring into:

- a. “[a]ny fee or benefit of any kind paid, or conferred, by or on behalf of PowerStream to any person in relation to the Transaction”; and
- b. “[t]he salaries, benefits and emoluments of any kind paid in relation to the Transaction to any employee of Collus PowerStream and any other Collus company.”

This chapter summarizes the relevant information in the documents produced to the Inquiry.

Collingwood Judicial Inquiry Terms of Reference, [CJ10008524](#)

7.1 Payments to the Town of Collingwood From the Share Sale

638. The share sale transaction was structured so that sale proceeds would be paid to the Town from three sources:

- a. Cash from PowerStream for the shares;
- b. Dividends paid to the Town funded by recapitalization, working capital adjustment and a future real estate sale; and
- c. Repayment of the Town promissory note

639. The following section describes in detail the amounts paid from these sources to the Town of Collingwood.

7.2 Cash from PowerStream in Exchange for Shares in Collus

640. As negotiated, PowerStream paid \$8 million to the Town of Collingwood in exchange for 50% of the shares of Collus. These funds were paid on two dates with a bank service charge of \$15.00 paid by the Town on each payment date. The Town received the payments as follows:

August 14, 2012: \$ 6,999,985.00

March 8, 2013: \$ 999,985.00

Total: \$ 7,999,970.00

Receipt #174510 from Town of Collingwood, August 14, 2012 [CJ100008916](#)

Receipt #190061 from Town of Collingwood, March 8, 2013, [CJ100008917](#)

7.3 Three Dividends Payments Made to the Town After the Share Sale (Funds Paid by Collus and Collus PowerStream)

641. As required by the share purchase agreement, Collus Power restructured its debt and equity (referred to as the “Recapitalization”) before PowerStream purchased 50% of the shares of Collus. The objective of the recapitalization was to align the debt-to-equity ratio of Collus Power as closely as possible with to the maximum debt-to-equity ratio of 60% debt and 40% equity permitted by Ontario Energy Board guidelines.

“The Collus Family of Companies: History, Orientation, Service Provider Role and ‘Go Forward’ Options,” Public Version, March 31, 2016, [ALE0004057](#) at page 28.

Share Purchase Agreement, Section 2.1 (Schedule C, Schedule E), [ALE0002782](#)

642. Before the sale, Collus Power’s debt was significantly below the 60% debt threshold permitted by the OEB. As a result, the recapitalization resulted in a significant dividend payable by Collus. The recapitalization occurred before PowerStream purchased 50% of Collus. As a result, 100% of the declared dividend was payable to the Town, which was the shareholder of record at the date the dividend was declared. If the recapitalization had occurred after the transaction, the dividend would have been payable to the post-

transaction Collus PowerStream shareholders, that is 50% would have been paid to the Town and 50% to PowerStream.

“The Collus Family of Companies: History, Orientation, Service Provider Role and ‘Go Forward’ Options,” Public Version, March 31, 2016, [ALE0004057](#) at page 28.

Share Purchase Agreement, Section 2.1 (Schedule C, Schedule E), [ALE0004324](#), [ALE0004325](#)

643. The share purchase transaction also contemplated the determination of the sufficiency of Collus’ working capital on closing of the transaction. For the purposes of determining an appropriate level of working capital, the parties agreed to use the Ontario Energy Board guidelines on minimum working capital. Any working capital higher than this amount was released to the Town by way of dividend.

Share Purchase Agreement, Section 2.1 (Schedule C, Schedule E), [ALE0004324](#), [ALE0004325](#)

644. The dividends paid to the Town on closing were a “Recapitalization Dividend” (paid by Collus Power, the regulated entity) and an “Additional Dividend” (paid by Collus Solutions). Each subsidiary company declared a dividend and paid those funds to Collus, the parent company. Collus, in turn, declared and paid the dividends to the Town.

Collus Power Corp, Declaration of Dividend, July 30, 2012, [CBB0000166](#)

Collus Solutions Corp., Declaration of Dividend, July 30, 2012, [ALE0003962](#)

Collus, Declaration of Dividend, July 30, 2012, [ALE0003939](#)

645. The initial dividends were determined based on the audited financial statements of Collus and its subsidiaries (Collus Power and Collus Solutions) as at December 31, 2011. The Recapitalization and Additional Dividends were then recalculated on the closing date based on the July 31, 2012 audited financial statements for Collus and its subsidiaries. In both cases, the final Recapitalization Dividend and the final Additional Dividend exceeded the initial amounts paid. Accordingly, additional dividends were declared as at July 30, 2012 and recorded as liabilities at July 31, 2012. These dividends were paid to the Town after the closing because the Town was the shareholder of record at the date the dividends were declared.

Collus Power Corp, Declaration of Dividend, July 30, 2012, [CBB0000166](#)

Collus Solutions Corp., Declaration of Dividend, July 30, 2012, [ALE0003962](#)

Collus, Declaration of Dividend, July 30, 2012, [ALE0003939](#)

Collus Power, Audited Financial Statements at July 31, 2012, [CBB0000202](#)

Collus Power Stream Consolidated Audited Financial Statements at December 31, 2012, [CPS0004139](#)

Collus Solutions, Audited Financial Statements at July 31, 2012, [CBB0000203](#)

Town of Collingwood, Audited Financial Statements at December 31, 2012, [TOC0510002](#)

646. Table 7-1 below summarizes the dividends declared and subsequently paid by Collus Power, Collus Solutions and Collus to the Town as part of the transaction.

Table 7-1: Dividends Declared and Paid by Collus Power, Collus Solutions and Collus

Summary of Dividends Declared (\$)				
Dividend	Declared By:	Initial [1]	Adjustment [2]	Final
Recapitalization	Power	4,089,937	274,023	4,363,960
Additional	Solutions	213,986	20,443	234,429
Total	Collus	<u>4,303,923</u>	<u>294,466</u>	<u>4,598,389</u>

[1] Based on audited financial statements at December 31, 2011.
[2] Based on audited financial statements at July 31, 2012.

Collus Power Corp, Declaration of Dividend, July 30, 2012, [CBB0000166](#)

Collus Solutions Corp., Declaration of Dividend, July 30, 2012, [ALE0003962](#)

Collus, Declaration of Dividend, July 30, 2012, [ALE0003939](#)

Collus Power, Audited Financial Statements at July 31, 2012, [CBB0000202](#)

Collus PowerStream Consolidated Audited Financial Statements at December 31, 2012, [CPS0004139](#)

Collus Solutions, Audited Financial Statements at July 31, 2012, [CBB0000203](#)

Town of Collingwood, Audited Financial Statements at December 31, 2012, [TOC0510002](#)

647. Collus paid the first dividend amount of \$4,036,702.29 to the Town on July 31, 2012. This amount was made up of:

- a. the dividend declared by Collus Power of \$4,089,937;

- b. plus, the dividend declared by Collus Solutions of \$213, 986;
 - c. less, \$267,171 of transactions costs paid by Collus Power on behalf of the Town;
 - d. less, a \$50 wire transfer fee.
648. The transaction costs related to amounts invoiced to Collus Power by KPMG and Aird & Berlis for legal and accounting services for the RFP and the share sale transaction.

Payment Receipt, Town of Collingwood, July 31, 2012, [TOC0510293](#)

Payment Receipt, Town of Collingwood, July 31, 2012, [TOC0510313](#)

Collus Power Corp Dividends, July 31, 2012, Collins Barrow audit document, [CBB0000191](#)

Collus Power, Audit note "Costs associated with sale of Collus Power" July 31, 2012, [CBB0000058](#)

649. In the fall of 2012, Collus adjusted the dividend paid to the Town based on financial statements showing the financial position of Collus Power and Collus solutions as at July 31, 2012.
650. On September 26, 2012, Cindy Shuttleworth sent John Rockx draft July 31, 2012 financial statements for Collus Power and Collus Solutions. John Rockx replied: "We will need to be creative to get an additional dividend due to all the changes in accounting etc...". The following day, Mr. Rockx sent Ms. Shuttleworth draft dividend calculations that provided for a declared dividend of \$20,443 from Collus Solutions and a declared dividend of "about \$276k" from Collus Power. According to Mr. Rockx, the declaration of the Collus Power additional dividend would "require Powerstream to agree to certain changes to the formulas in the Share Purchase Agreement".

Email and attachments from Cindy Shuttleworth to John Rockx, September 26, 2012, [KPM0002999](#) (email), [KPM0003000](#) (attachment), [KPM0003001](#) (attachment)

Email chain and attachment including Ralph Neate, Cindy Shuttleworth and Tim Fryer, September 26-27, 2012, [KPM0003017](#) (email), [KPM0003018](#) (attachment)

651. On September 28, 2012, Cindy Shuttleworth sent an email to Ed Houghton stating: "On a scale of 1 to 10 where does your opinion fall?... [w]ith 1 being not concerned over the

town getting any further dividend. And 10 being, lets get the maximum we can push for". Mr. Houghton responded "1 for sure". Ms. Shuttleworth forwarded Mr. Houghton's response to John Rockx, stating "See below. We are interested in wrapping up the dividend adjustment in the quickest way and path of least resistance. Don't want to push hard with PowerStream."

Email chain including Ed Houghton, Cindy Shuttleworth and John Rockx, September 27-28, 2012, [KPM0003022](#)

652. The following month, John Rockx informed Cindy Shuttleworth that "Powerstream seems to be acceptable to getting the final recap dividend paid out without a lot of push back."

Email from John Rockx to Cindy Shuttleworth, October 23, 2012, [KPM0003079](#)

653. Collus paid the second (adjusted) dividends of \$294,466 to the Town on November 12, 2012. This amount was made up of:

- a. An adjustment for the final Recapitalization Dividend declared by Collus Power of \$274,023; and
- b. An adjustment for the final Additional Dividend declared by Collus Solutions of \$20,443.

Agreement between Collus PowerStream and Town of Collingwood, February 27, 2013, [ALE0004384](#)

Share Purchase Agreement, Section 2.1(7)(a) (schedule B), [ALE0002782](#)

Payment Receipt, Town of Collingwood, November 15, 2012, [CJI0008919](#)

654. On December 9, 2015, Collus PowerStream sent a third "special" dividend payment to the Town in the amount of \$122,997.50 related to the sale of land at 507 Tenth Line in Collingwood. The land was purchased on January 20, 2012, prior to the transaction. The agreement between the Town and PowerStream provided that PowerStream was not entitled to any future sale proceeds related to this land purchase.

Agreement between Collus PowerStream and Town of Collingwood, February 27, 2013, [ALE0004384](#)

Email between Cindy Shuttleworth to D. Rowbotham of December 12, 2015 re special dividend, December 9, 2015 [TOC0508714](#)

7.4 The 2002 Promissory Note (Funds Paid by Collus PowerStream to the Town in 2015)

655. The Collus PowerStream share sale transaction described the use of a 2002 promissory note for a loan from the Town to Collus Power of \$1,710,170.00 bearing interest at 7.25%. The original RFP bid from PowerStream contemplated repayment of the promissory note as part of the total funds to the Town. The repayment of the loan did not occur at the time of closing. The parties agreed that the Town could request repayment of the loan at any time. The parties also agreed to reduce the interest rate to 5.88%. As of 2015, the interest payable was 4.88%, based on Government of Canada 10 and 30-year bond yields.

*Promissory Note Collus Power Corp. to Town of Collingwood, June 10, 2011, [CBB0000159](#)
Town of Collingwood, Staff Report, T2015-06-C, April 7, 2015, [CJI0008908](#)
Document Record Book, Volume 2, Tab 52, Closing Agenda, Item 37, [CPS0006970](#)*

656. On April 7, 2015, the Town of Collingwood received a staff report recommending that, with falling interest rates and considering the financial health of the Town including asset management and tax purposes, the Collus Power (Collus PowerStream (Power)) promissory note should be called in 2016. Council passed a resolution requesting that Collus PowerStream (Power) repay the loan secured by the 2002 Promissory Note in 2016. On December 31, 2015 Collus PowerStream (Power) repaid the loan to the Town in the amount of \$1,710,170.

*Staff Report T2015-06-C, April 7, 2015, [CJI0008908](#)
Town of Collingwood Receipt #264229, [CJI0008913](#)
Town of Collingwood Minutes, April 7, 2015, [CJI0008358](#)
Council Minutes, November 16, 2015, [CJI0008375](#)*

7.5 Payments to Collus Employees and Board Members Related to the Share Sale Transaction

7.6 Bonus Payments to Staff

657. During the audit of the Collus companies' records for year end 2011, payroll testing by the auditor noted a significant increase in the March 22, 2012 payroll. The controller, Cindy Shuttleworth, advised the auditor that bonuses had been approved for certain members of staff in 2012. The staff members who were paid bonuses were as follows:

Table 7.2: Staff Bonuses Paid Relating to the Share Sale Transaction

Staff Member	Amount
Pam Hogg	\$15,000
Ed Houghton	\$40,000
Cindy Shuttleworth	\$15,000

Audit Papers, Collus Power/Solutions/CPUSB, 2012, December 31, 2011, [CBB0000154](#)

Memo and Voucher for Staff and Chair Bonuses, March 14, 2012, [CPS0006874](#)

Costs associated with Sale of Collus Power, Audit Papers, July 31, 2012 [CBB0000058](#)

658. The audit note concerning the bonus payments recorded that:

During the audit it was mentioned by the Financial Controller (Cindy Shuttleworth) that bonuses for certain staff had been approved in 2012. During subsequent payment testing it was noted that there was a significant increase in the March 22, 2012 payroll.

Reviewed the payroll records and noted that the following staff were paid one time bonuses:

*Ed Houghton -\$40,000

*Cindy Shuttleworth -\$15,000

*Pamela Hogg -\$15,000

Discussed with Ed Houghton, per Ed the Human Resources Committee of the Board of Directors met, while he was in Toronto, and approved the bonuses. The rationale was that the staff and certain members of the Board put in additional hours that were not compensated for in order to get the deal completed.

Pamela Hogg provided a memorandum signed by Joan Pajunen, Chair of the Human Resources Committee and now Acting Chair of the Board of Directors indicating the amounts approved for bonuses to the above Collus staff members...

Audit Papers, Collus Power/Solutions/CPUSB, 2012, December 31, 2011, [CBB0000154](#)

Memo and Voucher for Staff and Chair Bonuses, March 14, 2012, [CPS0006874](#)

659. In an email to a friend on March 27, 2012, Cindy Shuttleworth wrote that she had received “15,000 on Thursday for my work closing the powerstream deal. Paid off my car in full. Shhhh. Secret.”

Email from Cindy Shuttleworth to a friend at another accounting company, March 27, 2012, [CPS0003132](#)

660. The auditor’s “management letter points to discuss with client” noted that significant bonuses should be approved by the Board of Directors prior to payment. In this case the approval document was signed by the Chair of the Human Resources committee. There was no record of approval by the Human Resources committee. The auditor noted “[t]he HR committee does not keep minutes and therefore there is no record of this payment being approved, other than a signed memorandum by the chair of the HR committee.”

Collus Power Corp, Management Letter Points for Client Discussion, Auditor, April 4, 2012, [CBB0000158](#)

7.7 Bonus Payments to Board Members

661. The audit papers for Collus in 2012 showed that bonuses were allocated to Collus Board members as follows:

Table 7.3: Board Member Bonuses Paid Relating to the Share Sale Transaction

Board Member	Amount
Dean Muncaster	\$30,000
David McFadden	\$15,000
Doug Garbutt	\$7,500
Joan Pajunen	\$7,500

Audit Papers, Collus Power/Solutions/CPUSB, 2012 Bonus, December 31, 2011, [CBB0000154](#)

662. Mr. Houghton told the auditor that Mayor Cooper and council’s representative to the board were not paid a bonus. A journal entry produced to the auditor showed a bonus payment from Collus to Mayor Cooper of \$7,500 that had been marked “voided.” The names “Pam (Cindy Acct)” were mentioned under the “Approved Dept/PO” column for this journal entry.

Collus PowerStream/Solutions, Specific Vendor Testing, December 31, 2012, [CBB0000167](#)

Audit Papers, Collus Power/Solutions/CPUSB, 2012 Bonus, December 31, 2011, [CBB0000154](#)

7.8 Other Transaction Expenses: Extraordinary Deductions, Expenses and Gifts

663. In addition to the bonuses paid relating to the Share Purchase Agreement, Collus Power made payments in 2011 to members of the Board and the Strategic Partnership Task Team under the Account 6310-0000-00 “Extraordinary Deductions:”

Table 7.4: “Extraordinary Deduction” Payments to Collus Board and Strategic Partnership Task Team, 2011

Board Member	Amount
Dean (Muncaster)	\$ 5,700
Sandra (Cooper)	\$2,400
Rick (Lloyd)	\$2,400
David (McFadden)	\$ 1,800
Doug (Garbutt)	\$ 2,400
Joan (Pajunen)	\$ 300
Mike (Edwards)	\$ 300

Costs Associated with Sale of Collus Power, Audit Papers, July 31, 2012 [CBB0000190](#)

*Records of Strategic Partnership Task Team Payments 2011, [CPS0009042 00001](#),
[CPS0009043 00001](#), [CPS0009044 00001](#); [CPS0009045 0001](#); [CPS0009046 0001](#);
[CPS0009047 00001](#); [CPS0009048 00001](#)*

664. The 2011 year-end audit papers identified additional expense payments for mileage for Strategic Partnership Task Team members totalling \$1,960 and meeting expenses charged in the amount of \$3,460. A note on the audit working papers stated, “These costs have not been expensed by Collus but are receivable from the shareholder on the sale agreement with PowerStream. Treatment is reasonable as the expense is not related to operations of Power but rather the shareholder’s decision on its investment in Power.”

Collus Power Corp., Summary Inquiry Report, February 29, 2012, [CBB0000162](#)

665. In August of 2012, after the share sale transaction closed, Paul Bonwick sent a list of Board members to Sandra DiPonio (PowerStream), with a copy to John Glicksman. The subject line of the email was “Proposed Gift List”. In the email, Mr. Bonwick wrote:

Hi Sandra:

As per our discussion.

- Mayor Sandra Cooper
- Councillor Mike Edwards
- Board Member Doug Garbutt
- Board Member Joan Pajunen
- Mayor Jeff Lehman
- Mayor Frank Scarpitti
- Board Member David McFadden
- Mrs. Muncaster on behalf of Board Chair Dean Muncaster

Email from Paul Bonwick to John Glicksman, August 8, 2012, [ALE0003444](#)

7.9 Payments by PowerStream to Compenso Communications Inc.

666. In 2011-2012, PowerStream paid Compenso Communications Inc. \$323,997 in fees and expenses. These amounts are set out in the table below:

Table 7-5: PowerStream Payments to Compenso Communications Inc.

Compenso Invoice Detail						PowerStream General Ledger Date
Date	No.	Monthly Amount (Note 1)	Additional Expenses	Invoice Total	Doc ID	
1-Jun-11	717	12,300	898	13,198	ALE0000171	15-Jun-11
1-Jul-11	720	12,300		12,300	ALE0000232	30-Jun-11
1-Aug-11	726	12,300		12,300	ALE0000245	03-Aug-11
1-Sep-11	731	12,300	5,373	17,673	ALE0000271	22-Sep-11
1-Oct-11	735	12,300	2,820	15,120	ALE0000457	19-Oct-11
1-Nov-11	738	19,450	1,462	20,912	ALE0000713	14-Nov-11
1-Nov-11	739	14,300		14,300	ALE0000714	14-Nov-11
1-Dec-11	745	19,450		19,450	ALE0035590.0001	13-Dec-11
1-Jan-12	751	19,450		19,450	ALE0001294	05-Jan-12
1-Feb-12	759	19,450		19,450	ALE0001806	07-Feb-12
1-Mar-12	766	19,450		19,450	ALE0049155	13-Mar-12
1-Apr-12	776	19,837	479	20,317	ALE0049156	03-Apr-12
1-May-12	784	19,775		19,775	ALE0049157	03-May-12
1-Jun-12	791	19,775		19,775	ALE0002639	07-Jun-12
1-Jul-12	799	19,775		19,775	ALE0002755	10-Jul-12
1-Aug-12	807	19,775		19,775	ALE0049160	03-Aug-12
1-Sep-12	812	19,939	1263	21,202	ALE0049161	07-Sep-12
1-Oct-12	821	19,775		19,775	ALE0003520	03-Oct-12
Total		\$311,701	\$12,295	\$323,997		

Note 1: The monthly amount includes the agreed monthly fee and expense allowance and applicable taxes.

Compenso Invoice 717, June 1, 2011, [ALE0000171](#);

Compenso Invoice 720, July 1, 2011, [ALE0000232](#);

Compenso Invoice 726, August 1, 2011, [ALE0000245](#);

Compenso Invoice 731, September 1, 2011, [ALE0000271](#);

Compenso Invoice 735, October 1, 2011, [ALE0000454](#);

Compenso Invoice 738, November 1, 2011, [ALE0000713](#);

Compenso Invoice 739, November 1, 2011, [ALE0000714](#);

Compenso Invoice 745, December 1, 2011 [ALE0035590.0001](#)

Compenso Invoice 751, January 1, 2012, [ALE00001294](#);

Compenso Invoice 759, February 1, 2012, [ALE0001806](#);
Compenso Invoice 766, March 1, 2012, [ALE0049155](#)
Compenso Invoice 776, April 1, 2012, [ALE0049156](#)
Compenso Invoice 784, May 1, 2012, [ALE0049157](#)
Compenso Invoice 791, June 1, 2012, [ALE0002639](#);
Compenso Invoice 799, July 1, 2012, [ALE0002755](#);
Compenso Invoice 807, August 1, 2012, [ALE0049160](#)
Compenso Invoice 812, September 1, 2012, [ALE0049161](#)
Compenso Invoice 821, October 1, 2012, [ALE0003520](#);
Compenso Payments from Alectra Spreadsheet, undated, [ALE0049127](#)

667. The Compenso Invoice Number 731 dated September 1, 2011 initially included additional expenses of \$7,372.95. Paul Bonwick and John Glicksman discussed the expenses billed by Compenso. Mr. Bonwick subsequently provided a replacement invoice reducing the additional expenses billed to PowerStream to \$5,373.

Email exchange between Paul Bonwick to John Glicksman and Victoria Scoffield, August 31, 2011-September 15, 2011, [ALE0000258](#) (email), [ALE0000259](#) (attachment), [ALE0000260](#) (email), [ALE0000261](#) (attachment)

Compenso Communications Inc. Invoice 731 with Handwritten Notes, [ALE0000270](#)

Compenso revised invoice to PowerStream, September 15, 2011, [ALE0000356](#) (email); [ALE0000357](#) (attached revised invoice)

668. As part of the 2012 audit, Collus PowerStream auditors carried out specified vendor testing to ensure that expenses related to certain vendors had occurred, were properly measured, were properly approved and were reasonable to be expensed. Collus PowerStream carried out this testing in response to a CBC article that mentioned Collus PowerStream and reported that certain Collingwood councillors were being investigated for alleged misconduct.

Collus PowerStream/Solutions, Specific Vendor Testing, December 31, 2012, [CBB0000167](#)

669. On March 15, 2012, Collus Power or Collus Solutions paid Compenso Communications for expenses related to a dinner meeting that included Mayor Cooper, Deputy Mayor Lloyd, the PowerStream executive management team and accommodation for President Brian Bentz. This expense totalled \$1,262. The Collus PowerStream (Power)/Collus PowerStream Solutions audit papers recorded the expense as related to the signing of the purchase agreement.

Collus PowerStream/Solutions, Specific Vendor Testing, December 31, 2012, [CBB0000167](#)

7.10 Collus PowerStream (Power) and/or Collus PowerStream Solutions Payments to Compenso After Closing of the Transaction: July 31, 2012-February 2013

670. Collus PowerStream (Power) and/or Collus PowerStream Solutions paid Compenso \$8,475 on December 4, 2012 for the purchase of half a table at the Premier's Heritage Dinner. PowerStream attended this dinner "due to the current industry situation." Collus originally anticipated that PowerStream would pay for the whole table, however, PowerStream agreed to pay for 50%. The Heritage dinner took place in March 2012. In October 2012, Collus PowerStream CFO Cindy Shuttleworth sent an email to Ed Houghton asking: "For the premier's Heritage Dinner, is any of this \$7,500 rebillable to anyone? Is there a political donation receipt to come?"

Collus PowerStream/Solutions, Specific Vendor Testing, December 31, 2012, [CBB0000167](#)

Email from Cindy Shuttleworth to Ed Houghton, October 17, 2012, [TOC0231540.0001](#)

671. According to the specified vendor testing, Collus PowerStream (Power) and/or Collus PowerStream Solutions made a final payment of \$16,950.00 to Compenso Consulting on February 13, 2013. Another payment of \$16,950.00 was made to Compenso on February 26, 2013, but the payment was reversed "as the contract has been terminated due to the allegations ongoing at this time." The February 13, 2013, payment was approved by Ed Houghton.

672. The auditors' specified vendor testing recorded that the February 13, 2013 payment from Collus PowerStream (Power) and/or Collus PowerStream Solutions to Compenso was made under a contract:

...between Compenso and Collus for Paul to provide consulting support for ongoing strategic partnership planning...it [was] a requirement of the shareholder agreement that within a set time frame...the two companies proceed with a plan to grow the operation through further strategic partnerships/purchases...Brian Bentz suggested to Ed that Compenso be hired to look after the Collus side of this responsibility given Ed's commitment to the Town as CAO through to April 2013.

This information was provided to the auditor by Cindy Shuttleworth.

Collus PowerStream Corp/Solutions Specified Vendor Testing by Auditor, December 31, 2013, [CBB0000187](#)

Confirmation letter from Dennis Nolan, signed by Mayor Cooper and Clerk Almas, July 31, 2012, [ALE0004351](#)

The Collus PowerStream (Power) and/or Collus PowerStream Solutions payments to Compenso in 2013 are described in Table 7-6.

Table 7-6: Payments to Compenso by Collus PowerStream (Power) and/or Collus PowerStream Solutions, 2013

Invoice Date	Invoice Number	Total (\$)
1-Jan-13	841	16,950
1-Feb-13	847	16,950
1-Feb-13	847	(16,950)
Total		<u>16,950</u>

Collus PowerStream Corp/Solutions Specified Vendor Testing by Auditor, December 31, 2013, [CBB0000187](#)

673. On February 20, 2013, Paul Bonwick emailed Ed Houghton at his Gmail address stating: "Please confirm that you are sending it to the Compenso account. Nothing arrived yet.". Five minutes later, Mr. Bonwick sent an email to Mr. Houghton stating: "with thanks".

Emails from Paul Bonwick to Ed Houghton, February 20, 2013, [TOC0281301.0001](#)

674. On February 19, 2013, \$16,950 from the Collingwood Utility Services Corp was deposited to the Compenso bank account using the access card issued to Christine Harper.

Compenso Transactions by Account Report, May 31, 2013, [CJI0008959](#) at 6

CIBC Authorized Signing Authority Electronic Access and Signature Card, June 29, 2010, [CJI0006740](#)

Compenso CIBC Account Statement 18-05010, February 28, 2013, CJI0006811. (Note: The deposit of \$30,817.93 made on February 19, 2013 is composed of three amounts \$16,950 from Collus and \$5,392.93 from Upper Lakes Marine & Industrial Inc and \$8,475.00 from Amaizingly Green Products – see [CJI0008959](#) at 6)

Collus Powerstream Cancelled Cheque 21156, February 2, 2013, [CJI0009091](#) at 65.

675. On March 12, 2013, Ed Houghton sent an email to Cindy Shuttleworth asking “we are only going to look at the two in 2012. Is that correct?” Ms. Shuttleworth responded: “No they have to do subsequent events. So for sure they will look at the 2013 ones.” Mr. Houghton then stated: “the one should be removed”. Ms. Shuttleworth replied: “It is reversed. I got Dian to do it after I spoke to you. But....it still shows up in the vendor history for Compenso.”. After receiving this response, Mr. Houghton stated: “let’s chat”.

Email exchange between Ed Houghton and Cindy Shuttleworth, March 12, 2013, [TOC0289684.0001](#)

676. Three days later, Ms. Shuttleworth emailed Dian McGowan asking “Did I tell you to stop payment on the chq too? Re that feb voided invoice.”. Ms. McGowan responded: “For compenso? No - I just voided invoice and payment...will call bank.”

Email exchange between Cindy Shuttleworth and Dian McGowan, March 15, 2013, [TOC0291315.0001](#)

7.11 Compenso Payments to Shirley Houghton

677. During the period between December 1, 2010 and December 31, 2012, Compenso paid Shirley Houghton or S Houghton a total of \$27,390. These payments are set out in the table below.

Table 7-7: Payments from Compenso to S. Houghton/Shirley Houghton

Date per Bank Statement	Payee per General Ledger	Cheque Number	Amount (\$)	Notes
9-Mar-11	Shirley Houghton	1800	240	[1]
8-Jun-11	S. Houghton	1861	360	
8-Jul-11	S. Houghton	1867	2,000	
29-Aug-11	S. Houghton	1878	540	
11-Sep-11	S. Houghton	1888	2,400	
6-Oct-11	S. Houghton	1894	19,350	[2]
3-Aug-12	S. Houghton	2049	2,500	[3]
Total			<u>27,390</u>	

Table Notes:

[1] Cheque memo line indicates February Services. The Compenso General Ledger classifies this cheque as a Consulting Expense.

[2] Cheque memo line indicates Florida House/office.

[3] Cheque memo line indicates July 27/12 invoice.

Compenso Communications Inc. Transactions by Account Report 2010-06-01 to 2011-05-31, [CJI0008873 at 14-21](#); [CJI0008873 at 40](#)

Compenso Communications Inc. Transactions by Account Report 2011-06-01 to 2011-12-31, [CJI0007732](#)

Compenso Communications Inc. cancelled cheques, March 9, June 8, August 29, September 11, October 6, 2011, and August 3, 2012, [CJI0009089 p 2, 7, 10, 15, 16, 56](#)

7.12 Payments to Councillor Ian Chadwick

678. The transaction account reports and cancelled cheques for Compenso Communications indicate that, between April 2011 and December 2013, payments were made to Ian Chadwick totalling \$24,275. These payments are set out in the table below.

Table 7-8: Compenso Payments to Ian Chadwick, April 11, 2011-December 23, 2013

Date per Bank Statement	Cheque Number	Amount (\$)	Memo Line Detail	Doc ID
11-Apr-11	1841	2,625	Blank	CJI0009089 Pg. 4
16-Aug-11	1873	700	Blank	CJI0009089 Pg. 9

Date per Bank Statement	Cheque Number	Amount (\$)	Memo Line Detail	Doc ID
13-Sep-11	1887	700	Blank	CJI0009089 Pg. 12
2-Nov-11	1905	1,400	Illegible	CJI0009089 Pg. 17
12-Dec-11	1930	700	Blank	CJI0009089 Pg. 22
26-Jan-12	1945	700	Blank	CJI0009089 Pg. 25
6-Mar-12	1964	700	Mar 3 invoice	CJI0009089 Pg. 28
5-Apr-12	1984	700	Mar 30/12 invoice	CJI0009089 Pg. 37
3-May-12	2011	700	April	CJI0009089 Pg. 44
5-Jul-12	2043	1,400	May & June	CJI0009089 Pg. 53
7-Aug-12	2047	1,350	Inv# 2012-07	CJI0009089 Pg. 58
26-Sep-12	2067	700	Blank	CJI0009089 Pg. 64
9-Oct-12	2078	700	2012-09	CJI0009089 Pg. 66
5-Nov-12	2095	700	2012-10	CJI0009089 Pg. 68
6-Dec-12	2106	2,100	2012-12/1 2012-11	CJI0009089 Pg. 71
2-Jan-13	2121	700	2012-12	CJI0009089 Pg. 74
15-Feb-13	2133	700	2013-01	CJI0009089 Pg. 78
20-Mar-13	2142	700	2013-02	CJI0009089 Pg. 82
5-Apr-13	2168	700	Blank	CJI0009089 Pg. 85
3-May-13	2176	700	2013-04	CJI0009089 Pg. 88
13-Jun-13	2186	700	May 2013	CJI0009089 Pg. 91
15-Jul-13	2197	700	Blank	CJI0009089 Pg. 94
8-Aug-13	2200	700	Blank	CJI0009089 Pg. 97
25-Sep-13	2210	700	2013-08	CJI0009089 Pg. 99
10-Oct-13	2213	700	2013-09	CJI0009089 Pg. 100
5-Nov-13	2217	700	Blank	CJI0009089 Pg. 101
23-Dec-13	2232	700	2013-11	CJI0009089 Pg. 105
Total		<u>24,475</u>		

Compenso Communications Inc., Transactions by Account Report for the period November 1, 2010 to December 31, 2011, [CJI0007732](#) and [CJI0007733](#), p 5

Compenso Communications Inc., Transactions by Account Report for the period June 1, 2010 to May 31, 2011, [CJI0008873](#), p 12-21

CIBC Cheque copies, for the period November 2011-December 2013, [CJI0009089](#) Excerpts p 4, 9, 12, 17, 22, 25, 28, 37, 44, 53, 58, 64, 66, 68, 71, 74, 78, 82, 85, 88, 91, 94, 97, 99, 100, 101, 105.

7.13 ISSI Solar Vent Sales to PowerStream and Collus Power Corp and Commissions Paid to Compenso Communications Prior to the Share Sale

679. As described in Summary Document 1-3, the solar attic vent marketing campaign led to purchases of solar attic vents from ISSI by Collus Power and PowerStream and ongoing marketing activity both during and following the RFP period. The marketing campaign involved Collus, PowerStream, ISSI, Paul Bonwick, and Ed Houghton. PowerStream highlighted its collaboration with Collus Power on the solar attic vents in its RFP.

[Summary Document 1-3, Solar Attic Vent Activity](#)

PowerStream’s Response to Collus Power Corp Request for Proposal, November 16, 2011, [ALE0000967](#)

680. ISSI in turn paid a portion of the profits for the sale of the solar attic vents to Compenso.

[Summary Document 1-3, Solar Attic Vent Activity](#)

681. The statements from ISSI to Compenso described the payments as sales commission expenses. Compenso’s invoices to ISSI described the payments as “Consulting services related to LDCs.” This is described in greater detail in Summary Document 1-3.

[Summary Document 1-3, Solar Attic Vent Activity](#)

682. The general ledger for International Solar Solutions Inc. (“ISSI”) showed sales to Collus Power Corp. totalling \$100,750 and to PowerStream Inc. totalling \$77,500 during the year ended June 30, 2012. These sales are set out in the table below:

Table 7-9: Invoices to Collus Power and PowerStream from ISSI

Date	Invoice Number	Purchaser	Amount
2-Sep-11	2	Collus Power Corp.	15,035
21-Sep-11	4	Collus Power Corp.	62,465
20-Oct-11	6	Collus Power Corp.	23,250
			<u>\$100,750</u>

2-Sep-11	3	PowerStream Inc.	15,035
21-Sep-11	5	PowerStream Inc.	62,465
			<u>\$ 77,500</u>

International Solar Solutions Inc financial records, June 30, 2012, [CJI0008541 \(excerpt\) at 87, 122, 157](#)

683. Compenso received payments from ISSI in 2011 because of the transactions related to Collus Power and PowerStream as follows:

Table 7-10: Payments from ISSI to Compenso, 2011

Date	Sales Commission	HST	Total Paid
30-Sep-11	30,975	4,027	35,002
30-Nov-11	4,288	557	s4,845
			<u>\$ 39,847</u>

International Solar Solutions Inc financial records, June 30, 2012, [CJI0008541\(excerpt\) p 90, 125, 160](#)

Compenso Invoice 746, December 1, 2011, [CJI0007651](#).

Cancelled cheque from ISSI to Compenso, November 29,2011, [CJI0007650](#)

Cancelled cheque from ISSI to Compenso for \$35,001.75 September 29, 2011, [CJI0009090, Pg. 6](#)