



democracy Watch  
émocratie en surveillance

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May 1, 2019

**RE: Request for audit of federal donations from 2007 on to expose likely illegally funnelled donations, and fundraising for parties and candidates by people connected to lobbying companies, unions and other organizations**

Dear CEO Perrault, Commissioner Côté, and Commissioner Bélanger:

I am writing on behalf of Democracy Watch concerning enforcement of the *Canada Elections Act* and the federal *Lobbying Act* (the “*Act*”), and specifically requesting an audit under those laws of federal donations from 2007 on to expose likely illegally funnelled donations, and fundraising for parties and candidates by people connected to lobbying companies, unions and other organizations.

You are all empowered to conduct such an audit, and working together you could relatively easily do a very complete audit. Elections Canada regularly conducts research on various issues, as can be seen on this page of its website:

<https://www.elections.ca/content.aspx?section=res&dir=rec&document=index&lang=e>. The Commissioner of Canada Elections may initiate an investigation at any time under subsection 510(1) of the *Canada Elections Act* which can be seen at:

<https://laws.justice.gc.ca/eng/acts/E-2.01/page-86.html#h-220>.

And the Commissioner of Lobbying may do a special report on any lobbying enforcement issue under subsection 11.1(1) of the *Lobbying Act*, which can be seen at:

<https://laws.justice.gc.ca/eng/acts/l-12.4/page-5.html#h-18>.

The following situations point to a clear pattern of violations of the *Canada Elections Act* rules that prohibit companies, unions and other organizations from funneling donations through their executive or employees etc. and to violations of *Lobbyists' Code of Conduct* rules that prohibit anyone connected to a company, union or other organization doing fundraising for a party or candidate:

1. SNC-Lavalin illegally funnelled almost \$118,000 to the Liberal and Conservative parties, riding associations and candidates through its executives and employees from 2004 to 2011, as summarized in this media article:  
<https://www.cbc.ca/news/business/snc-lavalin-campaign-donations-1.3752869>  
and CBC revealed the list of donors yesterday in this media article:  
<https://www.cbc.ca/news/politics/snc-lavalin-liberal-donors-list-canada-elections-1.5114537>.
2. Clearwater Seafoods lobbies the federal government, and board member Mickey MacDonald held a fundraising event in August 2014 that raised about \$80,000 for the Liberal Party, an event Justin Trudeau attended, as summarized in this article:  
<https://www.theglobeandmail.com/news/politics/gin-and-jaguar-set-to-fete-trudeau-on-former-tory-turf/article19787702/>.
3. Apotex Inc. lobbied the federal government at the time its then-Chair Barry Sherman held a fundraising event in August 2015 that raised about \$150,000 for the Liberal Party, an event Justin Trudeau also attended, as summarized in this Democracy Watch news release:  
<https://democracywatch.ca/group-files-ethics-complaint-with-federal-lobbying-commissioner-about-august-2015-fundraising-event-involving-apotex-and-justin-trudeau/>.
4. Federal Liberals made an offer in 2016 to reward bundler fundraisers with access to the Prime Minister and other party leaders, as summarized in this Democracy Watch news release:  
<https://democracywatch.ca/dwatch-files-complaints-with-ethics-commissioner-and-lobbying-commissioner-about-trudeau-cabinet-giving-preferential-access-to-bundler-fundraisers-especially-lobbyists/>.  
and many federal Liberal fundraising events have been attended by lobbyists (and likely many more events of the other parties), as summarized in this Democracy Watch news release:

<https://democracywatch.ca/democracy-watch-asks-for-investigation-into-all-pm-and-cabinet-minister-fundraising-events-involving-lobbyists/>.

Democracy Watch's own research has also found that top federal Liberal Party donors (to the Party only, not its riding associations) who gave \$1,100 or more in 2015 were only 4.37% of total donors (4,084 donors out of 93,426 donors total) but they gave the Party 22.87% of total donations raised (\$4,866,373.76 out of the \$21,276,897.57 total raised). This one party's reliance on large donations shows an incentive to raise money effectively, through funneling or through people holding events to bundle large donations from many people together. Such "bundler" fundraisers, if held by people who are connected to lobbying companies or other organizations, are not only very valuable to the party for which they are raising money, but also violate the *Lobbyists' Code* rules that prohibit doing anything that creates a sense of obligation on the part of a politician to do something (or not do something) in return for the fundraising.

The following situations at the provincial and municipal level provide further evidence that funneling donations happens in every jurisdiction that has banned donations from companies, unions and other organizations but continued to allow individuals to donate a high amount:

1. An Elections Quebec audit found \$12.8 million in likely illegally funnelled donations from 2006-2011, as summarized in this news release: <https://www.electionsequbec.gc.ca/english/news-detail.php?id=5387>.
2. A recent CBC analysis found New Brunswick company executives and their families now donating the maximum after the province banned corporate and union donations, as summarized in this article: <https://www.cbc.ca/news/canada/new-brunswick/corporate-donations-ban-new-brunswick-politics-oland-irving-individual-contributions-1.5095006>.
3. In B.C. in 2017, provincial parties returned more than \$260,000 in donations that had been funnelled through lobbyists for companies, and people affiliated with unions, as summarized in this article: <https://thetyee.ca/News/2017/05/03/BC-Liberals-Return-Illegal-Donations/>.
4. In Ontario, lobbyists sold tickets for Premier Ford's recent fundraising dinner, as summarized in this article: <https://www.theglobeandmail.com/canada/article-ontario-pcs-enlist-lobbyists-to-sell-1250-tickets-to-ford-fundraiser/> and in 2016, executives at a bank involved in bidding on a government contract organized a fundraising event for the ruling party that was attended by Liberal Cabinet ministers, as summarized in this article: <https://www.theglobeandmail.com/news/politics/hydro-one-players-paid-for-exclusive-access-to-ontario-cabinet-ministers/article29427906/>.
5. When Elections Alberta did an audit in 2012 it found dozens of illegal donations, as summarized in this article: <https://edmonton.ctvnews.ca/elections-alberta-donation-investigation-uncovers-dozens-of-illegal-donations-1.1138216>. As well, in a 2013 scandal in Alberta, a coalition of construction companies made it clear that their big money donations were conditional on the Alberta government changing the labour law, as summarized in this article:

<https://www.cbc.ca/news/canada/edmonton/donations-to-alberta-tories-linked-to-election-promises-1.1305573>.

6. Donations from corporations, unions and other organizations were banned in Toronto elections in 2009, and individual donations limited to \$750 annually, but a 2016 analysis by the *Toronto Star* found that big business and other special interest group executives and their families continue to give large amounts to city councilors, as summarized in this article: [https://www.thestar.com/news/city\\_hall/2016/04/09/corporate-and-union-campaign-donations-still-loom-large-at-city-hall.html](https://www.thestar.com/news/city_hall/2016/04/09/corporate-and-union-campaign-donations-still-loom-large-at-city-hall.html).

It's highly unlikely that SNC-Lavalin is the only company that illegally funnelled donations through its executives and their families to federal political parties, or that Clearwater Seafoods and Apotex are the only companies whose board members held fundraising events that raised money for a federal political party.

It is also highly unlikely that the many donation and fundraising scandals that have occurred at provincial and municipal levels across Canada are aberrations, and are not also occurring at the federal level.

Conducting audits to find violations is key to effective law enforcement in any area. Audits by Elections Quebec and Elections Alberta have revealed millions of dollars of likely illegal, or clearly illegal, donations.

As a result, if you refuse to do this audit, you will essentially be refusing to enforce key federal democracy and political integrity laws effectively. We hope that you will fulfill your mandate as watchdogs for the public interest, and Canada's democracy, by undertaking this audit.

Please contact Democracy Watch at the address above if you need any more information to undertake this audit. We strongly suggest that you begin auditing the donors who have donated \$1,000 or more to each political party in 2018-2019, examining who they are, and whether their donation appears to be connected to a fundraising event that a lobbyist "bundler" fundraiser may have held. We also request that you release the results of your audit of each year's donations as you complete it, as the public has a right to know the results as soon as possible.

We look forward to hearing back from you soon, hopefully with confirmation that you are undertaking this audit.

Sincerely,



Duff Conacher, Co-founder of Democracy Watch  
on behalf of the Board of Directors of Democracy Watch