

Conviction for Di Ianni campaign gift makes history

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A prominent Hamilton home-building company is the first corporation in Ontario to be convicted under the Municipal Elections Act for violating campaign financing rules that limit contributions to \$750.

Losani Homes (1998) Ltd. pleaded guilty yesterday to overcontributing to former mayor Larry Di Ianni's 2003 election campaign.

Losani Homes wrote a cheque for \$2,000 to Di Ianni's campaign committee, intending political donations of \$500 from each of four related companies. But the legislation states corporations that are associated for the purpose of the Income Tax Act are deemed a single corporation when it comes to the Municipal Elections Act.

Justice of the peace Ken Dechert fined Losani Homes \$1,125, saying it was important to send a message that the elections act will be enforced and "that substantial financial consequences will flow from even inadvertent transgressions of campaign financing rules."

Yesterday's guilty plea brought to a close a three-year saga that began in July 2004 when Dundas bookseller and former town councillor Joanna Chapman asked Hamilton council to audit the campaign expenses of its then mayor Larry Di Ianni, and of several councillors and unsuccessful candidates.

Chapman, 68, who estimates she spent about \$30,000 on legal fees, corporate searches, court transcripts and photocopying machines, said her pursuit on a point of principle was financially and physically exhausting, but ultimately a worthwhile journey.

"I will be keeping an eye on election financing for as long as my health permits," she said outside court.

Chapman argues the Municipal Elections Act should be revised to eliminate corporate contributions, as is the case in federal elections.

"I feel confident that in future elections, candidates will pay more heed to the rules. I think electors, potential candidates, corporations and accountants will be more aware of the rules."

Chapman tenaciously pursued Di Ianni for irregularities in his campaign financing records. In May 2005, after months of legal arguments, Ontario Court Justice Timothy Culver made history by ordering an audit of the mayor's books. In his ruling, Culver chastised council for refusing to take Chapman's complaints seriously and failing to order the audit itself.

The auditor's report ultimately resulted in 41 charges brought under the elections act against Di Ianni. The mayor pleaded guilty to six counts on Aug. 24, 2006. He agreed to make a charitable donation of \$4,500 and to write an essay for Municipal World magazine so that others might learn from his political woes.

Di Ianni failed to win re-election in November last year, narrowly losing to former alderman and now Hamilton Mayor Fred Eisenberger.

Chapman laid private charges against 18 corporations that she alleged had breached the rules by overcontributing to Di Ianni's 2003 campaign. She retained lawyer Eric Gillespie to prosecute the companies with the consent of the Ontario Ministry of the Attorney General.

Charges against 16 of the 18 corporations were withdrawn in April last year after they accepted a court-diversion agreement and admitted responsibility for violating campaign financing rules. Each company agreed to make a charitable donation to the Hamilton Community Foundation that was three times greater than its respective overcontribution to Di Ianni's campaign.

One company, Tender Choice Foods, which is related to Burlington's Paletta International, chose to fight the charge in court and was found not guilty in November last year.

Losani Homes also proceeded to trial but yesterday defence lawyer Roger Yachetti said his client had changed its mind and would plead guilty.

In giving reasons for his sentence, Dechert said the campaign financing rules set out in the Municipal Elections Act were new to the courts and confusing to nearly everyone concerned. He cited Ontario Court Justice Anton Zuraw, who in April last year approved the diversion agreements for 14 of the accused corporations.

"It's been exceedingly clear to me that the legislation is not being clearly understood by all those involved in the elections process," Zuraw said then.

"Experienced accountants and lawyers, even seasoned politicians, have had problems and these problems have been brought to light by virtue of the doggedness and, some would say, zeal of Ms. Chapman as she pursued her understanding of the public interest."

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