**Agenda – Executive Policy Committee – September 21, 2021**

## REPORTS

**Item No. 16 Over-Expenditure Authorization for Legal Services Department 2021 Operating Budget and Contract Over-Expenditures – Winnipeg Police Service Headquarters Fraud Matter**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That an over-expenditure be approved to the Legal Services Department's 2021 operating budget by a total of $1,198,000 to continue the engagement of external legal counsel and forensic accounting services to continue the court actions.

2. That, subject to approval of Recommendation 1, that contract over-expenditures be approved as follows:

    A. $600,000 on the contract with Marr Finlayson Pollock LLP for a total contract value of $2,400,000.

    B. $598,000 on the contract with Deloitte LLP for a total contract value of $1,648,000.

3. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

# ADMINISTRATIVE REPORT

**Title:** Over-Expenditure Authorization for Legal Services Department 2021 Operating Budget and Contract Over-Expenditures – Winnipeg Police Service Headquarters Fraud Matter

**Critical Path:** Executive Policy Committee – Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| D. Brown | D. Brown | C. Kloepfer | M. Jack |

## EXECUTIVE SUMMARY

The City commenced litigation in the Court of Queen's Bench (hereinafter the "fraud action") involving the construction of the Winnipeg Police Service Headquarters in January 2020 (the "Project") against a number of parties, including Caspian, AAR and others. The City is seeking damages for allegations of fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract by a variety of parties involved in the Project.

The cost of the Project increased significantly during construction, raising important questions as to whether the citizens of Winnipeg received value for the money spent. The decision to commence civil litigation followed an initial forensic review which identified over $20 million of contractor and subcontractor claims related to the Project that are not clearly documented or accounted for.

In June 2020, the portion of the fraud action involving the defendants Phil Sheegl, FSS Financial Support Services Inc. and 2686814 Manitoba Ltd. (the "Sheegl defendants") was ordered to be severed, i.e., heard separately by the Court.

The funding request made in this report is in respect of the fraud action, which includes the City's severed claim against the Sheegl defendants. For the purposes of this report, the fraud matter and the City's severed action against the Sheegl defendants will be referred to collectively as the "court actions".

This report requests an increase in the Legal Services Department budget in the amount of $1,198,000 which is required for external legal counsel and for forensic accounting services to be used in the court actions. The amount requested will be applied to legal fees and disbursements, as well as the costs to conduct the forensic work required to continue the court actions. The legal and forensic work completed to date has identified a serious pattern of potential misconduct consistent with the allegations made in the City's Statement of Claim. These matters require further forensic and legal review in order for the City to be in a position to seek recovery of any damages that were incurred relating to the Project.

A court finding of fraud by one or more of the defendants named in the court actions will allow the City to seek a court order for recovery of all costs incurred in proceeding with this action, including legal and expert fees.

## RECOMMENDATIONS

1. That an over-expenditure be approved to the Legal Services Department's 2021 operating budget by a total of $1,198,000 to continue the engagement of external legal counsel and forensic accounting services to continue the court actions.

2. That, subject to approval of Recommendation 1, that contract over-expenditures be approved as follows:

   A. $600,000 on the contract with Marr Finlayson Pollock LLP for a total contract value of $2,400,000.
   B. $598,000 on the contract with Deloitte LLP for a total contract value of $1,648,000.

3. That the proper officers of the City do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

Council approval is required where the department requires additional budget funds and where contract over-expenditures are required without identified funds.

## IMPLICATIONS OF THE RECOMMENDATIONS

If approved, the additional operating budget allocation will enable the Legal Services Department to continue to engage the legal and expert forensic resources required for the conduct of the court actions. Approving the recommendation will ensure proper funding of additional forensic work and legal resources required to bring the court actions through examinations for discovery.

The forensic and legal work completed to date, utilizing information from the RCMP and the parties named in the court actions, has identified a significant number of transactions and matters that appear to be consistent with the allegations of fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract made by the City in its claim.

Completion of the additional forensic work, document disclosure and examinations of the parties will provide a more refined assessment of the damages that can be claimed by the City. Discrepancies in claims and invoices related to the Project involving tens of millions of dollars have been identified. Early estimates of the damages which potentially flow from these discrepancies are far in excess of the cost of proceeding with the court actions.

A court finding of fraud by one or more of the defendants named in the court actions will allow the City to seek a court order for recovery of all costs incurred in proceeding with this action, including legal and expert fees.

A failure to provide the necessary funding prevents the City from proceeding with the court actions and the discovery process. The discovery process requires each of the parties involved in the Project to account for their actions and the significant discrepancies identified in the documentation and payments made during the Project. A failure to proceed effectively ends the last remaining opportunity to provide accountability to the citizens of the City with respect to the actions of the parties involved in the Project.

A failure to fund the court actions also exposes the City to demands to pay the costs to the other parties involved in the action.

The Department has not identified a funding source for this over-expenditure. In the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund will transfer to the General Revenue Fund that amount required to avoid a deficit in the General Revenue Fund.

**HISTORY/DISCUSSION**

The City's Legal Services Department currently has 5 full-time permanent civil litigation positions: (1) a by-law prosecutor; (2) one junior litigator; (3) three senior litigators.

Given the size and composition of the Legal Services department, it was necessary to retain external legal counsel to conduct matters which require a significant amount of resources and/or specialized expertise.

On July 18, 2019, Council approved an increase in the Legal Services budget and delegation to the Interim Chief Administrative Officer which was subsequently used as the authority for approval of a single source contract for legal services with Marr Finlayson Pollock LLP for legal services related to the WPS HQ Fraud Matter in the amount of up to $600,000 inclusive of MRST, GST additional".

On September 30, 2020, Council approved the following:

1. That approval be given to the Legal Services Department to over-expend its 2020 operating expenditures budget by $2,250,000 to engage external legal counsel and forensic accounting services to assist with civil litigation matters in regards to the Winnipeg Police Service Headquarters Fraud Matter.
2. That, subject to approval of Recommendation 1, that single source negotiation and award of contract be approved with Deloitte LLP related to forensic accounting services required for the litigation and use at trial, in the estimated amount of $1,050,000 MRST inclusive, GST additional.

The report approved by Council on September 30, 2020 was based on estimates of costs required to move the action through examinations for discovery. The current request contains estimates of costs of legal and forensic accounting services which have been updated to reflect both the activities in the court actions to date and what is estimated to be required to move the court actions to the point of completion of examinations for discovery.

The City has faced significant opposition to advancing the court matters. The City has successfully defended a variety of court motions that were intended to limit the scope of the court actions as well as the ability of the City to access the large volume of documentation gathered by the RCMP during its investigation.

The initial forensic review raised concerns with invoicing and claims related to the Project that totaled over $20 million. After the City filed its statement of Claim in the fraud action, new information was discovered which, to quote from paragraph 14 of the Court's decision of September, 2020:

> "… suggests that the City paid more than 24 million dollars to Caspian in the course of the WPSHQ Project in connection with invoices of Fabca Projects Ltd. ("Fabca"). These invoices were variously described as relating to demolition, asbestos remediation and other matters. None of the work described in the invoices was done by Fabca. It would appear that none of the 24 million dollars was ultimately paid to Fabca. Fabca did not subcontract any of the work to anyone. Invoices, and in some cases money, flowed between Caspian and Fabca and 4816774 Manitoba Ltd. operating as Mountain Construction ("Mountain"), Caspian and Fabca and JAGS Development Ltd., Caspian and Fabca and JAW Enterprises Inc., and Caspian and Fabca and Logistic Holdings Inc. In this context, it is worth noting that Mountain had no employees, a fact which suggests it could have performed no work on the WPSHQ Project. All of this leads the City to assert that some of the transactions appear to be anything but bona fide."

As additional evidence has been received from the RCMP, and through the court process, there have been additional transactions and matters that show discrepancies involving additional monies which require further forensic review. These additional transactions and matters appear to be consistent with the allegations of fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract as set out in the Statement of Claim brought by the City.

<u>The WPS Headquarters Fraud Matter</u>

i) The Statement of Claim

On January 6, 2020 the City commenced an action in the Court of Queen's Bench seeking recovery for loss and damages related to the construction of the WPS Headquarters. An Amended Statement of Claim was filed in Court by the City on July 15, 2020, adding four additional parties and additional allegations to the initial Statement of Claim. The following relief is sought in the City's 58-page Amended Statement of Claim ("Claim"):

*1. The plaintiff claims as against the defendants:*

*(a) general damages in an amount to be determined at trial for fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract;*

*(b) special damages in an amount to be determined at trial arising out of the detection, investigation and quantification of the losses suffered by the plaintiff;*

*(c) punitive and aggravated damages;*

(d) *an interim order requiring the Royal Canadian Mounted Police (the "RCMP") and/or Manitoba Prosecution Services (the "MPS") to preserve all information, documents, notes, correspondence, records, including electronic records, and other particulars seized by the RCMP from the defendants or from any other person in the course of the RCMP's investigation relating to the redevelopment of the former Canada Post Building located at 266 Graham Avenue, in Winnipeg, Manitoba for use as the Winnipeg Police Services Headquarters, including certain work at 245 Smith Street, in Winnipeg and the construction of an outdoor shooting range at Wyper Road, in Winnipeg, which investigation is known as Project Dalton ("Project Dalton") (hereinafter, the "Seized Documents") pursuant to Court of Queen's Bench Rule 45, subject to such conditions as the Court may deem just in the circumstances;*

(e) *an interim order permitting the plaintiff and its expert(s) to access, examine and make copies of the Seized Documents pursuant to section 490 of the Criminal Cod, R.S.C. 1985, c.C-46, subject to such conditions as the Court may deem just in the circumstances'*

(f) *an order compelling the RCMP and/or the MPS, non-parties, to produce copies of the Seized Documents pursuant to Court of Queen's Bench Rule 30.10, subject to such conditions as the Court may deem just in the circumstances;*

(g) *a declaration that the monies fraudulently obtained from the plaintiff and in the possession or control of the defendants are subject to a trust in favor of the plaintiff;*

(h) *a declaration that the plaintiff is entitled to trace the monies fraudulently obtained from the plaintiff into and through any financial institution, accounts or deposit facilities in the name of the defendants and into or through any assets purchased by the defendants with the plaintiff's monies and to cause them to disgorge same;*

(i) *pre-judgment and post-judgment interest in accordance with the Court of Queen's Bench Act, C.C.S.M. c. C280;*

(j) *costs on a lawyer and client basis; and*

(k) *such further and other relief as counsel may advise and this Honourable Court may deem just.*

In general terms the Claim as set out above can be broken down into three parts:

1. The City securing access to evidence gathered by the RCMP and in the possession of the RCMP and/or Manitoba Prosecution Service. This evidence is extensive and was collected during the criminal investigation. The City now has an order allowing it to receive and review this evidence. The volume of the material has been a significant driver of the ongoing forensic and legal costs.
2. Using the evidence obtained (and to be obtained) during the discovery process, to quantify the damages the City suffered as a result of the fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract by one or more of the defendants.
3. A path for recovery by the City, permitting the City the right to trace and recover monies lost, as well as the City's costs to pursue the court actions, in the event the Court rules the City has been a victim of fraud.

The Claim (starting at paragraph 64) sets out the nature of the scheme which is alleged by the City to involve fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract by one or more of the defendants. The following paragraph from the Claim summarizes the allegations:

*Nature of Scheme*

*64. During the currency of the Project and as early as late 2010 prior to the issuance of the Phase 1 RFP by the City, the Contractors and the Consultants, the Contractor Principals, the Consultant Principals and other unknown persons designed, orchestrated and implemented a scheme to defraud the City and thereby obtain monies under false pretenses (the "Scheme"), which included, but was not limited to:*

*(a) the creation of fraudulent and/or inflated sub-trade quotes, invoices, change orders, contemplated change notices, request for progress claims and/or progress claims so as to wrongfully inflate the cost of the Project;*

*(b) the fraudulent alteration of actual, bona fide sub-trade quotes and/or invoices so as to wrongfully inflate the cost of the Project;*

*(c) the approval of these fraudulent and/or inflated sub-trade quotes, invoices, change orders, contemplated change notices, request for progress claims and progress claims and/or altered sub-trade quotes and invoices; and*

*(d) the payment of secret commissions and other benefits ("Kickbacks") to the Contractors, the Consultants, the Contractor Principals, the Consultant Principals, their related corporations and other unknown persons in return for their participation and complicity in the Scheme.*

The continued review of evidence received from the RCMP, the disclosure being provided by the defendants during the discovery process, as well as additional forensic and legal review of that disclosure, will further clarify the nature and extent of the scheme as well as the damages incurred by the City as a result of the scheme.

ii) Court Motions

There have been a series of motions filed in the court actions. Each motion required the City and one or more of the defendants to prepare and file affidavits and briefs for consideration by the court. The following is a summary of the various motions that have been determined to date. In each of these motions the Court determined there was sufficient evidence to support the right of the City to proceed with the court actions and the claim for damages:

1. January 6, 2020 and September 9, 2020 – Motions by the City for access to documents held by RCMP – granted August 7 and September 11, 2020
2. April 24, 2020 – Motion by defendants to dismiss the court actions – dismissed June 9, 2020
3. April 24, 2020 – Motion by the Sheegl Defendants to sever the portion of the claim against them – granted June 30, 2020. This order does not limit the City's ability to pursue its Claim, but does result in two parallel proceedings.
4. May 20, 2020 – Motion by the City to amend the Statement of Claim to include a number of Caspian-controlled companies which may have been implicated in the scheme outlined above – granted June 9, 2020
5. May 22, 2020 – Motion by defendants seeking further detail from the City (particulars of the City's claim) – dismissed June 9, 2020
6. September 8, 2020 – Motion to stay or suspend the earlier court order granting the City access to documentation held by RCMP pending an appeal of that order by the Caspian defendants – dismissed September 11, 2020
7. September 16, 2020 – Notice of Appeal to Court of Appeal of QB order dismissing motion for stay - Court of Appeal dismisses the appeal April 7, 2021

8. July 30, 2020 - Motion by the Sheegl Defendants to examine an RCMP officer involved in the investigation – dismissed March 24, 2021

Several of these decisions included orders that court costs be paid by other parties to the City. Final orders calculating the amount of the costs to be paid to the City will be determined once all steps in the court actions are completed.

With each of these decisions the City continues to have the right to pursue the court actions and determine the nature and extent of the significant discrepancies in the documentation related to the Project, as well as the involvement of the defendants in creating those discrepancies. This in turn will provide the evidence and analysis required for the City to establish its claim for damages.

One or more of the parties could choose to initiate additional court motions in the future. The court actions continue to be case managed by Chief Justice Joyal, a court process which is designed to allow for decisions on any of these motions to be made in an efficient and timely manner.

Summary Judgment Motion – Claim Involving the Sheegl Defendants

Motions for summary judgment has been made by the City and the Sheegl Defendants. A motion for summary judgment provides the court with the opportunity to make a final decision on the claim without the need for a trial. The court must be satisfied a decision can be made based on affidavit and documentary evidence that is presented to the court. The affidavits filed in court related to these motions provide a public record of the conduct of the parties involved. The motions are scheduled to be heard on September 9, 2021.

iii) Related matters

Focusing the action

As the discovery process continues and the City obtains a clearer understanding of the involvement of each of the defendants, steps are being taken to focus the court actions for trial. As an example, where it is clear from the evidence, a defendant was not actively part of the scheme, the City has reached agreement to discontinue the court action against that defendant in return for their cooperation in providing evidence required for the trial of the court actions. To date, of the 43 defendants, the City has discontinued against seven, on a without costs basis: Paul Lamontagne, Gregory Fiorentino, Maria Fiorentino, Fabca Projects Ltd., Fabca Wardlaw Ltd., Fabca King Edward Ltd. and Fabca-Pmg Projects Ltd.

New claim by third party

On April 7, 2021, 5424969 Manitoba Inc. (Tiger Ventures) filed a Statement of Claim in the Court of Queen's Bench against Caspian Project Inc. and Armik Babakhanians, two defendants in the City's Claim, which includes allegations involving allegations of improper invoicing and billing similar to the scheme alleged in the court actions.

iv) Adequate funding of next steps is critical

It is clear there has been significant progress made by the City in the court actions. The initial identification of questionable invoices and billings of over $20 million has expanded, raising additional questions as additional evidence is obtained and reviewed. The decisions of the Court to date have confirmed the City's right to pursue the court actions, providing the only

remaining opportunity to quantify damages and determine accountability of the various parties involved in the Project.

However, the current progress will be lost without additional funding to support the ongoing necessary forensic and legal work. Details of the forensic and legal work completed, and to be done, are set out below.

Forensic Analysis of Documents

The City engaged Deloitte LLP to review the large volume of City records related to the WPS Headquarters project. Deloitte LLP received an initial 1,800,000 documents (340 GB of data), which included all forms of records and emails related to the action. Following deduplication and additional filtering, 665,171 documents were processed and uploaded into a document review platform. These documents were then reviewed for relevance, privilege and issues related to the litigation. This combined review process reduced the number of producible documents to 65,000. Deloitte LLP also continues to provide support to the City's external Legal Counsel. Additional forensic work needs to be done to review and compare data from external sources, including the RCMP and each of the defendants. In particular, following the City's successful motion to obtain the documents, correspondence and electronic data seized from Caspian's corporate offices in December 2016 (the "RCMP data"), that information consisting of an additional 10 TB of data was provided to the City pursuant to the Court's order. The analysis of the RCMP data is critical to the prosecution of the City's claim.

The initial budget estimated for the processing of the large volume of City records was $776,000. The cost for this work is now estimated to be $563,000. The costs related to the processing of documents is expected to come in under budget by approximately $213,000.

The second critical phase of an action involving allegations of fraud is the analysis of the records and transactions involved. This includes an analysis of the RCMP data provided to the City pursuant to the Court's order. A forensic analysis traces information, transactions and the flow of funds, which is critical to identify areas where there may be evidence of fraud or improper conduct.

A forensic analysis also allows legal counsel to identify areas for examination, providing a roadmap for the lines of questioning required to determine where there has been fraudulent activity, and the nature and scope of that activity. A forensic analysis also increases the chances of settling the court actions, as well as increasing the likelihood of success if the court action goes to trial.

The initial budget estimate for the forensic accounting was $274,000. However, the nature and number of transactions and financial matters requiring further review has increased from the initial estimates. The new estimated cost to complete the forensic review is $785,000. An increase of $511,000 over the original forensic budget estimate.

Budget Increase request – Deloitte LLP

The $298,000 (combining the savings and additional costs outlined above) is an estimate by Deloitte LLP based on known work and the current workplan. It is likely, as a result of the document disclosure from the defendants, as well as the RCMP data, that additional forensic investigation will be required. As a result, it is recommended that an additional contingency budget of $300,000 also be approved.

Recommendations:

a) Approval for an increase to the Legal Services 2021 budget of up to $598,000 to be added to the existing contract with Deloitte LLP to allow for the completion of processing of documents and forensic analysis arising from the court actions.
b) Approval of an over-expenditure on the contract of $598,000 for a total contract value of $1,648,000.

Budget Increase request – Marr Finlayson Pollock LLP

An increase to the Legal Services 2021 budget for external legal fees is required to allow for legal work required to completion of examinations for discovery in the court actions.

While at any stage of the action it is possible for one or more of the parties to reach a settlement (which potentially reduces the cost of proceeding with the action) it is prudent to provide an estimate of costs based on the possibility one or more of the parties may take steps, such as further motions, which require additional time and resources. This has been considered in determining the amount of the current over-expenditure request.

The September 16, 2020 Administrative Report contained an estimate of an additional $1,200,000 for legal fees and disbursements, which was approved by Council on September 20, 2020.

The increased budget now being recommended is driven by a variety of factors (some of which were referred to as possibilities in the discussion section of the previous Administrative Report):

- The motions, including an appeal to the Court of Appeal, that required the preparation of affidavit evidence, written briefs and arguments to the court, which were greater than anticipated;
- The larger than anticipated number of matters identified in the forensic accounting that require further investigation and examination, likely increasing the time that will be required for the questioning of the defendants during examinations for discovery; and
- The requirement to review, in conjunction with the forensic auditors, records and documents being produced by the RCMP and the defendants.

While it is not possible to predict with certainty how the action will conclude; the results of the forensic review to date have identified a significant number of issues, which appear to be consistent with the allegations made in the Claim and warrant further review.

The original contract awarded to Marr, Finlayson, Pollock LLP was in the estimated amount of $600,000.

Recommendations:

a) An increase to the Legal Services 2021 budget for external legal fees of up to $600,000 to be added to the existing contract with Marr, Finlayson, Pollock LLP.
b) Approval of an over-expenditure on the contract of $600,000 for a total contract value of $2,400,000.

Additional Considerations

Each invoice for legal and forensic services received is reviewed and approved by the Director of Legal Services. No amounts will be paid if the work is not completed or is no longer required.

If the action results in a decision in favor of the City, the Court can order costs incurred by the City be repaid. If the allegations of fraud are confirmed by the Court, the city will be in a position to claim all of the costs associated with the claim, including those set out in this report.

It is very unlikely the entire $1,198,000 over-expenditure requested will be expended for services rendered in 2021. Any unexpended amount associated with this request will be transferred to the Commitment Reserve Fund.

The Department has not identified a funding source for this over-expenditure. In the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund will transfer to the General Revenue Fund that amount required to avoid a deficit in the General Revenue Fund.

Upon completion of examination for discovery there will be sufficient information for the parties to the court actions to assess their respective positions and the nature and extent of any liability. At that point a more accurate assessment of the Claim can be made and decisions made with respect to next steps, including trial.

Conclusion

The WPS Headquarters Project resulted in a significant project of over $200 million to the City. The costs of the project significantly escalated over the life of the project. The reasons for the escalation in costs become clearer as the court actions proceed and more information is obtained and reviewed.

The need for additional funds for the ongoing forensic analysis and legal fees reflects the large number of transactions and matters identified, which appear consistent with the allegations of fraud, conversion, fraudulent and/or negligent misrepresentation, deceit, conspiracy, unjust enrichment, negligence and breach of contract set out in the Claim. This is not a situation where additional budget is required to see if there is evidence to support the claim; there has already been an abundance of information identified which validates the City's suspicion of the conduct of one or more of the defendants involved in the project.

While the costs of the court actions are significant, these costs are not out of line when measured against the size and complexity of the WPS Headquarters Project. There is also potential for a full recovery of these costs in the event the Court determines there has been fraudulent activity by one or more of the Defendants.

Given these factors, the recommendations are appropriate to the circumstances. A decision not to provide the resources necessary to continue the court actions is not recommended as it would render useless the progress made to date and effectively end the opportunity for the City to seek recovery and accountability as to what occurred during the WPS Headquarters Project.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** August 20, 2021

**Project Name:** **First Year of Program** **2021**

Over-Expenditure Authorization for Legal Services Department 2021 Operating Budget– Winnipeg Police Service Headquarters Fraud Matter

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 1,198,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 1,198,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ 1,198,000 | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct Costs represent the amount anticipated to be spent on external legal counsel and forensic accounting services to continue the court actions. The Legal Services Department requires an increase in budget of this amount to fund the work. Any unspent amount at the end of 2021 will be requested to be carried forward to 2022 through the Committment Reserve process.

(Approved electronically by J. Peters)
Jocelyn Peters, CPA, CGA
Manager of Finance and Administation (Campus)

## CONSULTATION

This Report has been prepared in consultation with:

- Corporate Finance Department

## OURWINNIPEG POLICY ALIGNMENT

N/A

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

## SUBMITTED BY

Department: Legal Services
Prepared by: D. Brown, Director of Legal Services & City Solicitor
Date: August 20, 2021