

# John P. Gorman

, B.A., LL.B.

February 28<sup>th</sup>, 2006

Canada Customs and Revenue Agency  
Surrey Tax Centre  
9755 King George Hwy  
Surrey, B.C. V3T 5E1

Attention: Mr. Khrisnah Appadu  
Office Audit CRR Section 564-11

Dear Sir:

Thank you for your letter of February 13<sup>th</sup>, 2006 following our meeting on February 2<sup>nd</sup> that I received on or about February 20<sup>th</sup>, 2006.

After years of attempting to resolve my tax liability issues, I am pleased that at least you have given me the opportunity to explain my losses (my entire inheritance) back in the early 1990's.

Perhaps to best explain my losses of money invested to earn a profit in a company, it might be in order to give you a brief history of my family (parents, and former wife and children) as well as my desire to succeed in life as well as in business.

## **FAMILY BACKGROUND**

I was the second eldest of Peter R. Gorman and Rita B. Gorman, of Newmarket, Ontario. Dad and Mom were Irish Catholics, and Dad was a very successful small businessman, a philanthropist, and very Catholic. He taught each of his eight (8) children right from wrong, and to give back to their community. His philanthropic efforts over a lifetime of good works earned Dad a membership in the Order of Canada, and in the Order of Ontario, plus being Knighted by Pope John John XXII as a Knight of the Holy Sepulchre.

As a son of this great Canadian who founded the National College Football Championship Game in 1966 to support the Canadian Save the Children Fund to educate children worldwide, I was chosen by Mom and Dad to be a Catholic Priest when I was in 3<sup>rd</sup> or 4<sup>th</sup> Grade (age 10) at a private Catholic School in Newmarket, Ontario. As such, I

excelled in school and sports and community good works, in grade school (St. John's Chrysostom), high school (St. Michael's, College School in Toronto), undergraduate university (St. Francis Xavier University in Antigonish, Nova Scotia) and at law school (University of Western Ontario, London, Ontario).

Even though I followed my parents' wishes until age 22 years – that is, to be a priest in the Catholic Church – I changed my mind in my last year of University (1967) – decided to marry my high school sweetheart, Connie Cuppage, have my children young, and become a lawyer, so I might help people in Canada like Dad and Mom had done in their adult life. Quite frankly, as you will see shortly, I put on the black robe of a lawyer, but I truly acted like a priest in helping my fellowman. If you check my history from 1970 to 1985, you will note that between Newmarket, Midland, and Toronto, I launched single-handedly many campaigns to deal with issues affecting hundreds, if not thousands of Canadians, from Atlantic to Pacific. Some of the crusades have been described in newspaper articles, press releases, and brochures (several included for your information). Some of these efforts were:

1. National Campaign “Just a Drop in The Bucket” where the ‘Save the Children Fund’ supported me travelling coast to coast to visit 25 to 30 Canadian Universities to set up a campaign to raise money for the poor children of Canada to get an education. I was 24 years of age, 2<sup>nd</sup> year law school, and two children in our home (1970-1).
2. President of the Young Liberals (Newmarket) in 1972 when Pierre Trudeau was running for his second term, as well as Vice President of the York North Law Association.
3. Organized a group of citizens in Midland, Ontario, (1975) under the banner S.C.A.N. – Society for Citizen's Advocacy Now – that became involved in fights to save the waterfront in Midland for people and a trestle bridge in Port MacNicoll for Canadian Heritage, plus numerous other causes, all written up in local news stories.
4. I sat on Board of Directors for Chambers of Commerce, Business Improvement Areas, Planning Boards, and Catholic Church Councils in Midland, and in other communities over the last 30 years.
5. Between 1975-1980, I primarily practiced law in Midland, Ontario, and earned upwards of \$250,000.00 in my own law office, primarily in real estate, corporate, commercial law. As the 70's closed, I represented several public cases, namely Betty Foster, who lost two children, a daughter, and a son-in-law to a cult known as the “Fellowship of Christians”. The son-in-law died having been brainwashed to believe he no longer needed insulin for his diabetes. The Coroners' Inquest did not resolve the loss of life and \$35,000, and so I became involved professionally and personally, extricated the mother and two (2) infant children, while founding in Toronto a group known as C.O.M.A. – Council On Mind Abuse, which included a Board of Directors of psychiatrists, medical doctors, lawyers, politicians, and former cult members.

6. In 1979, I represented two patients in the Regional Mental Health Centre in Penetang, Ontario, took on the Provincial Ministry of Health over the 'cruel and unusual punishment' being garnered on innocent persons on a mental hospital ward. My campaign (2 years) resulted in a Public Inquiry by the Provincial Government that became on "Indictment of the Public Mental Health Systems" in Ontario.
7. Perhaps the most notorious campaign/crusade that I founded to date was in 1980-1, when I chose to give up my practice of law to challenge, on behalf of all businessmen and Canadians generally, the high interest rate policies of the Bank of Canada – 21% ± in 1981. I founded the Canadian Farmers' Survival Association and for four years went from farmgate to farmgate, from province to province, from Bank to Bank, teaching Canadians how to fight the bank., the bank that changed the rules and stole their farms, their property, their livelihood, their esteem and self-confidence, and in many cases, their lives (through suicides). During this time of my life, due to my outrage, I ran for Parliament in Ottawa and for the Ontario legislature, went coast to coast, saw my income and family suffer to the point of divorce and isolation from family and friends. Still, I carried on until 1985 when my wife left and the Law Society Upper Canada took issue with my public notoriety.

Thousands of farmers were saved due to my effort during those five years, and I have no regrets. I learned all about the world, and its systems.

I quit the public persona when Connie left, and waited for 2 years to try to restore my marriage without success. She knew that I might have to challenge the system again one day.

In 1987, when my divorce papers came through in June, I left Ontario quietly and moved to the Okanagan Valley of British Columbia to start over again. That year, in December 1987, my father died. It took my Dad's executors, his sister (Peggy Knowles) and brother-in-law (Bob Knowles) three years to Probate the estate. That only came about because I threaten a lawsuit in the Supreme Court of Ontario in 1989. (see TAB #2)

I came to B.C. in 1987 with 2 bags of luggage and \$150 in my pocket, and even though I had worked sporadically in 1987-89, I was just earning enough to live quite feebly, living with strangers for minimal rents and sending money home to my wife and four children to survive in Ontario. By 1989, I was fed up waiting for my inheritance, and I returned to Ontario in September 1989, and pushed my brothers, sisters and the executors to Probate the Estate, now three years after Dad's death. It is from this point on that Canada Revenue Agency is now interested: how much did I receive from my father's estate, and what did I do with that money?.

### **THE CLAIM FOR A RE-ASSESSMENT 1990-93**

I note in your letter that you have only included 1991 and 1992 Taxation year. Perhaps your review should also include 1990 and 1993 taxation years, which may or may not been filed by my accountant several years ago by inadvertence. The bottom line is this –

I received from my father's estate in 1989 and 1990 almost \$290,000, and by 1993, there was nothing left. I had blown it on a business in the Okanagan Valley attempting to build chalets on mountaintops.

During our recent meeting, on Thursday, February 2<sup>nd</sup>, 2006, you saw my four or five boxes of files left over in storage for that era. Obviously too much work for you or someone in the Tax Department to wade through. However, following your instructions, I have gone through these boxes and I have come up with some documents to put forward as evidence of my losses between 1990 and 1993. You do have on file a copy of a letter from Rita Turris, a bookkeeper/accountant who was supposed to file my 1990-93 tax returns in 1995, but she did not, and she has admitted that all of my financial records (and those of Okanagan Chalets Inc.) were burnt in a fire in her barn in Aldergrove, B.C. between 1995 and 1996.

### **ALLOWABLE DEDUCTION**

So now the evidence for my claim for allowable deductions for losses between 1990 and 1993 under Sections 39 and 42 of the Income Tax Act (Business Investment Loss).

1. Copy of a letter dated July 2<sup>nd</sup>, 2003 from Blake, Cassells, and Graydon LLP, Barristers and Solicitors, addressed to me in reference to the Estate of Peter Robert Gorman, my father, including a letter to my lawyer, William McKenzie, dated March 5<sup>th</sup>, 1990, a Release and a Direction. These documents summarily attest to the fact that \$290,000 (see Draft Release) was my share of the estate, and the net amount received by me was \$220,826.09, more or less (see Direction). Both the executed original Release and Direction will be either in the hands of William McKenzie or William Lockington, both who have demanded hundreds of dollars to pull them from their storage lockers.
2. The above settlement only came about as a result of my demand for settlement of the estate in 1989 – I enclose a copy of my letter to the executors, my aunt and uncle, dated May 5<sup>th</sup>, 1989.
3. I do have numerous other documents in my file dealing with Dad's estate, but these did not seem relevant. However, you are welcome to peruse them if you so wish.
4. I enclose the Invoice from my lawyers, Crawford, Worling, McKenzie, Donnelly, McLeom and Wilford, dated August 13<sup>th</sup> and 14<sup>th</sup>, 1990 with as Trust Statement attached indicating that I received a net sum of \$193,943.70 in August, 1990.
5. Grant of Probate No. 5855/88 for Peter Robert Gorman, deceased
6. Copy of my father's Will (coincidentally drafted by the writer when I practiced law in 1983).

Based on the aforementioned information, I can honestly say that at least \$20,000 was received by me from my father's estate between the autumn of 1989 (when my daughter married) and June of 1990. By March 1990, I knew that I would be receiving a substantial amount of money, and I was anxious to put it to work in a business in the

Okanagan Valley. That business was to be building luxury chalets on ski destinations such as Silver Star Mountain in Vernon, Big White Resort in Kelowna, Apex Alpine in Penticton, and/or Sun Peaks Resort in Kamloops. I also was looking to the future for my son, J.J. who was taking a course in house construction at Georgian College in Barrie, Ontario at the time.

### **EVIDENCE OF INVESTMENT IN OKANAGAN CHALETS INC.**

Mr. Appadu – I have read again the Business Investment Loss Questionnaire provided to me in your letter of February 13<sup>th</sup>, 2006. I will be completing it as best I can, but I will proceed now to amplify the questions asked therein in the following pages, since details of events, creditors, employees, subcontractors, thirteen or fourteen years ago are sketchy at best. Again, you are welcome to go through my 4-5 boxes of files for more details, if you wish.

1. Certificate of Incorporation for Okanagan Chalets Inc., dated 23<sup>rd</sup> March 1990. Attached is the Memorandum of Incorporation, signed only by the writer with 100 Class “A” Voting shares issued only to me. Also attached is a copy of the 1<sup>st</sup> Annual Report, filed with the Provincial Ministry of Corporate Affairs, dated March 23<sup>rd</sup>, 1991, showing myself as the President and Secretary of the Company, duly executed on February 7<sup>th</sup>, 1992. I was still the only shareholder of record in Okanagan Chalet Inc., and its only Director and Officer.
2. I next enclose a copy of a letter addressed to Stewart, Hughes, Dunwood, and Co. of Kelowna, B.C., which outlines my intended enterprise in business on April 26<sup>th</sup>, 1990. It refers to the Bank of B.C.’s bank account, my main employee, George T. Richards, and my office space expense, including space, phone answering, secretarial staff, office equipment, offers to purchase real estate (2) for re-sale after construction of new homes (Chalets). Note on page 2, I refer in paragraph 2 that I intent to maintain total control of the company, Okanagan Chalet Inc. The sales and administrative offices were located in a business center at 352 Leon Ave, Kelowna, B.C. Mr. Dowla and Geina Cutts were subagents sharing space to help with the development and administration of the affairs of the corporation, Okanagan Chalets Inc.
3. The next document is the Historical Background of the company’s primary employee – Project Superintendent – George T. Richards, on company letterhead with his business card attached, and Mr. Richard’s hand written direction, directing me where to place funds for which company at which Bank:

Bank of B.C. (Savings Account)	\$40,000
TD Bank Acct. (Office Expense)	\$7,500
TD Bank (Chequing Acct.)	\$7,500

Bank of B.C.  
(Marketing)

\$5,000

This is evidence of money being placed in my bank accounts to run the company.

4. Following our February 2<sup>nd</sup>, 2006, meeting, I contacted the Bank of B.C. in Kelowna (250) 712-6745 (Sharon), and requested bank account statements for Okanagan Chalet Inc. from March 1990 to March 1994. Regretfully Sharon advised that they only keep records as required by the Tax authorities – 7 years - after which they are destroyed. I do have a blank deposit and sample cheque book for Okanagan Chalets Inc. account No. 01800-016-34527-5-24 at the Bank of B.C. (enclosed), but neither this book nor cheque stubs have any entries.
5. George Richards co-habited with Rita Korall in Vernon during the 4 to 6 months he was with the company, and she became his administrative/accounting assistant. I have located three (3) Bank Drafts enclosed).
  - (1) #7700437 from the TD Bank in Vernon on May 25<sup>th</sup>, 1990 for \$18,725.00 payable to Okanagan Chalets Inc.
  - (2) #7700412 from the TD Bank in Vernon on May 17<sup>th</sup>, 1990 for \$3,300 payable to myself.
  - (3) #7700552 from the TD bank in Vernon on June 18<sup>th</sup>, 1990 for \$22,500.00 payable to Okanagan Chalets.

This indicates that there was a TD Bank Vernon Bank Account as well with substantial sums of money in it under the control of Richards and Korall.

6. The next document of significance is an Employment Contract (enclosed) between Okanagan Chalets Inc. and George T. Richards, executed on March 1<sup>st</sup>, 1990, when George Richards and I resided together at a motel in Westbank known as Casa Loma. Subsequently, an Addendum was added by the parties whereby the Company would loan Richards \$6,000 to purchase a vehicle – a 1991 El Camino for the sum of \$5,100.00. The vehicle was eventually taken by Richards when he quit the Company in early July, 1990.
7. On July 1<sup>st</sup>, 1990 (two months into construction), Mr. Richards advised me that he had grossly miscalculated the cost of building three (3) chalets on Silver Star Mountain, and that the company would lose a great deal of money, and that he wanted a new arrangement for himself for compensation. Included herein is a copy of his hand printed new proposal with a 30-day notice to terminate if not accepted by me. You can now see that creditors were demanding C.O.D. payments, 60 days after starting our construction. He no longer wanted a percentage of the profit, but an increase in monthly wages, plus, plus, plus, etc. Obviously he knew then that I was in trouble financially.
8. My letter of July 13<sup>th</sup>, 1990 addressed to George T. Richards is enclosed (6 pages), and this was my response to his Notice of Termination of July 1<sup>st</sup>, 1990.

As time proved, the miscalculations in pricing of these homes was out by \$60,000 or more per house. This response talks also about Rita Korall and three Newfoundland employees. See page 3, paragraph 6(V) and page 4 of this letter detailing mismanagement of the money by George Richards. (See also a copy of the Purchase Agreement of the 1979 Caballero El Camino for \$5,100.00).

9. During my meeting with you on February 2<sup>nd</sup>, 2006, we came across an unexecuted Directors' Resolution where I purportedly was transferring my shares to my son, Ryan, in trust to protect the company and its assets. This transfer of shares never took place.
10. Next, I produce a hand written equipment List (by George T. Richards), totalling \$9,603.42 (2 pages), expense report of George T. Richards totalling \$27,414.89, a running bank account by Richards for the Kelowna Royal Bank, TD Bank, and a Newmarket (?) account.
11. I have many more handwritten documents and invoices on expenses incurred by Mr. Richards, if you wish to review these.
12. By Action No. 10361 (Kelowna Registry), Okanagan Chalets Inc. and myself commenced a civil suit against George T. Richards, Rita Korall and George's company, Tri-Star Homes Ltd., in the Supreme Court of British Columbia on May 22<sup>nd</sup>, 1991. A copy of the Statement of Claim is included with a damage claim exceeding \$500,000.00. Karl Deibert, Barrister and Solicitor was subsequently retained by Okanagan Chalets Inc. in June of 1992, in Vernon, and he filed an amended copy of the Statement of Claim – copy enclosed.

I have one completely filled box of files of Okanagan Chalets Inc. used by Mr. Karl Deibert (Lawyer) between 1992 and May of, 1995, as the action carried on at least until 1995, or later, at great expense to the company and the writer. During 1992 and 1995, Mr. Deibert did negotiate settlement with numerous creditors of the company that will be discussed below.

## **THE CONSTRUCTION PHASE**

### **A. The First Two Months**

Construction of the three chalets under contract began on Silver Star Mountain in May, 1990. The company had contracted with George Richards in March, 1990 (see above), and I went about getting three (3) building construction contracts:

- (1) My Own Chalet;
- (2) Kelly and Solfrid Meade (Abbotsford);
- (3) Ann and Leonard Sonnenberg (Surrey);

These were fixed price contracts estimated in the sums between \$87,000.00 to \$89,000.00 but due to poor estimation the actual cost of construction went to \$140,000.00 or more per home built. I am enclosing the Meade Contract for your review.

See also letters to Meade's re costs:

- (a) June 29, 1990
- (b) August 13, 1990 – additional costs

Litigation for non-payment of invoices started long before construction was completed. See letters to/from lawyer Porter Ramsay, November 19<sup>th</sup>, 1990 and February 20<sup>th</sup>, 1991, re Glen Moranda Construction.

See letter to Meade's, December 12<sup>th</sup>, 1990, outlining miscalculation of costs and requests for more money to complete construction. See Kelly Meade's response, dated December 12<sup>th</sup>, 1990. Almost two weeks later, I applied for re-entry into the Bar in the Law Society of Upper Canada in Ontario after losing all of my inheritance. Kelly Meade knew how hard I worked and how much I had lost in time and money. He wrote a letter of reference dated March 12<sup>th</sup>, 1992 – copy enclosed.

The pictures marked as #1 is the Meade home under construction – I have a complete file, if you wish to view same. I also have a file on the Sonnenberg home that Okanagan Chalet Inc. never completed. This contract was stolen by Tri-Star Construction/George Richards. The photos number #2 is a home built on my lot at Silver Star, which I had to eventually sold to pay off credits in 1992-3 and to avoid going bankrupt.

Some of the suppliers of the construction included:

- (1) Wagner Appliances – Kelowna  
See Invoices – Feb. 1'91, Feb. 5'91, Mar. 9'91
- (2) Wosk's LTD – June 11'90
- (3) 6<sup>th</sup> St. Kithcen and Bath LTD  
See Invoices – Dec. 7'90, Jul. 5'90, Dec. 22'90
- (4) Caddy Electrical Contractors – Aug. 13'90 \$5,200.00
- (5) Okanagan Builders - Kelowna

### **Sonnenberg File – LOT #35**

I have another file for Sonnenberg that was a contract never completed by Okanagan Chalets Inc. Tri-Star Construction/'George Richards stole this contract from Okanagan Chalets Inc., and this was part of the litigation in 1992-1995 and beyond.

I enclose some unpaid invoices:

- (1) Okanagan Builders' letter – September 5<sup>th</sup>, 1990; also, List of some creditors of Okanagan Chalets Inc. on October 30<sup>th</sup>, 1990, outlined in letter to Tom Fletcher of Davidson and Co. (Lawyer) – Settlement Claim and Release, October 25<sup>th</sup>, 1990 (see Breakdown of Costs).
- (2) I have two (2) Sonnenberg files in my possession with a lot more paper if you wish to review some.

## LITIGATION

In addition to my suit against Richards, Korall and Tri-Star and others referred to above, I had to contend other claims and lawsuits from creditors long after completing the homes for the payment of outstanding invoices including.

- (1) Shepherd's Hardware – Provincial Court of British Columbia Registry File No. 16672 / Vernon, B.C. See enclosed:
  - (a) Notice of Settlement Conference in this action against me as guarantor for Okanagan Chalets Inc., a debt at Shepherds Hardware Ltd. on September 26<sup>th</sup>, 1997.
  - (b) Consent Order, dated November 4<sup>th</sup>, 1997 - \$5,000 Settlement and Notice of Withdrawal, dated May 27<sup>th</sup>, 1997, ceasing action against **Okanagan Chalets Inc.** Therefore, the company was still in active business as late as **1997** at least. By this time, my lawyer, Karl Deibert, had abandoned Okanagan Chalets Inc., and I had to complete the file and settlement of the claim myself. I have a complete file for your review, if you wish.

## THE FINAL BLOW

Between July / August 1990 to February / March 1992, or later, I went through many project superintendents to complete only two chalets that the company built. Okanagan Chalets Inc. was the first builder on Silver Star Mountain, and what took most builders six months to complete, took my company two years or more. But I did finish what I started at great personal sacrifice.

In the end, about 1991 mid-year, I had to borrow another \$25,000 from the Bank of Commerce to complete my chalet. Since my credit and that of the company had taken a beating, Karen Baudais, my common law spouse, personally guaranteed that loan, and to obtain such funding, I had to convey the chalet to Karen as security. Attached hereto is a copy of an undated agreement between Karen and myself. The chalet was put up for sale in 1992, and eventually sold for about \$220,000.00 in late 1992 or 1993. After all of the loans were paid off, including a multitude of creditors – some noted above – I walked away after three years effort with nothing but a clear conscience. Karen and I separated in 1993 when she moved to Florida, and I remained in B.C. where I studied at U.B.C., and received my real estate salesman's licence in 1993.

## CONCLUSION

I had lost my entire inheritance of in excess of \$200,000 between 1990 and 1993. I firmly believe that I am entitled to write off these legitimate investment losses from a company that I invested my inheritance in. Neither the company nor I never went bankrupt, nor was their an assignment into receivership. I never withdrew the company from the Registrar of Companies, but I did stop filing Annual Returns in or about 1993 or 1994. Upon having a lawyer check with the Companies Registry, I am advised that

Okanagan Chalets Inc. Charter was withdrawn or on about 26<sup>th</sup> August, 1994, a copy of the Registrar's Certificate is enclosed. (see TAB #6)

In view of these losses, I believe my accountant, Al Stronach, C.A., failed to claim enough of an investment loss in 1990 or 1993. After this personal review of my history between 1990 to 1995, I believe that I should re-file 1990 and 1993/94 Tax Returns and claim an even larger investment loss in Okanagan Chalets Inc..

I will now proceed to complete the questionnaire that you have provided to me as best that I can.

Kindly contact me at your earliest convenience to have these matters resolved conclusively.

Since 1995, I have been very quiet – non public – about how the world is being run in Ottawa, Washington, London, Paris, Munich, Moscow and Beijing. When the CRA served my employer with a R.T.P. in November, 2005, without notice to me, I felt that you – the system – were calling me back into the arena of public affairs, and for a few weeks Captain Canada stirred, as shown on my website [www.antitaxcrusader.com](http://www.antitaxcrusader.com) The links to that website are just the beginning ...

As I wrote to the previous Minister of Revenue in November 23<sup>rd</sup>, 2005, I will not “negotiate out of fear, but I will negotiate”.

I have spent several weeks preparing this report for the C.R.A. If you wish to keep the channels of communication open between us and private (as opposed to public), let me go back to work in my now chosen profession as a realtor.

Kindly instruct your collection department to withdraw your Requirement to Pay from my employer, ReMax 2000 (Panorama) within ten (10) days. Kindly acknowledge receipt of this letter by return mail.

Please also hold this letter and documentation in trust. You are welcome to copy this letter or any other documentation included, and contact any person, company, bank, or organization to verify the veracity of the contents. However, at the end of your negotiations, I will like to receive this entire binding back, as it may be required in another venue.

A copy of this letter (but not the attachments) have been forwarded to the new Minister of Revenue for her information.

Yours truly,

John P. Gorman, B.A., LL.B.

Copy to: The Honourable Carol Shelton  
Minister of Revenue

