

For RCMP

Contents

THE ALLEGATIONS	2
THE THREE CHARITIES	3
THE FRAUDULENT MIDDLE-MAN	8
THE FRIENDS	9
IN CONCLUSION	17

THE ALLEGATIONS

The primary allegation is that a series of charities were utilized to launder \$2 million from billionaire political donor Gerald Schwartz to Stephen Harper between 2010 and 2016. Several influential lobbyists associated with Mr. Schwartz are implicated—notably Shimon Fogel. By all appearances they agreed to be involved in illicit activity to position themselves for high-level and lucrative roles in a new lobbying body Gerald Schwartz had created.

Gerald Schwartz is the CEO, Chairman, and Founder of Onex Corporation, the largest private equity company in Canada with over \$33 billion under management. Mr. Schwartz also controls Chapters/Indigo through a separate holding company called Trilogy Retail and is deeply involved in philanthropy. In particular, Mr. Schwartz is a founding member of an informal body known as the “Israel Emergency Cabinet” with three others including Schwartz’s wife Heather Reisman. This body was responsible for deep reforms in formal Jewish advocacy resulting in the mothballing of both the Canadian Jewish Congress and the Canada-Israel Committee in late 2010. It was lobbyists from these organizations being absorbed by Gerald Schwartz’s CIJA who were involved in this payment trail.

The consideration for the payments was the appointment of Nigel Wright, a politically connected Managing Director at Onex Corporation, as Harper’s Chief of Staff on September 24th, 2010. While acting as Chief of Staff, Wright then appears to have negotiated with Air Canada executives to fix a major procurement process at the airline for pension deferment considerations on December 12th, 2012. John Baird is also implicated in both the pension deferment lobbying effort and the illicit money laundering trail.

The primary investigator has organized evidence and all findings based on his opinion of the burden of proof met. Hopefully this will be of assistance to the RCMP in preparing their strategy to investigate these allegations.

These are crimes and/or violations clearly proven by obtained evidence *beyond a reasonable doubt*,

- (a) Section 21 of the Conflict of Interest Act of Canada violated by former Chief of Staff to the Prime Minister’s Office Nigel Wright
- (b) Multiple counts under Section 238 (1) of the Income Tax Act against Shimon Fogel, Moshe Ronen, and Stephen Victor
- (c) Criminal Fraud using s. 380(1)(a) of the Criminal Code of Canada implicating Shimon Fogel, billionaire private equity CEO and major political fundraiser Gerald Schwartz, and Stephen Victor.

There is *clear and convincing evidence* for the following,

- (a) A \$2 million money laundering plot involving Gerald Schwartz and former Prime Minister of Canada Stephen Harper and former Foreign Affairs Minister John Baird.
- (b) Nigel Wright used his position as Chief of Staff to forward the private interests of both himself and Gerald Schwartz, invoking several sections of the Parliament Act of Canada and Criminal Code, including s. 380(2)

On *balance of probabilities* the following can be shown,

- (a) Stephen Harper has accepted a bribe from Gerald Schwartz which invokes all relevant sections of the Criminal Code of Canada and the Parliament Act of Canada involving public corruption.
- (b) John Baird has accepted a bribe from Gerald Schwartz which invokes all relevant sections of the Criminal Code of Canada and Parliament Act of Canada involving public corruption.

Though outside the scope of the investigations, the criminal fraud over \$5,000 also implicates members of the board of directors at Gerald Schwartz's private foundation. The board members include,

- (a) Irving Abella, spouse of Rosalie Abella, Supreme Court Justice
- (b) Shabtai Shavit, former Commander of Mossad's Special Operations Division.
- (c) Rob Prichard, Chairman of the Bank of Montreal
- (d) Heather Reisman, CEO of Chapters/Indigo
- (e) Aviv Bushinsky, Former Chief of Staff to Israeli Prime Minister Benjamin Netanyahu

THE THREE CHARITIES

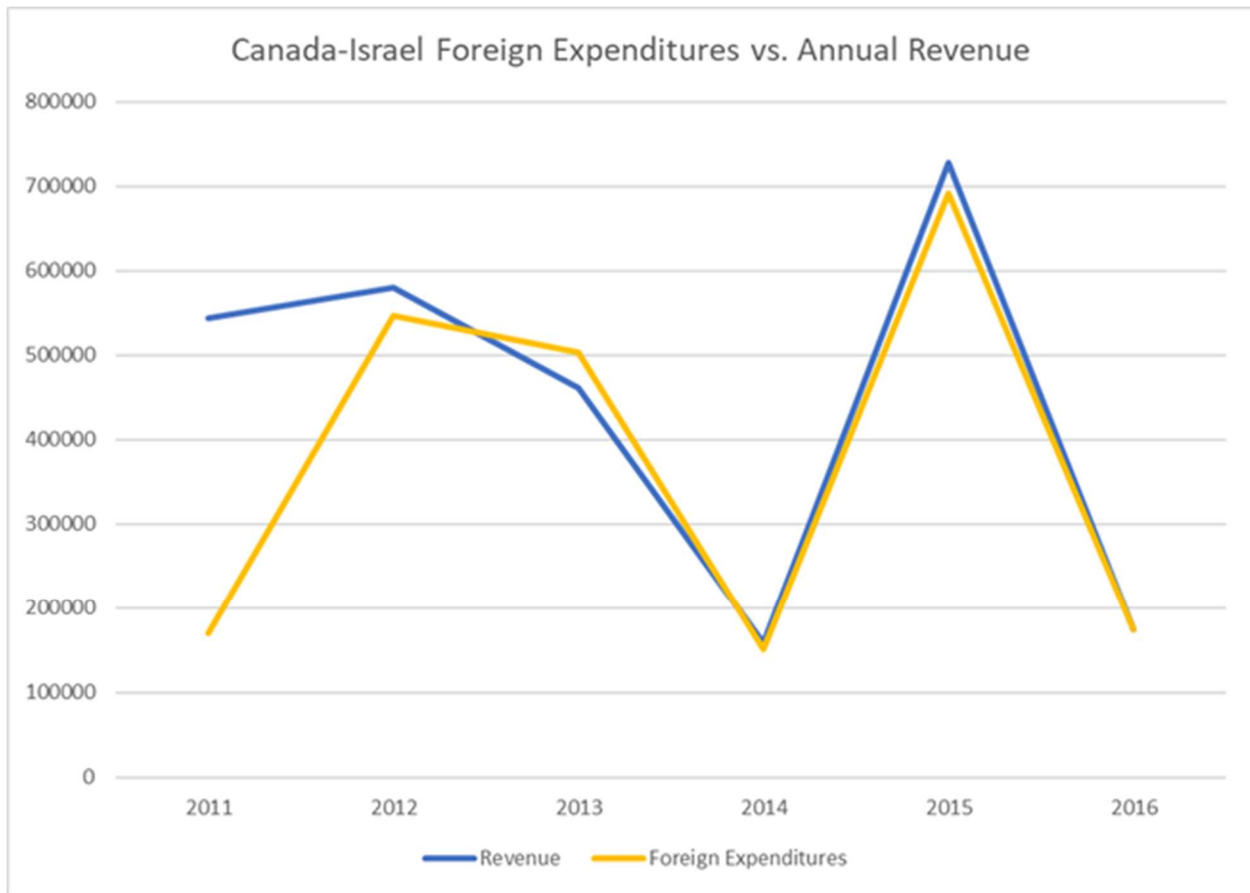
The core of the investigation is an asset trace connecting three charities. A private foundation named the Gerald Schwartz and Heather Riemann Charitable Foundation ("Schwartz Foundation") is our start point, the source. This private foundation passed along \$2.25 million between 2010 and 2016 to the Canada-

Israel Education Foundation ("Canada-Israel"), a Canadian charitable organization. A full value 85% of all of Canada-Israel's revenue from just this one transaction flow. Overwhelming support, and even the other smaller supporters identified could often be connected to close personal relationships with Gerald Schwartz.

Canada-Israel moved the vast majority of its revenue out of Canada and about \$1.76 million was traceable as paid to a set of foreign organizations known in charitable parlance as intermediaries or agents. Half of the traceable total was linked to one intermediary, a charity in the United States called the Friends of Israel Initiative Inc ("Friends of Israel").



This would appear at first blush to be an innocuous transaction trail. A charity designed to take Canadian funds and move them to Israel for a brief six-year window before closing. Nothing to see. First impressions can be deceiving.



Canada-Israel's Declared Revenue vs. Foreign Expenditures across its entire existence. Outside of the first fiscal year, foreign expenditures match almost dollar for dollar to revenue.

Evidence has been obtained which indicate the elements for the offense of Criminal Fraud over \$5,000 in s.380(1)(a) of the Criminal Code was committed by the operators of Canada-Israel, while implicating the Schwartz Foundation and its chairman Gerald Schwartz under s. 21(2) Common Intent. The *Application to Register a Canadian Charity Under the Income Tax Act* for Canada-Israel, signed by the CEO of the Centre for Israel and Jewish Affairs ("CIJA") Shimon Fogel and Ontario attorney Stephen Victor, contained numerous material misrepresentations. These representations allowed Canada-Israel to obtain charitable status and subsequently operate the charity between July 2010 and November 2016 well outside the parameters listed on its application. The application would not have been approved without the misstatements thus invoking the *duty to disclose*.

There are numerous material misrepresentations, however, for our purposes one will be the immediate focus. The application submitted by the charity to the Canada Revenue Agency used to obtain charitable status clearly stated that *no foreign activity* would occur whatsoever in three separate locations including in

writing, yet Fogel began sending money to Israel immediately after charitable status was granted.

Those massive foreign activities should never have happened at all.

Painstaking work has been completed to obtain numerous sources of evidence all corroborating that legally required direction and control was not maintained over the funds sent to many of the foreign agents deployed by Canada-Israel. The author was unable to likewise verify a single instance where an intermediary was deployed lawfully. No response to email inquiries regarding Canada-Israel's foreign activities was ever obtained from any inquiry--polite or aggressive--from the charity or its directors. This is important. It means evidence has been obtained that Canada-Israel operated as a conduit, illegally funneling huge sums out of Canada. The directors had no answer for the allegation. Given the material misrepresentations on the application used to obtain charitable status, the subsequent illegal activity enabled by said misrepresentations deprived the Canadian public of precious tax revenue exceeding \$5,000, the legal minimum for conviction under Criminal Fraud.

2016	Friends of Israel Initiative	US	124,920
2016	The Lawfare project	US	23,611
2016	Shurat HaDin/Israel Law Centre	IL	25,300
2015	The Lawfare Project, Friends of Israel Initiative	US	256,206
2015	Histour Eltiv Ltd., Aviv Bushinsky, Jeffrey Danzinger, NGO Monitor, Assoc. of Friends Tel Aviv Sourasky Medical Center	IL	327,259
2015	Menifa-Manof Lachaim, Tech-Career	IL	108,368
2014	The Lawfare Project	US	23,935
2014	Israel Brain Technologies	IL	50,000
2014	Schusterman Foundation - Israel, Daniel Eisen, NGO Monitor	IL	77,108
2013	Friends of Israel Initiative, Inc., The Shalem Center	US	250,000
2013	Interdisciplinary Center Herzliya, Jacob Hirshel, Committee for Shomron Residents	IL	21,475
2013	Schusterman Foundation - Israel	IL	232,425
2012	Friends of Israel Initiative, Inc.	US	240,000
Total			1,760,607

List of

Traceable foreign intermediary payments by Canada-Israel organized by fiscal year (July 1 - June 30). Notice how the directors of the charity crammed multiple intermediaries onto individual lines of their T3010 Charitable Information Returns. These lines are designed for one intermediary at a time. It appears to be a method the directors deployed to obfuscate the nature of the payments.

Among the individuals implicated in the Criminal Fraud is Shimon Fogel, the CEO of the Centre for Israel and Jewish Affairs and billionaire Gerald Schwartz, the largest political fundraiser in modern Canadian history.

Mr. Fogel acted as the Treasurer for Canada-Israel. Gerald Schwartz's compensated advisor Moshe Ronen acted as its President, and former Canada-Israel Committee Chairman Stephen Victor acted as a Vice-President. These men were the only individuals involved in any capacity with Canada-Israel.

Mr. Schwartz is a founding figure in the variant of the Israeli lobby of which Fogel is CEO. In 2002, Schwartz founded an informal body known as the "Israel Emergency Cabinet" responsible for the creation of CIJA. Schwartz's new entity would go on to absorb both of the historic advocacy organizations for the Jewish

community, the Canadian Jewish Congress and the Canada-Israel Committee, by 2011.

Unfortunately, it appears Mr. Schwartz has been using CIJA as a hidden backdoor into politics to enrich himself through Onex Corporation. It is therefore unsurprising that Canada-Israel was staffed by a paid Schwartz consultant and two former Canada-Israel Committee executives threatened with layoffs as the former lobbying organization was rendered defunct by Schwartz's organization.

Israel appears, to the investigator, to not be a primary motivator in the crimes, which are economic in nature. Instead, it appears Schwartz was able to leverage his position against lobbyists about to lose their jobs at the Canada-Israel Committee and the Canadian Jewish Congress while they jockeyed for new high-level positions in CIJA. He was being opportunistic.

THE FRAUDULENT MIDDLE-MAN

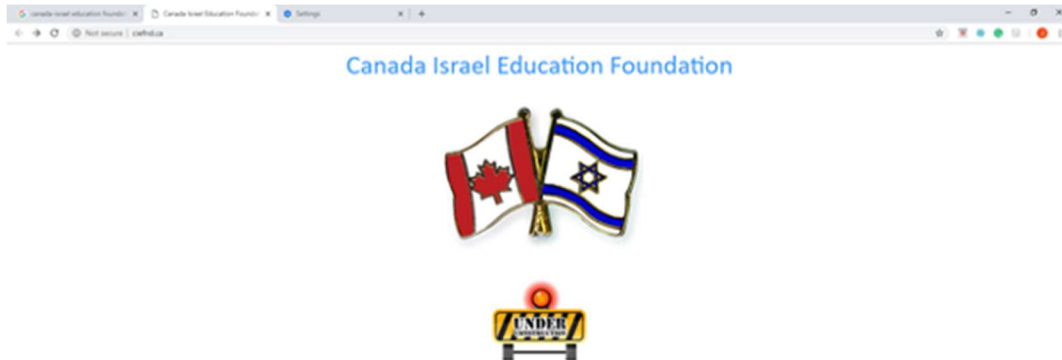
Canada-Israel was obviously a tool for Gerald Schwartz and Israeli lobbyists to illegally launder funds out of Canada and nothing more.

While active between July 2010 and November 2016, the charity never had an employee, never trained a volunteer, never had a physical office, never did any charitable activities in Canada, never advertised, and used a blank website with an "Under Construction" logo for the duration of its six years of activity. It was charity in name only, an empty shell. The charity's President was a direct employee of Gerald Schwartz. A large amount of funds was passed overseas to another employee of Schwartz, Aviv Bushinsky, (fiscal 2015) who was perversely also a director at the Schwartz Foundation making the contributions. The Schwartz Foundation, very literally, *paid itself* using Canada-Israel as a flow through.

The charity's activities were, in reality, designed to avoid detection by government auditors. The chances this charity would be discovered by knowledgeable individuals was likewise infinitesimally small. It was only absolute luck the charity was detected at all, lost as it was among 86,000 peers. It was like finding a needle in a stack of needles. But once it was identified the investigation, though painstaking and careful, was basically just paint by numbers. This was clearly a conspiracy. It is not difficult.

The problem is the amount of funds. It's tiny in comparison to Schwartz' vast wealth. It does not make sense to risk a conviction for Criminal Fraud over \$2.25 million for a mega-billionaire private equity tycoon. Why would Schwartz risk it all between 2010 and 2016 over illegal tax savings on a couple million when he

personally took home \$85 million in compensation from his Onex Corporation in 2013 alone?



This is the website for Canada-Israel...for six years.

Table B: Staffing at Canada-Israel Education Foundation

Year	2016	2015	2014	2013	2012	2011
Full-time Employee	0	0	0	0	0	0
Part-time or part-year employees (#)	0	0	0	0	0	0
Total compensation (\$)	0	0	0	0	0	0
Part-time or part-year compensation (\$)	0	0	0	0	0	0
Professional and Consulting Fees (\$)	11,100	11,992	9,609	5,554	28,241	67,286

THE FRIENDS

Canada-Israel appears to have been set up solely to disguise and transfer funds from the Schwartz Foundation to the Friends of Israel Initiative Inc. There are a number of reasons the Friends of Israel appears to be the true intent behind Canada-Israel, including,

(i) Exactly 50% of all traceable overseas payments out of Canada-Israel went to this American charity. It was a very precise split which appeared intentional;

(ii) It was the only organization paid across the entire six-year active lifespan of Canada-Israel (the charity shut down almost immediately after its final payment to it);

(iii) The Friends of Israel was involved in the first and last payments out of Canada-Israel and was involved in more transactions than any other organization paid. It appeared the other organizations and agents were paid to obfuscate payments to this organization or redirect funds;

(iv) The two legal entities were set up almost concurrently –Canada-Israel obtained charitable status on July 23rd, 2010 while the Friends of Israel was incorporated as a non-profit corporation in Florida on September 8th, 2010--and picked the same year- end.

Please note here the rapid sequence of events:

- a. Canada-Israel obtained charitable status (July 23rd)
- b. The Friends of Israel is incorporated (September 8th)
- c. Nigel Wright is named Chief of Staff (September 24th)

(v) A director from Canada-Israel, Moshe Ronen, was identified at a Friends of Israel meeting in September 2011 representing himself as a Vice-President of The World Jewish Congress. No reference to Canada-Israel was ever made, despite Ronen making a payment to the Friends of Israel at that time representing 57% of the Friends of Israel's annual revenue. The tax returns from the Friends of Israel in the relevant fiscal year provide clear evidence the payment was illegal. It should never have been made. It should also be noted that Ronen was a compensated adviser to Schwartz prior to and during the operation of Canada-Israel.

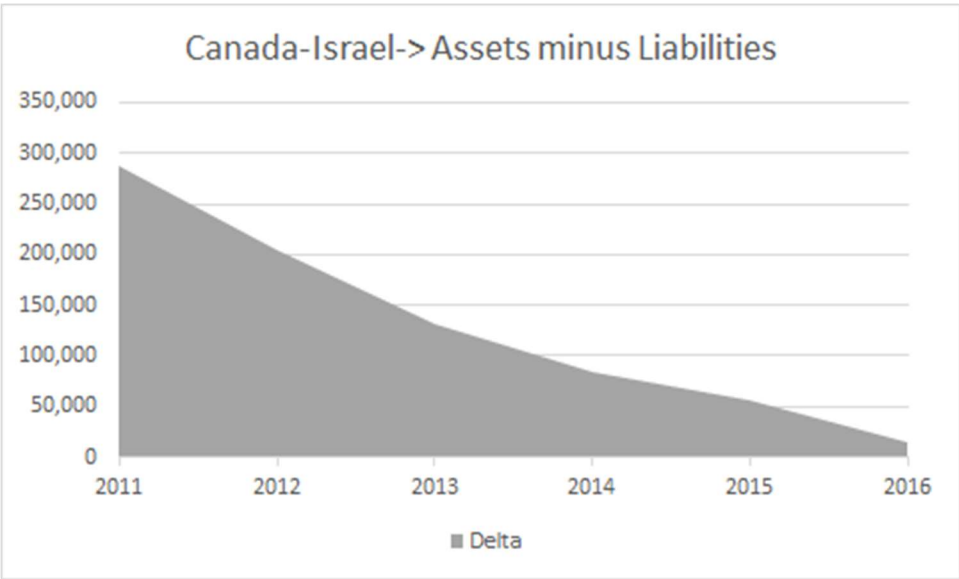
(vi) A number of other overseas intermediaries have been shown to be reroutes, taking funds and illegally rerouting to a third-party destination. In total, it appears that nearly 90% of all foreign payments were either rerouted or paid directly to the Friends of Israel, a total of approximately \$2 million.

Political Motive: Gerald Schwartz is a known associate of Stephen Harper. Harper and John Baird arrive at the Friends of Israel almost immediately after resigning from public office.



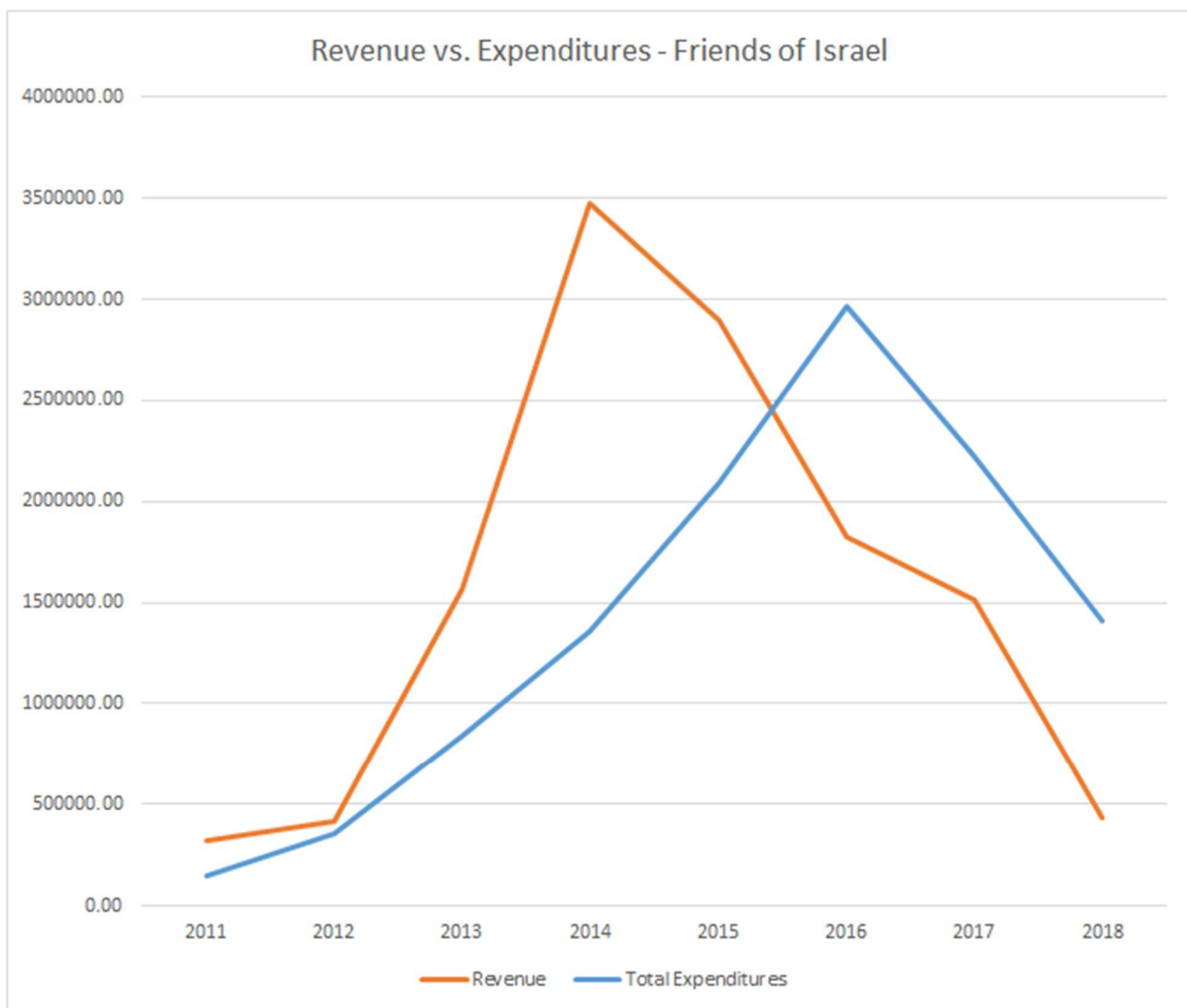
The ramshackle building that housed Canada-Israel as it was closed down.

Stephen Harper's arrival on November 15th, 2016 is particularly important here. Canada-Israel had changed its corporate address to a ramshackle building just prior to Harper's arrival and then failed to file its required T3010 Charitable Information Return to maintain charitable status right after his arrival. The charity's balance sheet asset totals, winding down linearly, indicate that the charity knew from day one that it was targeting Harper's arrival at the Friends of Israel to shut down. Bulls-eye.

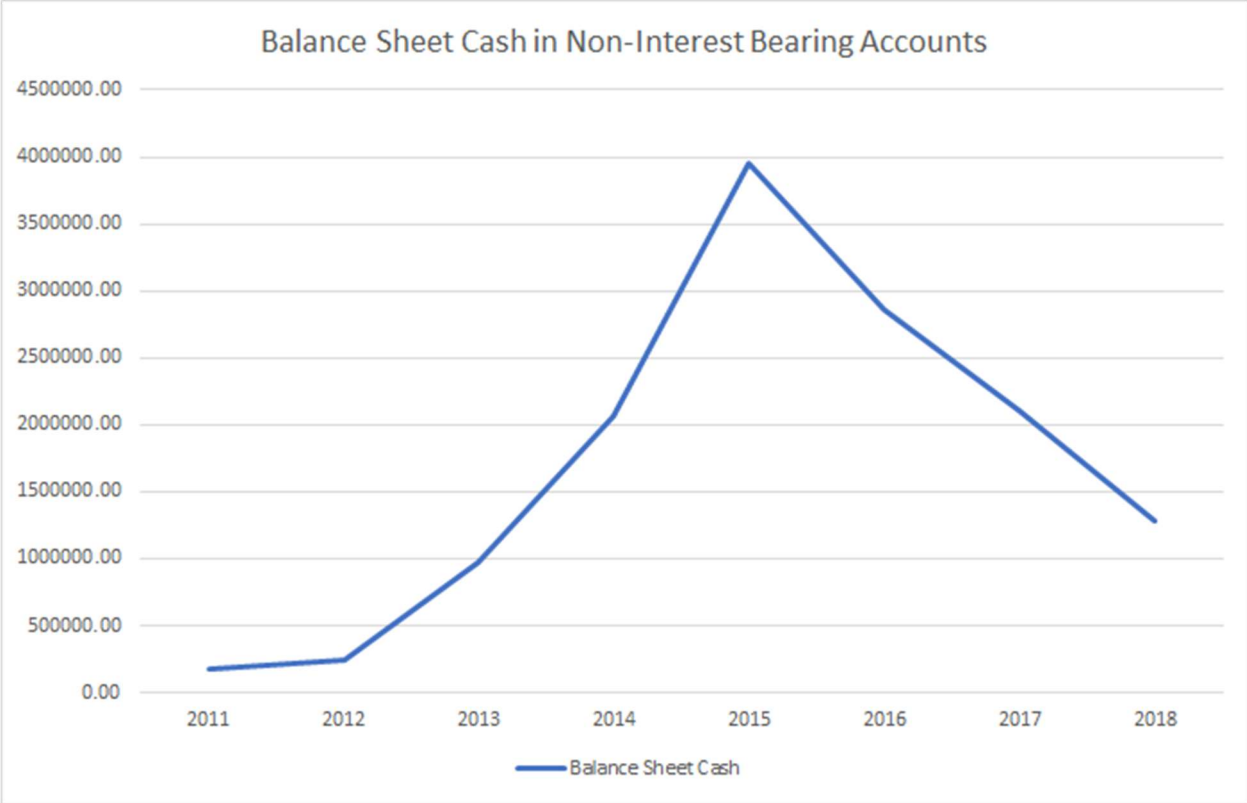


A small amount of revenue was kept to cover basic expenses at Canada-Israel in the first fiscal year. That amount was slowly drawn down, barely if ever replenished, before it was gone right when Harper arrived at the Friends of Israel. Canada-Israel was immediately wound down.

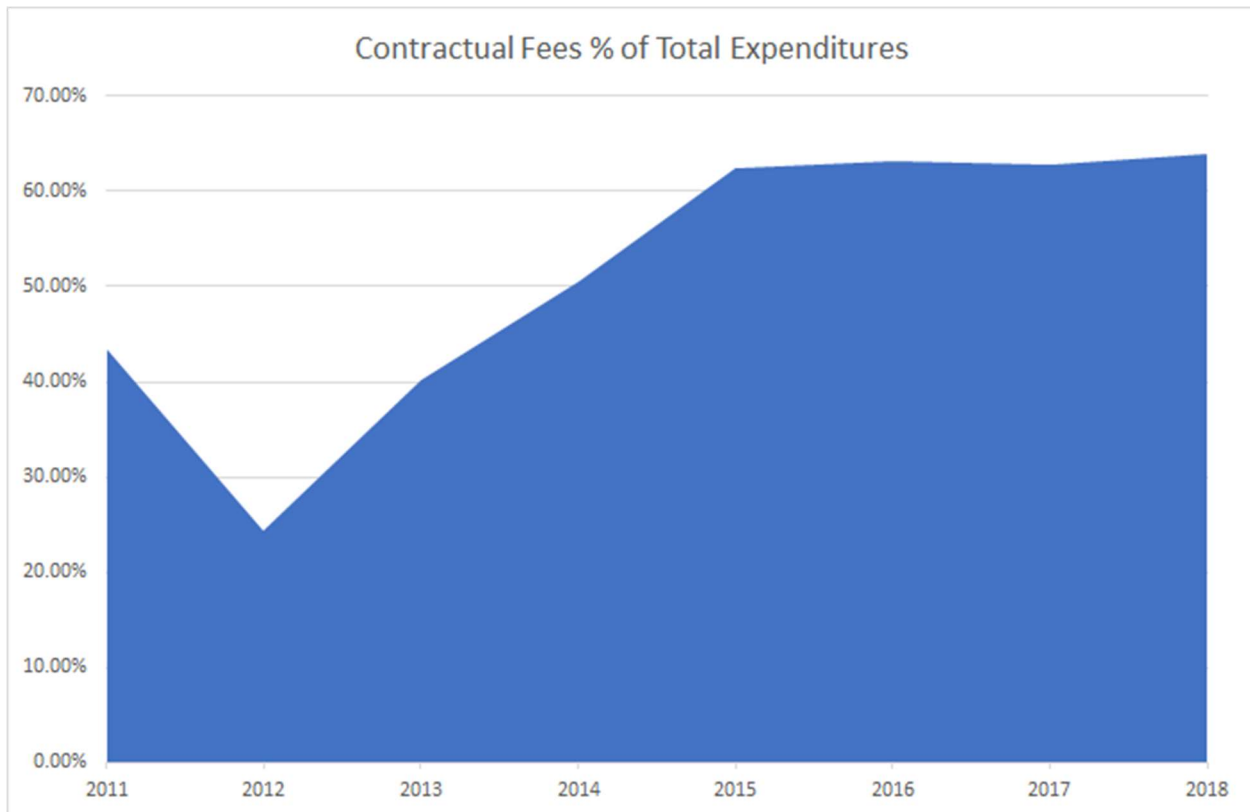
The Friends of Israel looks like a legitimate think tank. An audit proved it wasn't. It shares many of the same malignancies with Canada-Israel--no employees, no office, no assets. The work product was woefully inadequate to explain the expenses submitted on its own tax returns. The politicians associated with this charity (there are several) were presented publicly as legally affiliated with the charity. They weren't. Instead, the Friends of Israel built a \$4 million stack of cash up which disappeared into large contractual fees right when Harper and Baird arrived at the Miami charity alongside a number of other international politicians. Evidence obtained surrounding the three front directors at the Friends of Israel provides strong circumstantial evidence that these contractual fees were being emptied out into shell companies for those associated with the charity--including Harper and Baird.



Harper and Baird join the Friends of Israel right after the peak in Revenue. Contractual expenditures skyrocket.



The charity stores its net income on its balance sheet entirely as cash in non-interest-bearing accounts. Literally, cold-hard cash and nothing else. All of it. No investments, no real estate, no assets, no securities. Until fiscal 2016 the charity does but one thing. Store cash. Then, after Harper and Baird arrive, the cash pile disappears.



The Friends of Israel Initiative is like a restaurant. There is a front of the house and a back of the house. To the public one thing is going on. Behind the scenes, something very different. The cash is piled up while the politicians are in office. Dummies are put up at the start. When the targets leave office...POOF.

Canada-Israel, the fake Canadian charity making payments to the Friends of Israel, received charitable status on July 23rd, 2010. On September 24th, 2010, a managing director at Onex Corporation, the private equity giant controlled by Gerald Schwartz, named Nigel Wright was appointed as Stephen Harper's Chief of Staff. Cross-referencing Baird, Schwartz, and Wright inside the federal government was how the Conflict of Interest Act of Canada violation was detected involving Air Canada's procurement process and the faulty B737. The fruits of this violation appear to have been very profitable for Onex Corporation.

The perpetrators were relying on specific loopholes in charitable law between Canada and the United States to avoid Politically Exposed Persons regulations. There were many loopholes utilized. For instance, U.S. charitable law requires charities to pass a Public Support Test, requiring at least 33% of all donations and/or funding to be received from small donors annually, defined as supporters providing less than 2% of total funding. However, there is a loophole: the IRS does not evaluate the Public Support Test, and is thus lax on donor identity verification, over the first five years of a charity's existence. This grace period was leveraged by

Gerald Schwartz and others to forward large illicit payments, after which the Public Support Test *was* met.

By all appearances this is a dis-aggregated bribe to incentive Harper to appoint Nigel Wright as his Chief of Staff. John Baird appears to have benefited by meeting Air Canada shortly after Wright in January 2013 during a negotiation for pension deferments the private company required from the federal government in order to survive.

This is how it works: Canada-Israel opens up for business using the fraudulent application. Harper names Nigel Wright as Chief of Staff. Schwartz begins transferring payments into Canada-Israel. The Friends of Israel is paid by Canada-Israel while Harper and Baird are in office and stores the cash. Nigel Wright and John Baird do the dirty deed. Wright resigns in May 2013. Harper and Baird stagger their departures from office and entry into the Friends of Israel. After they both arrive at the Friends of Israel, the entity making the payments into it, Canada-Israel, shuts down and disappears.

This carefully planned system prevents auditors from discovering the true nature of the payment trail both during and after it was completed.



In retrospect, it's rather obviously money laundering: **Placement** (Schwartz Foundation); **Layering** (Canada-Israel); **Integration** (Friends of Israel). It provides the most logical explanation why billionaire Gerald Schwartz would risk being implicated in Criminal Fraud.

Money Laundering: Basic Terminology (continued)

The following case study details how four university students involved in an international money laundering ring, moved millions of dollars of illicit drug proceeds through financial institutions.

Placement

The initial account was opened by a NJ university student who stated that he was unemployed.

Days after establishing the account, wire transfers were received from two travel agencies, "Trav-L Bound" in Greece, and "Vizit the World" in Portugal.

Both fictitious travel agencies were created by the students as front companies to launder illicit drug proceeds.

In the following months, the account continued to receive multiple high-dollar wire transfers from Greece and Portugal.

Layering

Once the wires were received, the student transferred the funds to three other students who held accounts at other financial institutions.

Using the funds, the students wrote small-dollar checks payable to the travel agencies, purchased multiple traveler's checks and pre-paid debit cards, and mailed them to the travel agencies.

The students also deliberately over paid their tuition/ books to receive refund checks issued by the university.

Integration

The university refund checks were then co-mingled with the wired funds.

The combined funds were used to pay for the students living expenses, luxury items, investments, and advertising to make the travel agencies look legitimate.



Money laundering steps with another real-world example for comparison (Economic Crime Institute Conference: <https://slideplayer.com/slide/1682706/>)

IN CONCLUSION

A brief remark must be made about the composition of the board of directors at the Schwartz Foundation. This is not a normal private foundation. Nothing like it has ever existed in Canadian history. Two former Commanders of Israeli Intelligence Mossad's Special Operations Division--Noam Erez and Shabtai Shavit--sit as directors with Gerald Schwartz on the board of directors at his private foundation. As does a host of high-level former Israeli government and military officials.

The author is adamant that all political figures involved in the Friends of Israel should have the sources of their personal wealth investigated. The presence of spies, among other high-level Israeli government officials, all across this transaction trail hints at a wider conspiracy involving those other international politicians at the Friends of Israel.