

76. Saeid was not co-operative during the audit and did not provide any paper documentation to the Auditor. The only documentation provided to the Auditor was the electronic GL for the audit period. Saeid postponed or rescheduled the start of the audit from April 25, 2013 to February 25, 2014, citing on one occasion that he will be out of town and not providing a specific reason for rescheduling on the other occasions. It is not known if it was planned or just coincidental that the audit started just 5 days after the remaining properties were sold or transferred out of Glen Arbour Condominium Inc. to a related corporation, as referred to in paragraph 44 b) above. As of August 12, 2015 GAC does not own any real estate properties.

Sources:

- *Interview with the Auditor on November 21, 2014*
- *Auditor notes, working papers and memo for file*
- *Nova Scotia Property Online database search, August 12, 2015*

77. Mina's involvement in the operations of GAC may be limited as Navid signed for Mina as a guarantor on a mortgage document on January 17, 2011 (during the investigation period) as her lawful attorney. The mortgage proceeds were received by a related corporation for 549 Voyageur Way (Lot 46) in the Voyager Lakes subdivision in Hammonds Plains, Nova Scotia.

Source:

- *Nova Scotia Property On-line database, property ownership search result – February 29, 2016*

78. The books and records for GAC are required for income tax purposes for the period from January 1, 2008 to December 31, 2011 to allow the CRA to determine the taxable income of GAC for the 2010 and 2011 taxation years. The records for 2008 and 2009 are required for the reason stated in paragraph 72 above.

79. The books and records for GAC are required for HST purposes for the period from January 1, 2010 to December 31, 2013 inclusive to allow the CRA to determine the HST collected or collectible, the ITC's claimed and the net tax payable by GAC for the monthly filing periods ending on January 31, 2010 to December 31, 2013 inclusive and to determine if GAC is required to self-assessed HST on completed condominium units used as long term residential rental units as referred to in paragraphs 67 and 75 above.

GLEN ARBOUR CONDOMINIUM INC. RECORDS

80. During the audit of the monthly HST Returns for GAC for the filing periods from 2010-10-01 to 2013-03-31, the Auditor examined the HST Returns filed with CRA and the computerized accounting records (electronic General Ledger) prepared by GAC.

Sources:

- *Working papers and notes of Auditor*
- *Interview conducted with the Auditor on November 21, 2014*
- *CRA's GST/HST computer system*

81. The Auditor did not receive any records from GAC other than a copy of the electronic GL from Saeid during the initial interview that was conducted at the office of GAC at 71 Appaloosa Run, as referred to in paragraph 20 above. The electronic records were provided to the auditor on a USB thumb drive. The auditor copied the electronic files to his computer and then returned the USB thumb drive to Saeid.

Sources:

- *Working papers and notes of Auditor*
- *Interview conducted with the Auditor on November 21, 2014*

82. The Auditor met with Saeid on February 25, 2014, at 71 Appaloosa Run, Hammonds Plains, Nova Scotia when he conducted the initial interview for the audit. During the interview, Saeid answered most of the questions while Terra answered some queries concerning GAC's accounting records. The following information was obtained regarding the business books and records:

- a) the computer software used by the corporation for accounting purposes is "Conac";
- b) the individual responsible for maintaining the books and records is Terra;
- c) Terra records sales in the GL when she receives the paperwork for the sale from Saeid. What was included in the "paperwork" was not stated;
- d) Terra prepares the HST Returns and files the returns after they are reviewed by Saeid;
- e) HST paid or payable (ITC's) is recorded in the GL from the receipt and is not adjusted for a personal use portion of travel and vehicle expenses, they state there is no personal travel;

- f) Terra records the purchases/expenses in the GL under the appropriate expense account and allocated to the corresponding job and/or unit;
- g) HST is not charged on condominium sales to other HST registrants but is charged on all other sales;
- h) the books and records maintained by the corporation include: bank statements, cancelled cheques, sales contracts, purchase orders, contracts, expense vouchers, sales journal, purchases journal, general ledger, general journal and HST returns;
- i) the corporation maintains a bank account with the TD Canada Trust branch in Bedford, NS but the account number was not stated during the interview;
- j) all sales are deposited into the business bank account, but there are only small deposits currently as the last unit was sold a couple of years ago and the funds from those sales were directly deposited. Who currently makes the deposits was not stated;
- k) Terra and Saeid are not sure if there are deposits in the business account that are not sales (loans, personal funds, cash advances, etc.);
- l) HST is calculated by 15/115 or 13/113 depending on the period; and
- m) There is no stated accounting representative.

Note: Although Saeid stated to the Auditor that there was no accountant, he stated to Coralie that Kevin Nelson was the annual accountant for GAC during a telephone conversation on April 4, 2013.

Sources:

- Working papers and notes of Auditor
- Interview conducted with the Auditor on November 21, 2014
- CRA's GST/HST computer system

83. During the audit Saeid told the Auditor that the records for the business are available and will be provided. Saeid did not specify where the records were kept. Terra entered accounting information into the computer system at the office of GAC at 71 Appaloosa Run in Hammonds Plains, NS.

Sources:

- Working papers and notes of Auditor
- Interview conducted with the Auditor on November 21, 2014
- HST Penalty Recommendation Report of GAC

UNREPORTED INCOME AND TAXABLE SUPPLIES

84. As a result of my investigation I have reasonable grounds to believe that the alleged unreported HST taxable sales of \$926,498, as calculated in paragraph 61, resulted in HST collected of \$127,639 and represents unremitted net tax of GAC that has benefited GAC.

85. As a result of my investigation I have reasonable grounds to believe that the alleged unreported income earned of \$974,550, as calculated in paragraph 70, has benefited GAC.

ELECTRONIC DOCUMENTS AND DATA

86. On January 21, 2016, I received information from Mike Lemmon, Informatics Investigator, a public officer of the CRA attached to the Criminal Investigations Division, that:

- a) He has experience with computer systems, including data storage and retrieval, and has been involved in numerous searches conducted by Criminal Investigations Divisions, involving computerized records and documents;
- b) He is involved in computer search and seizures and also provides technical advice, guidance and training to investigators specialized in computer search and evidence recovery;
- c) The items as described in paragraph 1(g) of **Things To Be Searched For** are required to access, make intelligible, reproduce, transfer, communicate or receive data contained in data storage media described in paragraph 1(f) of **Things To Be Searched For**;
- d) The data storage media will be examined by or under the supervision of an Informatics Investigator of the CRA, an investigator who has been trained in the forensic analysis of computer systems and electronic data retrieval;