

**HER MAJESTY THE QUEEN  
-AGAINST  
JOHN CHRONIS AND WALTER CORRIGAN**

**HEARD BEFORE HIS HONOUR JUDGE FRANCIS COSTELLO  
ON OCTOBER 6, 7, 8, 9, AND 10, 1975**

“JOHN CHRONIS AND WALTER CORRIGAN stand charged that during the period of January 1<sup>st</sup>, 1973, up to and including July 31<sup>st</sup>, 1974, at the City of Kitchener and elsewhere in the Province of Ontario, they unlawfully did conspire together and with each other and with persons unknown to defraud the public of money or other valuable security, to an approximate amount of \$150,000.00 by deceit, falsehood or other fraudulent means to wit: by developing a scheme through the medium of telephone solicitations which induced the public **to believe that their contributions were charitable in the nature for the benefit of the blind**, contrary to Sections 423 (1)(d) and 338 (1) of the Criminal Code.”

“What is in issue is whether or not what was done is an indictable offense. The success of the scheme which is alleged to be fraudulent depended on it receiving publicity. Their system of record keeping or accounting was certainly not professional ...

.... The operation carried on by the accused was reasonably simple. They hired three or four blind musicians, then with other sighted employees in each city to which they planned to go, they would put on a telephone solicitation, literally going through the yellow pages and soliciting every business listed in the yellow pages of that city's telephone directory. The firms solicited were asked to take an advertisement in a program which was to be distributed at a concert to be held in that city some months in the future.

If the firm refused to advertise, it would be asked to buy tickets to the concert which it could either use, give away, or allow to be given away on its behalf ...

.... The actual method of soliciting is what the Crown alleges breached Section 338 (1) of the Criminal Code. The cards listening successful solicitations refer repeatedly to “donations”. It is the unknown words that make this case different from most if not all of the cases cited ....

.... The “Canadian Blind Associates” was not a charitable organization and never applied for registration as such. There is no record of them donating anything to the blind other than paying the musicians who gave the concerts....

.... There was adduced evidence from sixty businessmen and businesswomen from Kitchener, Waterloo. They had received a telephone call asking if they would place an advertisement in a program or buy tickets to the concert, or both. They all were of the impression they were contributing to something to help the blind in general. **They all thought they were contributing to a charitable cause....**

.... It is said by several of the witnesses that they would not have given money or purchased advertisements or tickets and they known that it was for a profit-making organization....

.... Mrs. Kelsey of United Taxi asked if a receipt for income tax purpose would be given and received an affirmative answer....

.... Mr. Wolf, Manager of A.K. Lippert Plastics Ltd. Was called by Mr. Pretty, a telephone solicitor and salesman for Canadian Blind Associates. Mr. Wolf asked if it was for charity or profit. The answer was, "for the blind"....

.... Three witnesses sent cheques payable to the Canadian National Institute for the Blind....

.... Exhibit No. 41, the text of the solicitation seized by the police is, even when strictly followed, a careful choice of words that seem designed to suggest a charitable cause without actually saying so. The follow-up letter also part of Exhibit No. 41, is similarly carefully designed to give an impression of a charitable cause without actually stating it....

.... I am satisfied that the accused in the operation of the Canadian Blind Associates with their employees, contravened Section 338 (1)....

.... There is no doubt and I have so found, that if what was done was an indictable offense, there was ample agreement between the accused and others to do it and thus to constitute a conspiracy. There are the partnership declarations, the presence of Chronis in the phone rooms, the records in his and Corrigan's possession, their admitted association, then employment of the solicitors....

.... Accordingly when considering the amount of the fraud, the gross receipts must be looked at and not the net income to the partners after expenses. According to Mr. Lindquist the gross so-called sale proceeds for 1973 and the part of 1974 were \$152,326.95, so the figure in the indictment of approximately \$150,000.00 is correct and is proven....

.... For all the above reasons then the accused are found guilty as charged."

## ACCOUNTING EVIDENCE

In the course of our work, where we were unable to determine either the source of the use of the funds, they were categorized as unidentifiable. We saw no books of account for the year 1973 and only a cashbook for part of the year 1974. We saw about one-half of the cancelled cheques and no evidence of pre-numbered invoices or official receipts. It was therefore impossible to determine whether the deposits recorded in the bank statements represented the total amount of money received by the Canadian Blind Associates.

Some of the documents made available concerned the activity in Kitchener on June 26, 27 and 28, 1974 and did disclose unrecorded revenue. Examination of these documents revealed the understatement of deposits (income) in both the bank account and cashbook, as follows:

### June 26, 27, 28, 1974

Total Receipts	<u>\$1,315.00</u>
Composed of Cheques	\$ 935.00
Composed of Cash	<u>\$ 380.00</u>
	<u>\$1,315.00</u>
All cheques are deposited to bank account and recorded in cashbook	\$ 935.00
Company Retains i.e. [ 55% of total receipts (55% of \$1,315.00)]	<u>\$ 723.25</u>
Balance paid to D. Cooper	<u>\$ 211.75</u>

The following formula was deduced by analyzing these amounts:

Total the receipts and deposit only the cheques. Calculate the value of 55% of the total receipts, and issue a cheque to D. Cooper for the excess of cheques deposited over the 55% which represents an amount left in the company bank account for business expenses.

Consequently, \$.45 of every \$1.00 was unaccounted for.

We repeated the calculation for July 8 and 10, 1974, and arrived at the same result.

Because the calculation shown in the schedule is based on both the available bank statements and cashbook for Kitchener in 1974, sales proceeds noted in the schedules were apparently understated by the amount of cash received by the

collectors. The total receipts could thus be calculated on the formula that the total deposit less the amount paid to D. Cooper equaled 55% of the gross receipts.

The lack of documents prevented us from determining whether this particular procedure was followed in the other cities.

Based on the sales figure provided by this formula, a \$1.00 deposit for Kitchener for 1974 could be divided in the following manner:

\$1.00 = 100%		
Payments unaccounted for	=	45%
Payments to Canadian Blind Associates in Toronto	=	50%
Payments to W. Fleming and J. Chronis	=	3%
Expenses	=	<u>2%</u>
		<u>100%</u>