



## **STAFF REPORT ACTION REQUIRED**

### **Accounts Receivable Write-off Report**

<b>Date:</b>	November 12, 2015
<b>To:</b>	TTC Audit and Risk Management Committee
<b>From:</b>	Chief Executive Officer

### **Summary**

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This report recommends that the Audit and Risk Management Committee (ARMC) receive and forward this report to the next Board meeting for approval to write-off the uncollectable accounts receivable balances with a former employee Robin Haslam and Hamid Investments Inc. totaling \$145,880.87. These items are in excess of delegated staff authority limits. The actions being recommended by staff have been reviewed with appropriate section Heads and the Legal Department who concur with the recommendations.

### **Recommendations**

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It is recommended that the ARMC:

1. Receive the report, and
2. Approve forwarding a copy of the report to the next TTC Board meeting for approval to write off uncollectable accounts over \$50,000.

### **Implementation Points**

This report must be approved at the November 12, 2015 ARMC meeting to obtain approval at the December 16, 2015 TTC Board meeting in order for these adjustments to be made before year-end.

### **Financial Summary**

These amounts were provided for in the TTC's allowance for doubtful accounts and expensed in previous years. The Robin Haslam account was provided for in 2005 and the Hamid Investments Inc. account was provided for in 2014. Therefore, there will be no further impact.

## Accessibility/Equity Matters

There are no accessibility or equity issues associated with this report.

## Decision History

Two previous reports dated May 12, 2014 and May 27, 2015 to the ARMC have outlined the issues regarding the outstanding account of Hamid Investments Inc.

[Audit Committee May 12, 2014 – Accounts Receivable Considered Uncollectable](#)

[Audit Committee May 27, 2015 – Accounts Receivable Considered Uncollectable](#)

## Issue Background

TTC's Authorization for Expenditures and Other Commitments Policy allows senior staff (as delegated by the Chief Executive Officer) to write-off individual uncollectable amounts up to \$50,000. Individual amounts over \$50,000 require Board approval. For accounts over \$50,000, once all collection efforts have been exhausted and senior TTC staff and the Legal Department have deemed the amounts to be uncollectable, a write-off report is forward to the ARMC requesting that the report be forwarded to the Board for approval to write off the accounts.

## Comments

Two accounts identified in Table 1 below totaling \$145,880.87 are recommended for write-off as uncollectable.

**Table 1: Individual Accounts over \$50,000 Recommended for Write-Off**

<b>Year</b>	<b>Customer No.</b>	<b>Customer Name</b>	<b>Amount (\$)</b>
2005	502655	Robin Haslam	56,418.23
2014	506946	Hamid Investments Inc.	89,462.64
<b>Total</b>			<b><u>\$145,880.87</u></b>

### **Former Employee**

The TTC commenced legal action in 2005 against Robin Haslam who owed the TTC \$56,418.23 for working funds (\$56,286.19), uniform and equipment (\$132.04). The former employee petitioned himself into personal bankruptcy, but was subject to a restitution order made when they pled guilty to criminally defrauding the TTC. The restitution order in the amount of \$58,164.65 survives the bankruptcy.

In June 2006, a payment of \$200 was received. The Legal Department continued to pursue the matter and investigated access to the former employees' pension. However, the pension could not be assigned to the TTC as section 66 of the Pension Benefits Act

states that a pension is exempt from execution, seizure or attachment. In addition, the Financial Services Commission of Ontario regulations would not allow the former employee to unlock the funds to settle this matter under hardship criteria.

Robin Haslam disappeared for a period of time but was recently tracked by a tracing company. The former employee now resides in Northern Ontario. There does not appear to be any assets which could be offered to resolve the debt. We are seeking write off approval of this account as it has been outstanding for over 10 years.

### **Hamid Investments Inc.**

Hamid Investments Inc. o/a Petro Canada was established as a cheque on delivery TTC Fare Media Reseller on April 12, 2012. The account operated satisfactorily until April 8, 2014 when two cheques were returned by the bank marked "Insufficient Funds (NSF)" resulting in an outstanding balance of \$105,168.01. The account was immediately suspended and deliveries of fare media discontinued. The Reseller was contacted by staff and agreed to return all unsold fare media and issued a replacement cheque for the difference. Fare media valued at \$55,272.03 was returned and a post-dated replacement cheque in the amount of \$49,980.98 was collected. It was thought the matter was settled.

On April 15, 2014, two additional returned cheques, both marked NSF and totalling \$39,226.66, were received. The Reseller was contacted. The owner stated that Petro Canada had terminated their agreement with him and that he would not have funds to cover the amounts owing until he received the return of security deposits held by Petro Canada. On April 30, 2014, the post-dated replacement cheque in the amount of \$49,980.98 was returned by the bank. It was also marked NSF.

The Legal Department commenced legal action. A Statement of Claim was issued on May 29, 2014. The address for the corporate office had been sold and TTC was unable to serve a representative of the corporation. A private investigation company was retained to find the representative and principal but was unsuccessful. A Default Judgement has also been obtained. However, there are no corporate assets to satisfy the judgment. Further, the TTC cannot make a claim against Petro Canada in this case. The Legal Department believes that there is little likelihood of recovery and recommends the account in the amount of \$89,462.64 (inclusive of NSF fees) be written-off.

### **Contact**

Peter Somerville, Supervisor – Treasury Services  
Tel: 416-393-3637, Fax: 416-338-0178, Email: [peter.somerville@ttc.ca](mailto:peter.somerville@ttc.ca)