

## Calgary Southwest CA riding association woes

Harper enters riding dispute

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CanWest News Service

Calgary Herald

Friday, June 20, 2003

<http://www.canada.com/calgary/story.asp ... F1CD0B678C>

Canadian Alliance Leader Stephen Harper has personally intervened to try to end a long-simmering dispute in his Calgary Southwest riding over the management of constituency funds prior to his byelection victory in May 2002.

Earlier this month, Harper instructed a group of Alliance members to put aside complaints about financial operations in Calgary Southwest, even as he disclosed that his constituency's bank accounts were so depleted last spring that he was forced to spend his own savings to fund his campaign for election to Parliament.

The revelations are the latest twists in a controversy that centres on a request by more than 150 party members for an investigation and audit into the riding association's finances from November 2001 to April 2002.

The internal dispute has prompted the resignation this month of Calgary Southwest's latest constituency president, triggered threats of a lawsuit and caused repercussions in neighbouring Alliance riding associations.

At issue is the Calgary Southwest constituency association's actions during the period of time following the takeover of the riding's board of directors by supporters of Ezra **Levant**, a Calgary lawyer and longtime party activist, from a board which had been loyal to Preston Manning, the riding's former MP.

The time period also covers the four-month campaign by **Levant** to become the Canadian Alliance candidate and member of Parliament for the riding.

**Levant** ultimately resigned his candidacy in late March 2002 to

allow Harper, the newly elected leader, to run in a byelection.

Documents obtained by the National Post and CanWest News Service show Alliance activists in Calgary have been waging a quiet but intense battle for more than a year over the Southwest board's handling of constituency funds, including close to \$90,000 in assets held by the riding in November 2001.

The controversy came to a head on June 8, when Harper sent a private e-mail which called for an end to "old vendettas" and appealed for Alliance members to focus on working together to win the next election.

"There was a very nasty fight for control of this riding through fall 2001 and spring 2002. This paralleled the greater party schism at the time," Harper writes, referring to party infighting spawned by Stockwell Day's leadership of the Alliance.

"People like Stockwell Day and Chuck Strahl have demonstrated the party can get beyond this era to help us win the next national election. It is your responsibility to leave behind people who cannot drop these old vendettas and get on with winning the election in Calgary Southwest." Strahl was the British Columbia MP who led efforts to oust Day.

Harper's e-mail has triggered anger among several party members, including former Calgary Southwest riding executives, who laid the formal complaint about the riding finances.

"He has been so dismissive and so patronizing in the way that he is looking at this whole business," said Audrey Cerkenac, a vice-president of the riding prior to November 2001, and one of the members who signed the complaint. "I know that he thinks that there is a vendetta going on, but I think that is an extremely outrageous comment for him to make."

While Harper called for peace in the riding, the Alliance leader's e-mail also reveals he was forced to dip into his personal savings to finance his campaign for office because the Calgary Southwest riding association was broke when he assumed the party's candidacy.

"It became apparent that the constituency association had virtually no funds, and creditors to the **Levant** campaign were seeking payment of outstanding invoices. As a consequence, the byelection campaign could only proceed on the basis of a personal loan from me," Harper writes in the e-mail, which was distributed by his executive assistant, Ray Novak.

Harper indicates he was later repaid the money he loaned the riding.

Financial documents show the Calgary Southwest Constituency Association had assets of \$89,534 at the end of November 2001.

At the time, members of the Southwest riding association had just concluded a high-profile battle for control of the board.

Supporters of **Levant** defeated a group of Manning loyalists in elections to the board of directors. **Levant** told the National Post the following day that "we took out the trash last night" in the riding.

**Levant** went on to win the Alliance nomination for the byelection and ran a high-profile campaign which included billboard, television and radio advertisements. He stepped aside, however, after Harper won the Alliance leadership in March, 2002.

In a letter dated Nov. 7, 2002, Harper acknowledged the concerns among some Alliance members about Calgary Southwest finances.

"You do raise valid concerns about the management of Calgary Southwest Constituency Association Funds after the 2001 AGM (annual general meeting) and through to the time the byelection was called," he wrote in the Nov. 7, 2002 letter.

"Many of these appear to be speculative because the records of the Constituency Association and the pre-writ campaigns have not been audited and reported."

He added that party members should issue a formal complaint if they felt their interests were not handled appropriately. He advised that a "request should be sent to the Canadian Alliance Secretariat to investigate this matter."

The party members filed their complaint with Terry Horkoff, the Alliance executive director on Jan. 24, 2003. It calls for a "full and thorough investigation" into the finances of Calgary Southwest.

**Levant** declined to discuss the complaint when contacted on Thursday.

"On advice of legal counsel, I will refrain from discussing this matter in public as it will be resolved in the defamation courts," **Levant** said.

An audit conducted on the Southwest Alliance Campaign Fund, one of the riding's accounts, found the financial statements for Jan. 17, 2002 to April 30, 2002 "present fairly" the financial position of the constituency and were "in accordance with generally accepted accounting principles."

Harper said in his June 8, 2003 e-mail that the party's national office to had also checked into the finances in Calgary Southwest.

"Because the constituency association had had around \$90,000 in November 2001, National Office looked into this matter at my request," Harper wrote. "All evidence indicated the money was spent on the **Levant** pre-writ campaign."

Harper, however, wrote that he has further asked the Alliance national office to "look into some specific matters in order to ensure this kind of situation can never occur again."

The Alliance said its investigation into the complaint should be completed within the next week to 10 days.

Don Plett, the president of the Alliance's national council, said the party had only received financial records for Calgary Southwest on June 15 but no major problems have been identified.

"To date we have found absolutely nothing -- absolutely nothing -- untowards," said Plett.

**Garry Hennan**, who was vice-president of the Southwest association prior to the Nov. 2001 takeover, says he is not yet

satisfied that the party is taking the issue seriously.

"We are in need of some answers to some very basic questions on where the money went," Hennan said. "If everything is explainable and up to snuff, then that is great with us."

The controversy has caused deep divisions in the party. A former treasurer and president of Calgary Southwest, Joel Loh, last week had his candidacy for the Alliance nomination in Calgary Centre disqualified because of questions swirling around the controversy.

The latest riding president in Calgary Southwest, John Flynn, resigned on June 9 after making inquiries with Harper about the status of the complaint.

Flynn said on Thursday the Calgary Southwest riding association, once one of the party's strongest in the country, is "not functional" any more because of the prolonged infighting.