

Subject: ITTF - Investigation and legal opinion about the institutional and commercial activities of the ITTF President. - Disciplinary, civil and penal implications.

Having examined a number of available hardcopy documents, with regard to the activities of ITTF (International Table Tennis Federation) throughout the last decade, some indisputable, serious and undeniable irregularities have come to evidence, either as to the form or to the substance, in severe violation of Olympic ethical and regulatory principles, as well as of civil and penal legal standards.

There are moreover some suspicions as to unacceptable and illegal implications of the ITTF President, Mr Adham Sharara, because of ITTF funds' misuse, even growing in importance because of abuse of authority and/or office relations.

Furthermore, evident, severe and reiterative infringements of ITTF regulations as well as conflicts of interests do appear, regarding the behavior of Mr. Adham Sharara as ITTF President, especially with regard to the involvement of himself and his relatives in numerous ITTF financial and real estate transactions in third-party functions others than the ITTF Presidency.

Whereas all above, we aim to submit with this memorandum, to whom it may concern, the critical points coming up through mere reading of documents originated from ITTF, with some dutiful remarks concerning ITTF President's misbehavior and official statements.

All remarks, judgments and reasoning were derived by comparing ambiguous ITTF records with the mendacious statements of the ITTF President, with regard to ascertained circumstances or vested documents.

The following facts and figures may help to better focus on the subject in respect of due investigations commissioned within the ITTF environment.

We have considered three essential subjects, where **misbehavior and conflict of interests** of ITTF President Adham Sharara have become the most evident:

- (1) The conflict of interests due to ITTF President's involvement in the TMS business**
- (2) The implication of the ITTF President in the Gladstone Health Center**
- (3) The involvement of the ITTF President and his wife in the transactions related to the ITTF owned real estate properties in Ottawa and Hull**

INFORMATION ON THE DIFFERENT JURIDICAL ENTITIES INVOLVED

The objectionable misbehavior of the ITTF President does involve a number of juridical entities, all incorporated according to the relating civil law of Canada:

- ◆ 1997-08-19: **ITTF-Canada** is incorporated in Canada, under the (federal) corporation number 3402843, with the corporate name **THE INTERNATIONAL TABLE TENNIS FEDERATION**, and with at that time the three Directors, **Mr Adham SHARARA**, Mr Anders THUNSTROM and Mr Bruce BURTON. (*Doc. 01*)
- ◆ 2001-07-09: **TMS** is incorporated in Canada, under the (federal) corporation number 3916651, with the corporate name **TABLE TENNIS MARKETING SERVICES INTERNATIONAL**, and with at that time the three Directors, **Mr Adham SHARARA**, Mr Anders THUNSTROM and Mr Bruce BURTON. (*Doc. 02*)
- ◆ 2001-10-30: **1496133 ONTARIO Ltd** is incorporated in the Province of Ontario, in Canada, under the (provincial) corporation number 1496133, with the corporate name **1496133 ONTARIO Ltd**, apparently as a 100% property of ITTF (100 common shares having been issued for an amount of CAD 100), and with at that time the two Directors, **Mr Adham SHARARA** and Mr Anders THUNSTROM. (*Doc. 03*)
- ◆ 2002-03-06: **VERSADEX (1)** is incorporated in Canada, under the (federal) corporation number 4020227, with the corporate name **VERSADEX MANAGEMENT & SERVICES Inc.**, and with at that time one Director, Mrs Mariann DOMONKOS, **the wife of Mr Adham SHARARA**. (*Doc. 04*)
- ◆ 2007-01-29: the (provincial) company 1496133 ONTARIO Ltd is amalgamated into the (federal) company **4407491 CANADA Ltd**, with at that time one Director, Mrs Mariann DOMONKOS, **the wife of Mr Adham SHARARA**. (*Doc. 05*)
- ◆ 2007-02-28: the company 4407491 Canada Ltd is amalgamated, together with the company '4020227 VERSADEX Management & Services Inc', into a "new" company **VERSADEX (2)**, incorporated in Canada, under the (federal) corporation number 4409591, with the corporate name "4409591 VERSADEX Management & Services Inc", with at that time two Directors, **Mr Adham SHARARA** and Mrs Mariann DOMONKOS, **the wife of Mr Sharara**. (*Doc. 06*)
- ◆ 2008-08-08: **GSHC** is incorporated in Canada, under the (federal) corporation number 4489110, with the corporate name **GLADSTONE SPORTS AND HEALTH CENTER**, and with at that time the three Directors: **Mr Adham SHARARA**, Mrs Mariann DOMONKOS, **the wife of Mr Sharara**, and Mr Anders THUNSTROM. (*Doc. 07*)

<p><u>NOTE</u>: for all the corporations listed here above, either Mr Adham SHARARA himself, or his wife, or both together are listed as Director(s) of each of these corporations</p>

Between all these corporations, a number of various transactions have been carried out, having involved the ITTF owned real estates in Ottawa and Hull. These transactions are described in detail in Chapter (3).

(1) About the CONFLICT OF INTERESTS due to the ITTF President's involvement in the business of TMS ('Table Tennis Marketing Services International')

NOTE: TMS has the exclusive rights for marketing ITTF properties, as in particular the ITTF events' title sponsorship, advertisement, TV and licensing rights.
(according to the financial audit reports as from 2005)

- ◆ **ITTF-CANADA** today (2013) has two Directors, **Mr Sharara** and Mr Christian VERONESE, this last one being also a TMS Director and a TMS salaried employee. (**Doc. 01**)
- ◆ **TMS** today (2013) has two Directors, **Mr Sharara (!!!)** and Mr Veronese, Mr Thunstrom having been TMS Director as well, but only up to 2010. (**Doc. 02**)
- ◆ **2006-04-21:** It becomes for the first time publicly known, that Mr. Sharara is a Director of TMS, although he had kept this position at that moment already for about five years, i.e. since the initial incorporation of TMS on 9th of July 2001.

The Directorship of Mr Sharara in TMS is in fact revealed through the report of Price Coopers Waterhouse (PCW) concerning the audit of the ITTF Financial Statements of ITTF for the year 2005 (**Doc. 08**), where it reads under Note 5:

« TMS International ("TMS") is an independent, non-profit marketing corporation that conducts marketing and commercial activities on behalf of the Federation and other entities. It is governed by three directors, one of which is the President of the Federation. Through this relationship, the Federation is able to exercise significant influence over the operations of TMS. »

- ◆ **2006-04-27:** According to item 15.2. of the minutes of this day's ITTF Annual General Meeting (**Doc. 09**), «... it was recommended to the AGM to open bids for the 2006 audit and the decision was referred to the Executive Committee. »

NOTE: Just only 6 days after the announcement by the ITTF auditors PCW of Mr. Sharara (ITTF President) being a Director of TMS, it was thus recommended by Mr Sharara to the ITTF AGM to open a bid for contracting a new auditor for the audit to be done in 2007 concerning the ITTF Financial Statements of the year 2006.

Question: Was the announcement by PWC mentioned here before may be the rationale for Mr Sharara to have the ITTF auditors changed ?

- ◆ **2007-04-20:** On the 'TMS Director Form' filed by TMS Director Mr Thunstrom for the year 2007, Mr Sharara has effectively been removed as TMS Director, Mr Burton and Mr Veronese having been listed as Directors of TMS, in addition to Mr Thunstrom. (**Doc. 10-4**)
- ◆ **2007-05-01:** The resignation of Mr Sharara as TMS Director is confirmed in the report of Ernst & Young (E&Y) concerning the audit of the ITTF Financial Statements for 2006 (**Doc. 11**), where it reads under Note 5:

« TMS International ("TMS") is an independent, non-profit marketing corporation that conducts marketing and commercial activities on behalf of the Federation and other entities. It is governed by three directors, one of whom was the President of the Federation, who resigned from TMS in June 2006. »

- ◆ 2008-04-17: On the 'TMS Director Form' filed by TMS Director Mr Thunstrom for the year 2008 Mr Burton has been removed as TMS Director, just Mr Veronese and Mr Thunstrom having then remained as Directors of TMS. (Doc. 10-5)
- ◆ 2010-05-14: On the 'TMS Director Form' filed by Mr Sharara (in his capacity of TMS President) for the year 2010, **Mr Sharara** has been listed again as TMS Director (!!!), together with Mr Thunstrom and Mr Veronese. (Doc. 10-7)
- ◆ 2012-09-14: On the 'TMS Director Form' filed by Mr. Sharara (in his capacity of TMS President) for the year 2011, Mr Thunstrom has been removed as TMS Director, just **Mr Sharara** himself and Mr Veronese having as from 2011 remained as Directors of TMS. (Doc. 10-8)
- ◆ 2012-05-11: The 'TMS Director Form' filed by Mr. Sharara (in his capacity of TMS Secretary and Treasurer !!!) for the year 2012 mentions **Mr Sharara** and Mr Veronese as Directors of TMS. (Doc. 10-9)

NOTE: Surprisingly, the 'TMS Director Form' relating to the year 2012 (Doc. 10-9) has been filed with the Canadian Corporations Register (on 11th of May 2011) before that one relating to the year 2011 (Doc. 10-8), that has been filed on 14th of September 2011 only.

Despite ITTF President Mr Sharara has officially promised since 2006 to definitively leave his position as TMS Director, and despite he has later confirmed to have done so, Mr Sharara was holding the position as Director of TMS again at least from 2009 to 2012.

Mr Sharara is thus managing and selling, in his capacity as TMS Director, the marketing rights on behalf of that body these rights belong to (i.e. ITTF) and whereof Mr Sharara himself is the President.

Mr Sharara has the full control and authority on both levels (ITTF and TMS), with a yearly money transfer of a preset amount from TMS to ITTF, according to apparently a relating contract between ITTF and TMS (that however up to now no one except Mr Sharara himself has ever seen).

Indeed, Mr. Sharara has repeatedly stated (in particular at the ITTF Executive Committee Meeting in Paris on the 10th and 11th of October 2008) that: *« according to the request of the ITTF auditors', a formal contract was signed between ITTF and TMS for the period 2004/2008 (with a 2009/2014 renewal actually on run), setting rules for a pre-set yearly fund transfer between TMS and ITTF ».* (Doc. 12)

Question: Is such a contract between ITTF and TMS valid, where Mr. Sharara has the full control and authority on the level of both signatory parties ?

A severe conflict of interests thus appears as undeniable, with regard to the governing policies (Code of ethics, principals of good governance, etc.) of the International Olympic Committee (IOC), as well as an **evident clash** with the **Canadian law** and the **ITTF regulations**.

The evolution of the relationship between TMS and ITTF

(A) Through the reports of Price Coopers Waterhouse concerning the audits of the ITTF Financial Statements for the years 2002 (**Doc. 13**), 2003 and 2004, it reads under the 'Notes', regarding TMS:

- « The Federation's office in Canada controls TMS International, a not-for-profit corporation that conducts marketing activities on behalf of the Federation and other entities. **All of the net profits of TMS International are systematically transferred to the Federation.** »

NOTE: From 2002 to 2004, the financial situation of TMS at the end of each year has been published within the ITTF Financial Statements of that same year, and **ALL** the net profits made by TMS have been transferred to ITTF.

(B) The situation has changed in 2005. In the reports of Price Coopers Waterhouse concerning the audits of the ITTF Financial Statements for the years 2005 (**Doc. 14**) to 2008, it reads in fact under the 'Notes', regarding TMS:

- « Under an agreement between the Federation, as the principal client, and TMS (**Doc. 31**), which expires December 31, 2008, TMS has the exclusive rights of selling Federation sponsorship, advertising, television and licensing rights over specified Federation events. TMS has agreed to provide the Federation with yearly guaranteed revenue based on the greater of an annual budgeted amount approved at the Federation's annual general meeting and: US\$ 2,6 million in 2006, US\$ 2,7 million in 2007, and US\$ 2,7 million in 2008. The Federation charges TMS for the use of the office space and administrative expenses ...

(C) At the Executive Committee Meeting in Madrid on 7th of December 2008, at agenda point 10, the ITTF Executive Vice-President for Finances has announced, that «*The draft contract submitted by TMS for a six-year period (2009-2014) has been approved*» (**Doc. 15**)

This 'new' contract (**Doc. 32**) apparently includes **two clauses** as follows:

- (1) TMS net profit exceeding the agency fee percentage is belonging to ITTF and must be transferred by TMS to ITTF
- (2) If TMS achieves to meet the yearly profit-cap, the contract shall automatically be continued beyond the year 2014.

- NOTES:**
- **As from 2005, the financial situation of TMS at the end of each year has no more been published, and just a contractually preset amount has yearly been transferred from TMS to ITTF.**
 - **It looks like no one (and not even the ITTF EC members) has awareness of or has ever seen any of those contracts between ITTF and TMS mentioned here before.**

Considering the ITTF balance sheets of the years from 2008 (when the clauses of the '2008' contract mentioned here before became applicable) up to 2011, the basic contractual principle mentioned under (1) of (C) here before has apparently not been respected. Although Mr Sharara has publicly announced in a press interview (**Doc. 16**), that the income of TMS through the ITTF sponsorship, advertising and TV rights is around **USD 10 M per year**, the amounts having been transferred from TMS to ITTF since 2008, have - according to the relating yearly ITTF Financial Statements - (only) been as follows:

- 2008: USD 4,184,282
- 2009: USD 4,421,335
- 2010: USD 4,732,372 CHF 5,011,548
- 2011: (USD 5,194,628) CHF 5,501,074

Thus around 50% only of the marketing income for the different ITTF rights (10,000,000 US\$ per year, according to Mr Sharara's own public announcement) finally arrive on the ITTF accounts !!

- Questions:**
- Why have the business conditions between TMS and ITTF been changed in 2005 ?
 - Who has decided upon this change of the conditions ?
 - Who has decided upon the amounts to be yearly transferred by TMS to ITTF ?
 - Why have the contracts between TMS and ITTF been hidden, even to the ITTF EC members ?
 - Is the amount yearly transferred from TMS to ITTF correct with regard to the relating contractual requirements ?
 - **What has happened with the excess money in those years where the net profit of TMS has eventually been higher than the contractually preset amount ?**

Conclusions

- (1) By repeatedly denying that he is a Director of TMS, Mr Sharara has implicitly admitted that he knows, that being a director of TMS, while at the same time being the President of ITTF, represents **a serious conflict of interest.**

If not, why would Mr Sharara then have had any interest to deny his Directorship in TMS ?

- (2) Historically, TMS and ITTF have been integrated entities, and all net profits made by TMS on ITTF owned rights have been transferred from TMS and ITTF. (**Doc. 13**)
- (3) **Only Mr Sharara himself has interest and takes benefit from ITTF and TMS being juridical separated entities.**

With separated and non-consolidated ITTF and TMS finances, **Mr Sharara**, through his Presidentship in ITTF and his President- and/or Directorship in TMS, can:

- a) **totally control both entities**, but by officially reporting to the ITTF EC and the ITTF Congress (i.e. to the National Table Tennis Federations) about the ITTF finances only.
- b) **spend significant TMS funds as he decides himself**, including even donations to entities without any link to table tennis. (**Doc. 17**)

Question: Does Mr Sharara get paid a monthly salary by TMS, in his capacity as TMS Director, CEO, President, Secretary and/or Treasurer ?

With the full cooperation of Mr. Sharara, it would be quite easy and straight forward to obtain all necessary documentation in order to give an answer to all the questions raised and to eventually dispel the above suspicions.

Many such documents have been requested from Mr Sharara, but have not been provided.

(2) The implication of the ITTF President in the GLADSTONE Sport & Health Center

- ◆ 2008-08-08: **GSHC** is incorporated in Canada, under the (federal) corporation number 4489110, with the corporate name **GLADSTONE SPORTS AND HEALTH CENTER**, and with at that time the three Directors: Mr Sharara, Mrs Domonkos (the wife of Mr Sharara) and Mr Thunstrom. (Doc. 07)

NOTE: In this context, Mr Sharara most probably has (again) hidden to the ITTF-EC members the owner- and Directorship of the company GSHC, i.e. Mr Sharara, Mr Thunstrom and Mrs Domonkos (Mr Sharara's wife)

- ◆ 2008-09-03: **GSHC** purchases a building located in Ottawa, 18 Louisa Street, from here on designated by 'Gladstone Center', for an amount of **CAD 1.775.000**. (Doc. 18)

Question: Where was the money coming from to purchase 'Gladstone Center' ?
?? from ITTF, from TMS, or from the private fortune of the three Directors ??

- ◆ 2008/09 – 2010/07: Renovation of the Gladstone Center

Question: Where was the money coming from to renovate 'Gladstone Center' ?

- ◆ 2010-08-xx: ITTF establishes its new head-quarters in the Gladstone Center, for a yearly rental-fee of USD 66.419, according to the ITTF Financial Statements of the year 2010. At the same time, TMS also seizes an office in the Gladstone Center. (Doc. 19)

Question: Is the rental fee for the ITTF offices (that is about USD 5.500 per month) appropriate and adapted to the rented volume/surface ??

Conclusion:

Practically, Mr Sharara (as a Director of **GSHC**) is thus renting (part of) apparently his own property (i.e. Gladstone Center) to entities whereof himself is the main representative, i.e.:

- **ITTF**, whereof Mr Sharara is the President and a Director, and
- **TMS**, whereof Mr Sharara is a Director, and apparently also the President, Secretary and Treasurer.

A severe conflict of interests thus appears (again) as undeniable, with regard to the governing policies (Code of ethics, principals of good governance, etc.) of the International Olympic Committee (**IOC**), as well as an **evident clash** with the **Canadian law** and the **ITTF regulations**.

(3) The involvement of the ITTF President and his wife in the transactions related to the ITTF owned real estate properties in Ottawa

Background

Mr. Sharara has recently provided several explanations and accounting reconciliations attempting to explain the financial figures concerning the various transactions that have been carried out in relation with the ITTF owned real estate properties in Ottawa. Each such 'version' of Mr Sharara's explanations has been different from the previous one, leading thus to more questions than answers, in the absence of Mr Sharara providing the necessary third-party documents that could maybe allow to univocally clarify the situation.

Only a detailed audit as to the different sales' operations in relation with the ITTF owned real-estate properties may therefore definitively provide univocal figures.

For the time being, it seems important to highlight the examples of non-disclosure and conflict of interest in relation with all these sales' operations.

- ◆ 1997-08-19: **ITTF-Canada** is incorporated in Canada, under the (federal) corporation number 3402843, with the corporate name **THE INTERNATIONAL TABLE TENNIS FEDERATION**. (Doc. 01)
- ◆ 2001-07-09: **TMS** is incorporated in Canada, under the (federal) corporation number 3916651, with the corporate name **TABLE TENNIS MARKETING SERVICES INTERNATIONAL**. (Doc. 02)
- ◆ 2001-10-30: **1496133 ONTARIO Ltd** is incorporated in the Provinc of Ontario (Canada), under the (provincial) corporation number 1496133, apparently as a 100% property of ITTF (100 common shares having been issued for an amount of CAD 100). (Doc. 03)
- ◆ 2001-11-05: the company 1496133 ONTARIO Ltd purchases the real estate property called "Riverside Health Center", located at 2211 Riverside (Ottawa) - from here on designated by 'Riverside' - for an amount of **CAD 1,125,000**, this transaction having been arranged by the solicitor Mr Nicholas P. KATSEPONTES. (Doc. 20)
- ◆ 2001-11-07: the ITTF Executive Committee - designated hereafter by ITTF-EC - has (according to the Minutes of this day's Meeting) « ... *authorised Mr Adham Sharara to conclude the purchase of premises that had been found in Ottawa for the Office of the Marketing Division at 2211 Riverside Drive, Ottawa. Mr Sharara explained the short and long-term investment strategies in acquiring adjacent land and striking a deal with the City of Hull (across the river from Ottawa)* ». (Doc. 21)

NOTE: Mr Sharara apparently has already concluded the purchase transaction of 'Riverside' two days before he had got the relating authorization from the ITTF-EC.

- ◆ 2002-01-10: In this day's ITTF-EC Meeting, Mr Sharara (according to the Minutes of this Meeting) « ... has confirmed that the ITTF had acquired an Office building in Ottawa on the 15th of November last year, following the decision made at the EC meeting of 7 November in Lausanne. » (Doc. 22)

Here Mr Sharara was most evidently not telling the truth to the EC members as to the date of the 'Riverside' purchase transaction.

Question: Did Mr Sharara announce a wrong purchase date for Riverside maybe in order to hide, that he had concluded this purchase transaction already 2 days (on 5th Nov 2001) before he had got the relating permission from the ITTF-EC (on 7th Nov 2001) ??

- ◆ 2001-11-23: the 'company' 3402843 ITTF-Canada purchases a constructible land site located at HULL, for an amount of **CAD 352.000**. (Doc. 23)
- ◆ 2002-03-06: a company **VERSADEX** is incorporated in Canada, under the (federal) corporation number 4020227, with the corporate name **VERSADEX MANAGEMENT & SERVICES INC**, with at that time one Director, Mrs Mariann DOMONKOS, the wife of Mr Sharara. (Doc. 04)
- ◆ 2004-05-07: a mortgage against the Riverside real estate is allocated by the Royal Bank to the company 1496133 ONTARIO Ltd, for an amount of **CAD 915.793**. (Doc. 24)
- ◆ 2004-09-28: a mortgage against the HULL site is allocated by the Toronto-Dominion Bank to the company 3402843 ITTF-Canada, for an amount of **CAD 162,500**. (Doc. 25)

Questions: • **Has Mr. Sharara hidden these mortgages from the ITTF-EC members, from the ITTF Congress and from the ITTF Auditors as well ?**

(there is in fact no trace of these mortgages in the ITTF Financial Statements for 2004)

- **Who has profited from the amount of the mortgages (CAD 1,078,293) ?**

- ◆ 2005-03-21: the offices of ITTF and TMS are moved to Riverside.
- ◆ 2005-05-20: the HULL site is sold by 3402843 ITTF-Canada to the ITTF subsidiary company 1496133 ONTARIO Ltd, for an amount of **CAD 315,000** (Doc. 25), i.e. with a loss of CAD 37.000 for ITTF itself (= 352.000 - 315.000).

From this date on, all ITTF real estate properties (i.e. Riverside and Hull) thus belong to the ITTF subsidiary company 1496133 ONTARIO Ltd (Directors: Mr Sharara and Mr Thunstrom)

- ◆ 2005-07-07: the apparently 100% ITTF subsidiary company **1496133 ONTARIO Ltd**, owner of Riverside and Hull, is apparently **sold-out to the company 4020227 VERSADEX** (owned by the wife of Mr Sharara !!!) for an amount of **CAD 2,000,000**, according to apparently a relating decision of the ITTF-EC. (Doc. 26)

- ◆ 2005-07-28: the company 1496133 ONTARIO Ltd (now 100% owned by VERSADEX respectively by Mrs Sharara-Domonkos) sells to the company 2075227 ONTARIO Inc (a company having been incorporated in June 2005, with as Director Mr KIRKLAND) the Riverside real estate, for an amount of **CAD 2,185,000** (Doc. 27), achieving thus a profit of CAD 185,000, disregarded any eventual expenses any party may have had to cover in relation with this transaction.

At this time, 1496133 Ontario Ltd thus still has the property of the constructible land in Hull.

- ◆ 2005-11-14: during this day's ITTF EC Meeting, Mr Sharara (according to item 13 of the confidential Minutes of this meeting) announces (Doc. 28), that:

« The ITTF sold the "1496133 Ontario Inc." company which includes both the Riverside Health Centre (Building and land) and the land in Hull to a management company "VERSADEX" for a total of CAD 2.000.000, split as follows:
- CAD 1,570,000 for the building and land in Riverside, for a net profit to the ITTF of 40%
- CAD 430,000 for the land in Hull, for a net profit to the ITTF of 22%. ».

NOTE: During this announcement, Mr Sharara most probably has hidden to the ITTF-EC members the ownership of the company VERSADEX (i.e. Mrs Mariann Domonkos. Mr Sharara's wife)

Finally the ITTF President has completed his announcements at this ITTF-EC Meeting as follows:
« **This concludes the sale of all ITTF real-estate investment assets in Ottawa, Canada.** »

- ◆ 2007-01-29: the (provincial) company 1496133 ONTARIO Ltd is amalgamated into the (federal) company **4407491 CANADA Ltd.** (Doc. 05)
- ◆ 2007-02-28: the company 4407491 Canada Ltd is amalgamated, together with the company '4020227 VERSADEX Management & Services Inc', into a "new" company **VERSADEX (2)**, incorporated in Canada, under the (federal) corporation number 4409591, with the corporate name "4409591 VERSADEX Management & Services Inc", with at that time two Directors, **Mr Adham SHARARA** and Mrs Mariann DOMONKOS, **the wife of Mr Sharara.** (Doc. 06)

2009-10-16: the company 4409591 Versadex Management & Services Inc sells the land in Hull to the (third-part) company REKSON, for an amount of **CAD 450.000.** (Doc. 29)

Conclusion:

The real estate properties owned initially (i.e. from 2001 up to 07th of July 2005) by ITTF respectively by the 100% ITTF owned company 1496133 ONTARIO Ltd, with an initial value (in 2001) of **CAD 1,477,000** (1,125,00 + 352,000), have been sold for **CAD 2,635,000**:

- CAD 2,185,000 for the sale (in 2005) of 'Riverside' to 2075227 ONTARIO Inc;
- CAD 450,000 for the sale (in 2009) of 'Hull' to Rekson,

knowing, that:

- a) **ITTF** has received for both real estate properties an amount of **CAD 2,000,000**;
- b) on 22nd Dec 2011 the company 2075227 ONTARIO Inc (Mr Kirkland) has sold the Riverside property (that it had bought in 2005 for CAD 2,185,00) to the company 'Capital City Shopping Centre Ltd', for an amount of **CAD 3,650,000**, i.e. with a profit of CAD 1,465,000 within six years after the relating acquisition.

- Questions:** ♦ **Has the amount of CAD 2,000,000 effectively been transferred to the ITTF accounts ?**
- ♦ **Has Mrs Sharara-Domonkos or Mr Sharara maybe received a commission on one or more of the successive real-estates sales' operations ?**

In this context, it also appears worth to have a look to the ITTF accounts of the year 2005 (Doc. 26), which in particular show the following figures (all in USD):

(a) <u>Tangible fixed assets</u>	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Variation</u>
Land ('Hull')	292,266	0	292,266
Land and building ('Riverside' + 'Renens')	4,713,026	3,775,523 ('Renens')	937,503
Total variation on assets			1,229,769
(b) Gain on the sale of shares of 1496133 Ontario Ltd:			290,923
Overall Total			USD 1,520,692
(rate US\$ / CND\$ in Dec 2005: +/- 1.155)			<u>CAD 1,755,000</u> (approximately)

i.e. a (negative) difference of CAD 245,000, compared to the amount of CAD 2,000,000 that ITTF should have received from VERSADEX for the company 1496133 Ontario Ltd.

Conclusion: the ITTF Financial Statements of 2005 do thus NOT allow to univocally trace the money transfer respectively the income of CAD 2,000,000, but they give on the contrary the impression of quite a lower income (of CAD 1,755,000 only), as shown before.

Only a detailed audit as to the different sales' operations of the ITTF real-estate properties may definitively provide univocal figures.

Question: What has happened with the 'missing' difference of CAD 245,000 ??

The facts, as listed and commented here before, may now be examined referring to ITTF President's violations against set rules and regulations.

As far as the Olympic Rules are concerned

The Olympic ideal of developing sport to promote peace and understanding among nations and cultures as well as the education of young people came first up in Europe and has then been fostered by the International Olympic Committee and the European Olympic Committees.

The above values also stay as preamble of the 'White Paper' the EU Commission has released on 11th of July 2007, in order to assert the whole sport environment's task, to safeguard public awareness of the role of both professional and leisure sport in Europe and to implement education, recreation and stronger relations among countries.

Moreover, EU Commission's White Paper has recognized the specific role sport is playing in terms of health, education, social integration.

All above said, the Olympic Charter (Chapter 1, Olympic Movement) is focusing on the role of the IOC with regard to the world sport family. At art.2 point 8, the IOC expresses his averseness to any political and commercial abuse towards the sport and the athletes as his key-concept.

As a matter of fact, **the ITTF President has**, through his strongly questionable behavior, **unambiguously infringed many of the moral and ethic principles** described here before whereas, in force of his office and function, he has pursued personal interests (financial or others), disregarding ITTF's interests and economic upturn as well as the reliability of the sport movement in general, although being one of its main representatives.

The obvious amalgamation by Mr Sharara of institutional and personal interests, that - apart the Olympic Charter - also the ITTF rules sharply forbid, most evidently clashes with civil as well as penal legislation in such a way to make an IOC intervention unavoidable, as well as **an immediate suspension of the present ITTF President within the table tennis community.**

By force of circumstance, the IOC should step-in and impeach Mr Sharara because of serious infringements to the Olympic Charter, as it recently did towards India, actually suspended in view of the 2014 Olympic Games. In India, the IOC in particular halted the Olympic movement's elections, once it had been ascertained, that violations towards the Olympic Charter's rules had been committed by important representatives who had set their personal interests over their federation's ones.

In another case, the IOC Board has punished the inappropriate favoritism towards a Swiss company having dealt with technical equipments' purchase at higher cost than usual, in order to favor the representatives of some National Sport Associations.

As far as civil and social infringements are concerned

Mr. Sharara activities and omissions have been analyzed along with the Canadian Civil Code.

- Art. 1308: an administrator who is exercising the function to conduct other's goods must stick to the legal obligations according to the constitutional burdens and act within the applicable jurisdiction.
- Art. 1309: an administrator has to behave with caution and diligence as well as with honesty and loyalty, in order to achieve the recipient's main interest or pursued goals.
- Art. 1310: an administrator is banned to exercise a function for his own or other persons provided for by law, if his own interest conflicts with his administrator's duties anyhow. Once the administrator himself takes advantage of institutional activity he is in charge of, the common sake prevailing is required.
- Art. 1311: an administrator is compelled to immediately communicate, to whom it may concern, any occurred circumstance such that it causes any incompatibility due to his personal interest compared to the institutional office he is in charge of. If the case, he must clearly state that the occurred personal interests are clashing with those arising from managed assets.
- Art. 1312: in the exercise of his function, an administrator cannot himself interfere in contractual deals standing in sharp contrast with the beneficiary's assets or interests.
- Art. 1313: any administrator is forbidden to mix up personal assets with those managed by him.
- Art. 1314: an administrator can't get his own profit through managed assets nor take an advantage by information received in his function, unless otherwise authorized.

The ITTF top administrators, and in particular the ITTF President, have regularly and uninterruptedly infringed the above mentioned rules and conditions with obvious purpose to procure personal profits to themselves (or in favor of related persons), carrying out relevant financial transactions whereof communication has not been given as due neither to the ITTF Executive Committee nor to the ITTF Congress.

Moreover, the available documents show how the ITTF President deliberately has omitted to inform the federal bodies on the financially profitable transactions operated by him or his wife, though being bound to this duty. Furthermore an important part of the relating income seems to be missing in the ITTF Financial Statements.

Most evidently, there have been actions of the ITTF President to the detriment of the ITTF funds. A more detailed audit seems appropriate not to say required, in order to determine the size of the embezzled sums, so as to any legal action to be implemented dealing with debt collections.

As far as legal infringements are concerned

As shown here before, the commercial transactions concerned may have led to the President's advantage (in conjunction with that one of other persons or, specifically, with that one of his relatives), retaining huge amounts of money resulting from said commercial transactions to the benefit of himself.

Committed actions may punctually be pursued according to the Canadian Penal Code.

- Art.330: prosecutes anybody receiving for any reason an asset without being accountable of any return, with no payment of related capital taxation.
- Art.331: prosecutes whom is failing to pay the due amount of a sale, in whole or in part, to the assignees. At the same, the income of fraudulently concealed sales' to enhance personal profit can be prosecuted as well.
- Art.332: concerns diversion of funds held by specific duty and states, that whoever sold third party's properties, by his own or negligent complicity, earmarking the profit generated to himself or others, commits a theft.
- Art.336: foresees a maximum penalty period of 14-year detention reckoning negotiator as guilty of criminal act once he breaching faith diverting elsewhere for his own interest the profit generated by a property belonging to others, in whole or in part.
- Art.372: states that any false communication given by a Chairperson to the assembly he is reporting to might lead to a to 2-year reclusion period to those consciously disseminating false information.
- Art.380: states, that any activity managed and planned to the federal bodies' disadvantage, in spite of their good faith, has the hallmark of a fraud.

According to Art.380.1, such an illegal behavior could even generate 'worsening circumstances', because of damages caused to several persons (comma c) and abuse of utmost integrity supposed by third-parties (comma d).

The fraud's economic value exceeding one million USD would raise the penalty size, being the punishment scaled to the assets economic value.

In case of prosecution and conviction due to aforesaid crimes, according to Art.380.2, public offices interdictions could ensue.

According to Art.380.3, judgmental authority might dispose an appropriate compensation on charge of the convicted subject as well.

Looking forward to an equitable sentence, Art.380.4 allows the Tribunal to better size the measure taking into account further person or community declaring any damage or loss received by ascertained illegal actions.

Such written declaration must be filed to the Tribunal clearing appropriate elements to identify the damage community and the actual negative repercussions.

Finally, any action above listed shall furthermore be examined with regard to the penal code, mainly as false accounting and documents' falsification may eventually be concerned.

- Art.397 foresees up to 5-year penalty to who has tampered accounting books or documents (social documents) with fraud purpose.

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