

Correspondence #20

Letter to Blake Bromley

October 21, 2020

RE: Reassessment of Quest's Loan from Vanchorverve Foundation

1. Quest University Deprived of Its Birthright, A Summary (35 pages)

These attachments are posted online at

https://fairquestions.typepad.com/rethink_campaigns/2020/10/appeal-to-blake-bromley.html

1. Quest University: Deprived of Its Birthright (35 pages)
2. Monkey Business At The Bromley Charities. Part 1: CHIMP Foundation (40 pages)
3. Monkey Business At The Bromley Charites. Part 2: Quest University (68 pages)
4. Global Charity Fund: A Reassessment (39 pages)
5. Foundation For Public Good: A Reassessment (32 pages)
6. Almoner Foundation: A Reassessment (19 pages)
7. Estimated Gross Benefits To The Bromley Charities & Related Entities (39 pages)
8. Tax-Receipted Donations: \$820 Million (2000-2019) (76 pages)

Total: 7 pages (not including 348 pages posted online)

October 21, 2020

To: Blake Bromley, President, Benefic Group Inc. (Retired)
John Bromley, Charitable Impact Foundation ("CHIMP"), President & CEO

c.c. Neil Bunker, PricewaterhouseCoopers LLP
Dr. George Iwama, President, Quest University
Ms. Flora Ferrara, VP Finance, Quest University
Ms. Mary-Jo Larson, Chair of the Board of Governors of Quest University Canada
Mr. Jordan Sturdy, MLA, West Vancouver-Sea to Sky
Mr. Ralph Sultan, MLA, West Vancouver (2001-2020)

RE: Reassessment of Quest University's Loan from Vanchorverve Foundation

Further to my previous letters, I am writing once again to share my analysis, opinions and concerns regarding the charities with which you are involved ("The Bromley Charities") and your role in the finances of Quest University.

For the reasons that I have summarized in my previous letters and on the attached pages, I believe that Quest's loan from Vanchorverve Foundation warrants a reassessment.

According to the Memorandum of Understanding and the Covenant signed with the District of Squamish more than 20 years ago, Quest University should have benefitted fully from the sale and development of the 240 acres of land originally purchased for the establishment and endowment of the university. That was Quest's birthright.

On the basis of the information and analysis that I have presented on the attached pages, I believe that The Bromley Charities have deprived Quest of its birthright.

Furthermore, as it appears to me, The Bromley Charities have operated a massive tax fraud scam whereby hundreds of millions of dollars were receipted for donations that were fake. As examples of this, I would cite the \$417 million that was tax-receipted by eight charities that were central to the start-up of Quest:

1. Theanon Foundation: \$30 million (2002)
2. Stewart & Marilyn Blusson Foundation: \$123 million (2006-2012)
3. Association for the Advancement of Scholarship: \$30 million (2006)
4. Sea to Sky Foundation: \$89 million (2006-2011)
5. Quest University Canada Foundation: \$46 million (2007)
6. Almoner Foundation: \$21 million (2010 & 2011)
7. HSEF Renaissance Academy: \$8 Million (2010-2017)
8. Global Charity Fund: \$70 million (2011)

Of course, it would be easy for you to prove me wrong. All you need to do is provide bank statements showing the \$70 million that Global Charity Fund reportedly had in 2011, or more recently, the \$202 million (2019) that CHIMP Foundation reports as total assets.

One of The Bromley Charities that benefited from the sale of Quest's original land is Theanon Foundation. In 2018, after an audit that spanned 15 years, CRA found that Theanon Foundation had ***“participated in tax planning arrangements that were designed to confer undue benefits on the parties involved.”*** The CRA also found that ***“the corporations used donation receipts obtained to offset the capital gain taxes otherwise payable on the sale of their shares. Subsequent to the donations, the shares declined substantially in value leaving the Organization and the other charities with a minimal profit or participation fee.”***¹

By bringing Quest to its knees and putting in jeopardy the investments of time and money made by its students, the employment of its faculty and the reputation of post-secondary education in Canada, I believe that The Bromley Charities have harmed not only Quest University but also the District of Squamish, our province and our country. And that's not all. Canadian tax payers have been cheated out of potentially tens of millions of dollars.

Furthermore, for the reasons that I have summarized on the attached pages, it is clear to me that The Bromley Charities and related entities have benefited substantially from the sale and development of Quest's original land.

If Quest goes into receivership, its assets are sold and Vanchorverve is paid \$22.6 million as a secured creditor, it follows that The Bromley Charities and related entities would profit from Quest's demise to the tune of tens of millions of dollars. This would be perverse. The Bromley Charities should have benefitted Quest, not the other way around.

Regarding the land for which title is currently held by The Bromley Charities, I urge you to return it to Quest University, specifically:

- Global Charity Fund: Parcel A, 62 acres assessed at \$28 million
- Eden Glen Foundation: Lot 12, 5.8 acres assessed at \$5.8 million

Furthermore, I urge you to discontinue foreclosure proceedings on Quest's "loan."

As before, I wish to emphasize that if I have stated anything that is factually incorrect or if I have missed any important points, please let me know. If I do not hear from you during the course of this week, I will assume that you do not dispute my main points.

Sincerely,
Vivian

Vivian Krause

¹ <https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyRprtngPrd?q.srchNm=theonon&selectedCharityBn=891106841RR0001&dsrdPg=1>

Attachments: (348 pages)

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These attachments and this letter can be found posted at my blog:

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1. The History of Quest's Loans From The Bromley Charities

From publicly available mortgage documents one learns that Quest's loan from Vanchorverve Foundation is the fourth in a daisy chain of loans from The Bromley Charities:

- 1) Global Charity Fund (2012-2013)
- 2) Foundation for Public Good (2014)
- 3) CHIMP Foundation (2016)
- 4) Vanchorverve Foundation (2018)

To assess the legitimacy of Quest's loan from Vanchorverve, one must look at the history of Quest's loans and at The Bromley Charities as a whole.

As an example of the interconnectedness between The Bromley Charities and Quest, and how the Bromley Charities have benefited from Quest, consider Almoner Foundation which bought one of the student residences built for Quest, received \$10 million in lease payments from Quest, and then sold the student residence for a gain of \$12 million. Following the sale of the student residence, Almoner gifted \$33.8 million to CHIMP Foundation. According to Almoner's own financial statements, the lease payments from Quest accounted for 99 percent of Almoner's revenue in 2016 (96 percent, 2017). Evidently, Almoner Foundation was a shell for collecting lease payments from QUEST and funneling the money into CHIMP Foundation, a charity run by Blake Bromley's sons, John and Clif.

Given that CHIMP Foundation paid \$23.3 million to CHIMP Technology Inc., a private company run by one of Blake Bromley's sons, one has to wonder whether funds from the lease or sale of the student residence ended up in the payments to CHIMP Technology Inc.

2. The Bromley Charities owe Quest, not the other way around

When I look at the Bromley charities as a whole, I find that it's not that Quest should pay \$22.6 million to Vanchorverve Foundation but rather that The Bromley Charities owe Quest. My preliminary analysis finds that The Bromley Charities and related entities have received substantial benefits from their involvement in the start-up and operations of Quest:

Land

- \$ 35.4 million - Sale of Land by Sea to Sky Foundation & Theanon Foundation
- \$ 33.9 million - Parcel A and Lot 12
- \$ 10.5 million - Sale of Lot 58/Eden Glen Foundation Gift to CHIMP for same amount

Fees, Commission, Lease Payments, Royalty Income, Naming Rights, Etc.

- \$ 23.3 million - Fees paid from CHIMP Foundation to Chimp Technology Inc. (2014-2018)
- \$ 22.7 million - Lease & sale of student residence, Almoner Foundation (2011-2018)
- \$ 21.0 million - "Interest" on Loan for construction of Quest's campus (2004-2009)
- \$ 15.8 million - Royalty Income, Association Advancement of Scholarship (2015 & 2016)
- \$ 5.6 million - Fees & Commission paid by Bromley Charities
- \$ 4.5 million - Gifts to QUC Residents Housing Foundation & Benefic, Seattle
- \$ 2.0 million - Naming Rights to Quest University (2010)

3. The Origin of Quest's Debt: Global Charity Fund

According to publicly available documents, Quest's "debt" to Vanchorverve is a consolidation of four loans from Global Charity Fund. For the reasons that I'll explain ahead, I believe that the loans from Global Charity Fund should have been gifts, not loans, and therefore, the loans were not legitimate in the first place.

Prior to making loans to Quest, Global Charity Fund gave two gifts to Quest University for a total of \$950,000. My guess is that the reason is that Global Charity Fund stopped making gifts to Quest is that Global Charity Fund didn't have any real money despite reported tax-receipted donations of \$70 million (2011). Furthermore, my hunch is that the reason that Global Charity Fund didn't have money is that the \$70 million non-cash donations was not receipted on the basis of the true value of tangible assets. Put bluntly, the \$70 million appears to have been a massive tax fraud scam.

Quest University could not have known this when it took the original loans because the information that would have revealed the truth was not publicly available. Had Quest known that Global Charity Fund was part of a massive tax fraud scam, surely Quest University would not have taken a loan from Global Charity Fund at all.

4. \$70 Million NOT Raised in "Cash Funding"

In a letter to a potential funder, dated December 7, 2006, Blake Bromley said in writing that he had raised \$70 million in "cash funding" for Quest. In all the information that I have reviewed, I find no evidence that this statement is true.

The total amount that I have found on record as having been contributed from registered Canadian charities towards the start-up of Quest is less than \$3 million. The two largest donations that I have found were \$2 million from the J.W. McConnell Family Foundation and \$900,000 from the Chan Foundation of Canada.

The Bromley Charities as a whole appear to have had no real money or very little until they started earning cash from the sale of Quest's land. Even to make the original purchase of 240 acres at \$1.7 million, one of The Bromley Charities had to take a loan.

In summary, on the basis of the financial statements and tax returns that I have reviewed, it appears to me that The Bromley Charities are, in essence, a series of shells that was used to hide the truth that hundreds of millions of dollars of non-cash donations were fake.

Whether it knew so at the time or not, Quest University appears to have been a front or a cover for this massive tax fraud scam. Without Quest, The Bromley Charities would not have had a pretext for receipting hundreds of millions of dollars in non-cash "donations."

Last page.