

Federal Court



Cour fédérale

**Date: 20260402**

**Docket: T-1139-25**

**Citation: 2026 FC 435**

**Toronto, Ontario, April 2, 2026**

**PRESENT: Madam Justice Whyte Nowak**

**BETWEEN:**

**MINISTER OF NATIONAL REVENUE**

**Applicant**

**and**

**1718743 ONTARIO INCORPORATED  
(ALSO KNOWN AS SANDERSON OUTDOOR)  
AND JOHN ROBERT SANDERSON**

**Respondents**

**JUDGMENT AND REASONS**

I. Overview

[1] At a hearing on February 18, 2026, the Respondents, 1718743 Ontario Inc. (also known as Sanderson Outdoor) [Corporate Respondent] and John Robert Sanderson [Sanderson] [collectively, the Respondents], pled guilty to contempt of the Order of Justice Thorne dated May 14, 2025 [Compliance Order], which required the Respondents to provide information and

documents to the Minister of National Revenue [Minister], pursuant to subsection 231.2(1) of the *Income Tax Act*, RSC 1985, c 1 (5th Supp), as amended [*Income Tax Act*].

[2] At the hearing, Mr. Sanderson advised the Court that he was willing to purge the Respondents' contempt, and I therefore deferred the matter of sentencing to allow the Respondents the time to do so.

[3] The sentencing phase of the hearing took place on March 30, 2026, and these reasons address the penalty to be imposed upon the Respondents for their contempt, which was not purged in full.

## II. Facts

### A. *The documents and information required to be disclosed*

[4] The Compliance Order lists the documents and information that the Respondents were required to disclose. The list spans items (a) to (o) and lists documents and information dating back to 2023 in respect of the Corporate Respondent.

### B. *The Minister's evidence*

[5] Normand Guay, the Canada Revenue Agency [CRA] collections officer who was assigned to the Respondents' collection case gave evidence of the Respondents' efforts to purge their contempt.

[6] Mr. Guay provided a copy of a one-page letter received from Mr. Sanderson on March 21, 2026, in which Mr. Sanderson provided a response to the requested items listed at (a) to (o) of the Compliance Order [Letter]. The Letter provided a single paragraph substantive response to items (a) and (n) and otherwise provided the response “none” to each of the other items listed in the Compliance Order. No documents accompanied the Letter.

[7] According to Mr. Guay, the CRA accepted the responses provided in the Letter for all but the following items:

*(a) The names and branches of all financial institutions in which the Corporation maintains accounts, investments, and safety deposit boxes, including amounts on deposit as of October 31, 2023*

Mr. Sanderson’s response in the Letter to this request for disclosure is:

“CIBC: Wonderland & Hyde Park, London ON

Deposit Amount as of Oct 31, 2023 Unknown. Currently locked out of online Banking. Certainly no more than \$1,000.”

[...]

*(m) full details of any other assets the Corporation owns or has an interest in*

Mr. Sanderson’s response in the Letter to this request for disclosure is “[n]one.”

[...]

*(n) financial statements for the fiscal period October 31, 2023 including list of accounts receivable*

Mr. Sanderson’s response to this request is:

“Not available. After opening tens of thousands of recovered, semi-recovered and corrupted unnamed files there are no financial statements nor accounts receivable. Literally thousands of hours were put into going through these files to come up with a

disappointing outcome. An educated guess would put a dollar amount of maybe a few hundred dollars. Most services are pre-paid or were paid immediately upon completion.”

[8] Mr. Guay provided a copy of a request for information he made in March 2023 to the Canadian Imperial Bank of Commerce [CIBC] requiring identification and disclosure of banking information for the Respondents covering the period from May 1, 2022, to March 1, 2023. The CIBC’s response dated April 6, 2023, identified a personal chequing account for Mr. Sanderson, as well as copies of three deposited cheques from 2022 and 2023 including one payable to Sanderson Outdoor Professional Landscaping noted to be for “snow plowing 2021-2022.”

[9] Based on this information, Mr. Guay believes that there are records relevant to items (a) and (n) of the Compliance Order that Mr. Sanderson could have obtained had he made a request of the CIBC himself, and the Respondents likely have landscaping and snow ploughing equipment that they have failed to disclose in answer to item (m).

C. *Mr. Sanderson’s evidence*

[10] Mr. Sanderson gave evidence addressing his efforts to provide the information sought in the Compliance Order and, in particular, items (a), (m) and (n).

[11] He acknowledged that he had no explanation for not having attended the CIBC branch he identified in his Letter to obtain copies of his bank statements. He explained more generally that his business took a turn for the worse after the COVID-19 pandemic because he was unable to hire reliable labourers. While he said that he once owned a snow plough and leaf blower for his

landscaping business, he no longer owned this equipment. Later in his evidence he acknowledged owning a RAM truck that he should have listed in answer to item (m) of the Compliance Order.

[12] Mr. Sanderson apologized again to the Court and chalked his lack of documentation up to being a bad businessman, rather than dishonesty, on his part. He emphasized that he has no secret banking accounts.

[13] While I am prepared to accept that Mr. Sanderson is not actively hiding documents from the Minister, I find that he has not purged his contempt in respect of items (a), (m) and (n) of the Order.

### III. Sentencing

[14] Rule 472 of the *Federal Courts Rules*, SOR/98-106, governs the penalties that may be imposed on a finding of contempt. Rule 472 provides as follows:

#### **Penalty**

**472** Where a person is found to be in contempt, a judge may order that

**(a)** the person be imprisoned for a period of less than five years or until the person complies with the order;

**(b)** the person be imprisoned for a period of less than five years if the

#### **Peine**

**472** Lorsqu'une personne est reconnue coupable d'outrage au tribunal, le juge peut ordonner :

**a)** qu'elle soit incarcérée pour une période de moins de cinq ans ou jusqu'à ce qu'elle se conforme à l'ordonnance;

**b)** qu'elle soit incarcérée pour une période de moins de cinq ans si elle ne se

person fails to comply with the order;	conforme pas à l'ordonnance;
(c) the person pay a fine;	c) qu'elle paie une amende;
(d) the person do or refrain from doing any act;	d) qu'elle accomplisse un acte ou s'abstienne de l'accomplir;
(e) in respect of a person referred to in rule 429, the person's property be sequestered; and	e) que les biens de la personne soient mis sous séquestre, dans le cas visé à la règle 429;
(f) the person pay costs.	f) qu'elle soit condamnée aux dépens.

In this case, the Minister seeks fines of \$4,000 for the Corporate Respondent and a separate \$4,000 fine for Mr. Sanderson for breaching the Order, which the Minister says is in line with the recent decision in *Canada (National Revenue) v RD Stewart Group Inc*, 2025 FC 1778 [Stewart]. Counsel for the Minister also requests that Mr. Sanderson be subject to a period of incarceration should the Respondents fail to pay any fines or costs ordered by the Court within 30 days.

[15] What follows is a consideration of the relevant factors under Rule 472 as well as those identified in *Canada (Minister of National Revenue) v Marshall*, 2006 FC 788 at paragraph 16 [Marshall] for determining a sentence for contempt arising from proceedings under the *Income Tax Act*.

A. *Ensuring compliance with orders of the Court*

[16] In *Marshall*, the Court reiterated that the primary purpose of imposing sanctions in contempt proceedings is to ensure compliance with court orders (*Marshall* at para 16). As Justice Zinn noted in the context of the *Income Tax Act*, compliance is “a fundamental civic duty which cannot be taken lightly or ignored” (*Canada (National Revenue) v Money Stop Ltd*, 2013 FC 133 at para 14).

[17] Unfortunately, Mr. Sanderson’s fresh apology to the Court rings hollow given the lack of meaningful effort he made to purge his contempt. As the Minister’s counsel noted, two and half years and three court orders later, Mr. Sanderson still has not identified the bank account number under which he conducts his business, nor has he provided a single bank statement or record such as an invoice despite acknowledging that the business continues to operate.

[18] While Mr. Sanderson claims in the Letter to have spent “thousands of hours” trying to recover corrupted files, he acknowledged that he has no excuse for not simply going to his bank and asking for a printout of account statements dating back to 2023. His late disclosure of his truck as a corporate asset even in the course of giving his own testimony suggests that Mr. Sanderson did not put careful thought into his response to the Compliance Order.

[19] I conclude that there remains a need for specific deterrence to ensure that Mr. Sanderson does not again take orders of this Court lightly.

B. *Mitigating and aggravating factors*

[20] The Court must consider any aggravating or mitigating factors (*Tremaine v Canada (Human Rights Commission)*, 2014 FCA 192 at paras 23-26). Aggravating factors must be proved beyond a reasonable doubt, while mitigating factors are subject to a lesser standard of proof on a balance of probabilities (*Planet Fitness Inc v Planet Fitness Franchising LLC (PFIP, LLC)*, 2025 FC 1713 at paras 14-15).

[21] In terms of mitigating factors, I have taken into consideration Mr. Sanderson's guilty plea at the outset of the contempt hearing together with his acceptance of responsibility. I further acknowledge the fact that this is a first offence on the part of both Respondents. The Minister's counsel suggests that Mr. Sanderson's partial compliance should not be considered a mitigating factor. I agree. What effort Mr. Sanderson claims to have made was misdirected and he could and should have done more: he failed to even disclose a complete address for his corporate banking branch, which he managed to pull up on his cell phone while on the stand.

[22] The aggravating factors include: the length of the Respondents' contemptuous conduct, which now spans over two and half years; the flagrant lack of effort to comply with the Order, even in part, before the contempt hearing; and Mr. Sanderson's underwhelming attempt to purge his contempt thereafter.

C. *Proportionality of sentencing*

[23] The sentence imposed on the Respondents must be proportionate to the gravity of the offence and the degree of responsibility of the offender (*Bell Canada v Red Rhino Entertainment Inc*, 2021 FC 895 at para 13, aff'd *Bell Canada v Adwokot*, 2023 FCA 106).

[24] As the Court is bound to do, I have considered the range of sentences in comparable cases included in the summary table provided by the Minister at Appendix “A” of the Applicant’s Written Submissions on Sentencing.

[25] In this case, I agree with the Minister that the decision in *Stewart* is a good starting point. Like this case, *Stewart* involved a failure on the part of the individual and corporate respondents to produce documents ordered to be produced in connection with an audit under the *Income Tax Act*. Unlike the Respondents in this case, however, the respondents in *Stewart* failed to attend the contempt hearing and the Court considered there to be, “essentially no mitigating circumstances, other than the fact that the breach is the [r]espondents’ first offence” (*Stewart* at para 59). The Court imposed the following sentence:

In the absence of any evidence of impecuniosity or financial hardship, I consider a fine of \$4,000 should be imposed on each of the Corporate Respondents. Two separate fines of \$4,000 each are also warranted against Mr. Stewart given that he is the director and directing mind of two distinct companies and he therefore breached the Corrected Compliance Order twice.

(*Stewart* at para 59).

[26] In this case, the \$4,000 fine imposed in *Stewart* should be tempered to reflect the few mitigating factors I have acknowledged. However, I also note that at no point during the hearings did Mr. Sanderson take issue with the fine requested by the Minister's counsel; rather, his concern was with an order of jail time, which he asked the Court not to impose. Unfortunately, the possibility of jail time is necessary to ensure Mr. Sanderson's continued compliance with orders of the Court.

[27] Accordingly, a fine of \$3,800 shall be imposed on each of the Respondents. As is standard in cases of sentencing for contempt, if the Respondents fail to comply with the terms of this Order, Mr. Sanderson could face imprisonment.

#### IV. Costs

[28] The Minister seeks its solicitor and client costs of the hearing held February 18, 2026, and the sentencing hearing held March 30, 2026, and has provided a Statement of Costs totalling \$11,400.42.

[29] I agree that the Minister should not be out of pocket for these proceedings and an award of solicitor-client costs shall be ordered (*Lari v Canadian Copyright Licensing Agency*, 2007 FCA 127 at paras 38-39). However, the Minister has failed to establish the basis for claiming costs associated with the participation of two counsel (*Stewart* at para 63) and therefore costs shall be payable to the Minister in accordance with the terms of this Order by the Respondents in the fixed amount of \$6,585.57.

**ORDER in T-1139-25**

**THIS COURT'S ORDER is that:**

1. Having been found guilty of contempt by Order of this Court dated February 19, 2026, and having failed to purge that contempt by not providing the Minister with the information and documents set out in items (a), (m) and (n) of the Order of Justice Thorne dated May 14, 2025, the Respondents shall within 30 days from the date of service of this Order:
  - a. Each pay a fine of \$3,800.00 to the Federal Court; and
  - b. The Respondents shall pay a single lump sum amount of \$6,585.57 for the Minister's costs and disbursements payable in favour of the Receiver General of Canada for which they shall be jointly and severally liable.
2. The Respondents shall be required to pay the fines and costs fixed in this Order within 30 days of service of this Order, failing which the Minister may request that the Court issue a warrant to apprehend Mr. Sanderson and bring him before any judge of this Court to show cause why he should not be imprisoned for a period of 30 days, or such time as is required for the Respondents to come into compliance with this Order.
3. The Respondents may obtain relief from the terms of this sentence at paragraph 2 if, within 30 days of the service of this Order, Mr. Sanderson provides the Minister with an affidavit and also arranges with the Minister's counsel for an oral examination under oath whereby Mr. Sanderson may provide evidence satisfactory

to the Court that the Respondents are unable to comply with one or more of the terms of this Order.

“Allyson Whyte Nowak”

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1139-25

**STYLE OF CAUSE:** MINISTER OF NATIONAL REVENUE v 1718743  
ONTARIO INCORPORATED (ALSO KNOWN AS  
SANDERSON OUTDOOR) AND JOHN ROBERT  
SANDERSON

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** MARCH 30, 2026

**JUDGMENT AND REASONS:** WHYTE NOWAK J.

**DATED:** APRIL 2, 2026

**APPEARANCES:**

Sandra Tsui  
Patrick Wu

FOR THE APPLICANT

John Robert Sanderson

FOR THE RESPONDENTS  
(ON HIS OWN BEHALF)

**SOLICITORS OF RECORD:**

Attorney General of Canada  
Toronto, Ontario

FOR THE APPLICANT