Court File No.: 17-71275

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

JANE CARDWELL

Plaintiff

- and -

ANANDA MARGA CANADA and TOM LAVRIH

Defendants

FRESH AND AMENDED STATEMENT OF CLAIM
(Notice of Action issued on January 12, 2017)

CLAIM

1. The Plaintiff claims from the Defendants the following relief:

   (a) An order, pursuant to section 224 of the *Canada Not-for-Profit Corporations Act*, SC 2009, c. 23, liquidating and dissolving the Defendant, Ananda Marga Canada;

   (b) An order directing the distribution of AMC's assets to a charitable organization in Canada which has similar aims to that of Ananda Marga Canada;

   (c) An order, pursuant to sections 253 and 254 of the *Canada Not-for-Profit Corporations Act*, SC 2009, c. 23, varying or setting aside transactions concluded by AMC while it was not in compliance with its governing documents or the *Act*, especially including but not limited to any transaction by which it borrowed money from Ananda Marga Inc.;

   (d) In the alternative to an order liquidating and dissolving AMC, an order under sections 250 and 253 of the *Canada Not-for-Profit Corporations Act*, SC 2009, c. 23, amending AMC's current articles to reinstate the original provisions of the 1973

Letters Patent, subject to the requirements of the *Canada Not-for-Profit Corporations Act*;

(e) In the alternative to an order liquidating and dissolving AMC, an order requiring the amendment of the by-laws of AMC, to reinstate the provisions of the original by-laws of AMC (or its predecessor) dated May 18, 1973, subject to the requirements of the *Canada Not-for-Profit Corporations Act*;

(f) In the alternative to an order liquidating and dissolving AMC, an order rectifying the membership register pursuant to sections 250 and 255 of the *Canada Not-for-Profit Corporations Act*, to reflect all persons who qualify as members under the 1973 Letters Patent and by-law;

(g) In the alternative to an order liquidating and dissolving AMC, an order under section 253 of the *Canada Not-for-Profit Corporations Act* revoking the purported election or appointment of the current Officers and Directors of AMC;

(h) In the alternative to an order liquidating and dissolving AMC, an order that all those persons who presently qualify as members of AMC pursuant to the provisions of the original May 18, 1973 by-law take immediate steps to convene a meeting of the members to elect Officers and Directors of AMC;

(i) Punitive damages, or in the alternative an order for compensation to an aggrieved person, of $250,000 against the Defendant Lavrih for knowingly falsifying a Statutory Declaration filed with Industry Canada on or about December 22, 1998 in order to obtain approval of the 1998 supplementary letters patent, July 1st, 1998 by-law and October 15th, 1998 amendment to the by-laws of AMC;

(j) Costs on a full-indemnity basis; and

(k) Such further and other relief as this Honourable Court may deem just.

THE PARTIES

2. The Plaintiff is a former member, director, and officer of AMC (and its predecessor organization). She therefore constitutes: (a) an "interested person" as such term is used in section 223 of the *Canada Not-for-Profit Corporations Act*, SC 2009, c 23; and (b) a "complainant" as such term is defined in section 250 of the *Canada Not-for-Profit Corporations Act*, SC 2009, c 23.

3. AMC is a not-for-profit federally incorporated organization, Corporation number 010141-9, that is now governed by the *Canada Not-For-Profit Corporation Act* and having its registered office in the city of Toronto.

4. AMC is also a registered charity within the meaning of subsection 248(1) of the *Income Tax Act*.

5. The Defendant Tom Lavrih resides in the city of Toronto and at all relevant times was an officer (Vice-President) and Director of AMC.

The Plaintiff's Involvement with Ananda Marga Canada

6. The Plaintiff first joined AMC (or its predecessor organization) as a member of that organization in or about 1977.

7. In or about 2001, the Plaintiff became an Officer (Vice-President) and Director of AMC and served in that position until she took on the Presidency of AMC in or about March, 2014.

8. Throughout her tenure, the Plaintiff has remained an active and committed member, contributing significantly to AMC's charitable and organizational mission.

9. On or about October 1, 2014, the Plaintiff was removed from her positions as an Officer (President) and Director of AMC by the Sectorial Secretary of Ananda Marga.

INCORPORATION OF ANANDA MARGA CANADA

The Letters Patent, as Filed with the Minister of Consumer and Corporate Affairs

10. AMC was initially incorporated in or around May 1973 as the Ananda Marga Yoga Corporation, a not-for-profit federal corporation.

11. The original Letters Patent for that corporation were recorded with the Minister of Consumer and Corporate Affairs on October 15, 1973.

12. The original Letters Patent set out the objects of the Corporation to be as follows:

    (a) To propagate the philosophy and practices of yoga;

    (b) To work for the development of a universal corporation and welfare of human beings through

        1. Literacy drive;
        2. Social services and reforms;
        3. Relief work among suffering humanity;
        4. Encouraging the literary and artistic faculties in people;
        5. Spiritual, moral and cultural upliftment;
        6. Development of integrated human personality embracing all spheres of life;

    (c) To exert all resources for the cause of peace, security and universal fraternity;

    (d) To work for the benefit of mankind without any distinction of caste, creed, religion or nationality and to help the Government in all its constructive and welfare activities;

(e) To raise funds for the activities of the Society through legal appeals for charity, donations or otherwise;

(f) To print, publish and distribute spiritually-oriented books and literature and to manufacture and distribute various spiritual condiments such as incense, oils, etc.;

(g) To purchase, rent, lease and otherwise acquire houses and other buildings for the Corporation purposes and objects of the Society.

The By Laws, as filed with the Letters Patent in 1973

13. The original Letters Patent provide that "the by-laws of the Corporation shall be those filed with the Application for Letters Patent until repealed, amended altered or added to."

14. Under the original, 1973 by-law, AMC's governance structure is grounded in member participation and democratic oversight.

15. Article One, Section 1 of the 1973 by-law provides that a "member" shall be "those persons following the ideals of the society and actively performing its practices and who are recognized by the Directors." Membership was only to cease in the event the member chose to resign or ceased to participate in the activities or follow the ideals of the organization. All members were voting members at special and/or general meetings.

16. The 1973 by-law provided that the affairs of the organization were to be managed by a Spiritual Director and Board of Directors. The Directors were to be elected by members at an Annual General Meeting. Members were to be given at least four weeks notice of an annual general meeting. As well, if a special meeting was necessary then members were to be given at least seven days notice.

17. Article Six, Section 2 of the 1973 by-law is titled "Amendment of the By-Laws" and sets out that "authority is expressly vested in the Board of Directors with the written approval

of the same by the Spiritual Director to alter, amend, and supplement these articles as deemed proper and necessary to promote the objectives of the Corporation. Provided that the repeals or amendments of by-laws not embodied in the letters patent shall not be enforced or acted upon without the approval of the Minister of Consumer and Corporate Affairs."

ANANDA MARGA INC. USA ANNEXES ANANDA MARGA CANADA

Clandestine Amendments in 1998

18. On or about November 3, 1998, Lavrih applied to Industry Canada, ostensibly on behalf of AMC, for supplementary letters patent to change the objects of the organization. At about the same time the Defendant Lavrih also applied to Industry Canada for approval of an amended by-law for the organization.

19. The direction to amend the corporation's by-law had come not from the membership of Ananda Marga Canada, but from persons located outside of Canada, specifically the President of the American iteration of Ananda Marga. The American iteration of Ananda Marga was incorporated in 1974, as "Ananda Marga Inc."

20. An American member of the AM Inc. board of directors had contacted Lavrih, who then served as Vice-President of Ananda Marga Canada, to secure his assistance in secretly amending the by-laws of Ananda Marga Canada, ostensibly to bring it in-line with the desires with the head of the Indian corporation.

21. On or about November 30, 1998, Industry Canada notified Lavrih that it would only accept the proposed by-law amendment and supplementary letters patent with proof that the amendment had the approval by a two-thirds majority of the Ananda Marga Canada general membership.

22. On or about December 22, 1998, Lavrih filed a Statutory Declaration with Industry Canada which falsely asserted that the Board of Directors of the Corporation had duly enacted a new set of by-laws dated July 1, 1998, and addendum to by-law dated October 15, 1998. In addition, Lavrih falsely deposed that a special meeting of the members had taken place; that the amended by-laws and Letters Patent had been properly approved by members with 100% support; and that proper notice of the special meeting had been mailed to the members as required by the then existing by-laws of the organization.

23. Lavrih knew that the statements made in his sworn Statutory Declaration were false.

24. No special meeting of the membership had taken place.

25. No notice of the meeting was ever mailed to the membership.

26. No vote was ever taken.

27. The general membership was not advised, nor aware, that any changes to the by-laws had been proposed, let alone approved.

28. The membership, as it was constituted and defined by the 1973 by-law, did not approve and does not approve of the changes to the corporation's by-laws.

Effects of the Unauthorized 1998 Amendments

29. The 1998 new by-laws and amendment to by-laws fundamentally changed the structure of AMC.

30. The definition of "member" was changed, stripping existing members of their voting rights with respect to the activities of AMC. The voting membership was reduced to only those few individuals on the Board of Directors. In effect, the general membership was eliminated.

31. The Sectorial Secretary, who was located in New York, was given the power to suspend and remove any director or officer of Ananda Marga Canada, with or without cause.

32. The Sectorial Secretary and those selected by him were also given the power to, alone, select the sole nominees for AMC board elections.

CONTINUED CONCEALMENT AND DISCOVERY OF THE ANNEXATION OF AMC

33. Until she was removed from office in October of 2014, the Plaintiff had no reason to suspect that the Corporation's by-laws and letters patent had been breached, nor that any fraudulent amendment of the corporation's by-laws had been implemented.

34. While it is true that the Plaintiff assumed the position of Vice-President in 2001, Lavrih had only provided the Plaintiff with a portion of his AMC files.

35. The files provided to the Plaintiff by Lavrih disclosed nothing about the 1998 by-law implementation, nor did they include Lavrih's correspondence with Industry Canada, nor anything related to it.

THE CIRCUMSTANCES SURROUNDING THE DISCOVERY OF THE UNDISCLOSED AMENDMENTS

36. Following her removal from AMC's Board in the fall of 2014, the Plaintiff began to investigate how AMC's by-laws had been amended in 1998.

37. In the fall of 2014, the Plaintiff filed a request with Industry Canada, asking for all documents and correspondence which they had in their records, related to the corporation.

38. The Plaintiff received a response to her request in late 2014. It was via this disclosure that she first saw the letters which Industry Canada had sent to Defendant Lavrih in November 1998, at his home address, advising him that:

(a) His request for supplementary letters patent with respect to the change of objects of the corporation could not be approved;

(b) He needed to follow the guidelines as stated in the kit on Supplementary letters patent;

(c) Industry Canada required a copy of the by-laws that had been passed by 2/3 of the members and not just approved by the directors;

(d) The by-law amendments enacted by the directors on October 15, 1998, were acceptable and had received Ministerial approval to be effective on November 19, 1998, conditional on membership approval on that date;

(e) If membership approval was not obtained, then Ministerial approval would not take effect; and

(f) Industry Canada was to be given written confirmation of membership approval as quickly as possible.

39. On or about January 15, 2015, the Plaintiff telephoned Lavrih, who informed the Plaintiff that:

(a) On or about November 30, 1998, Lavrih received - at his home - a letter from Industry Canada, advising him that, in order to amend the organization's bylaws, a meeting and vote of general members was required;

(b) Sometime shortly following his receipt of the letter referenced in the subparagraph above, Lavrih called Michael Hemmelgarn and Sectoral Secretary Acarya Devashraddhananda Avadhuta via a three-way conference call to solicit their instructions about what he should do in response to the Industry Canada letter;

(c) Devashradhananda Avadhuta instructed Lavrih not to inform the members of Industry Canada's requirement, not to hold a meeting, but to simply confirm to

Industry Canada that a meeting had been held and that the members had voted to approve the bylaw;

(d) Lavrih agreed to falsify the statutory declaration filed with Industry Canada so that the 1998 supplementary letters patent, new by-laws and amendment to by-laws would be approved.

40. The Plaintiff specifically pleads that until January 15, 2015, Lavrih and Acharya Devashradhananda Avadhuta on their own behalf and on behalf of Ananda Marga Canada wilfully concealed from the Plaintiff, and all other members, the fact that Lavrih had falsified the statutory declaration which he filed with Industry Canada in December 1998.

THE PLAINTIFF MET HER OBLIGATIONS UNDER THE *LIMITATIONS ACT*

41. The Plaintiff pleads that January 15, 2015 was the first day on which she knew or ought reasonably to have known that (i) injury, loss or damage had occurred, (ii) the injury, loss or damage was caused by or contributed to by an act or omission, (iii) the act or omission was that of the person against whom the claim is made, and (iv) having regard to the nature of the injury, loss or damage, a proceeding would be an appropriate means to seek to remedy it.

42. The Plaintiff specifically pleads and relies on section 5, and section 15, subsection 4, subparagraph (i) of the *Limitations Act, 2002*, SO 2002, c. 24, Sched. B. and pleads that the limitation period was not running during the period of time that Lavrih's deception was wilfully concealed.

43. The Plaintiff filed her Notice of Action on January 12, 2017, and her Statement of Claim on February 10, 2017, within the time limits established by the *Limitations Act.*

AMC HAS FAILED TO MEET ITS LEGAL OBLIGATIONS SINCE 1998

44. The 1998 Supplementary Letters Patent, the by-law dated July 1, 1998, and the amendment to the by-law dated October 15, 1998, although purportedly approved by Industry Canada, are of no force or effect. These documents were not validly enacted, as they were not approved by the general membership. The Plaintiff further pleads that Industry Canada was provided with inaccurate or misleading information indicating that the required membership approval had been obtained, when in fact the requisite procedures under the governing by-laws were not followed. As a result, the said documents are invalid and cannot be relied upon to govern the affairs of AMC.

45. In or about 2015, a new by-law was enacted for AMC, ostensibly to comply with the *Canada Not-for-Profit Corporations Act*.

46. All the changes brought about by the unlawful passage of the 1998 by-laws and amendments to said by-law were carried forward into the 2015 by-law.

47. Moreover, the 2015 bylaw states as per Section 8.02 that "The President [of AMC] shall be a director who shall be the Sectorial Secretary of Ananda Marga Inc."

48. The clear purpose of the unlawful implementation of the 1998 by-laws amendments was to deny the rightful members of AMC their lawful rights and to transfer full control over AMC, its assets and activities, to the Sectoral Secretary based in New York.

AMC Contravened the Canada Not-For-Profit Corporations Act

49. The actions taken by AMC to fraudulently amend the corporation's by-laws to remove the voting rights of persons who were then members were oppressive, or unfairly prejudicial to, and/or unfairly disregarded the Plaintiff's interests while she was a member of the corporation.

50. Furthermore, AMC has carried on activities and exercised power in a manner that is contrary to its original articles, thereby contravening subsection 17(2) of the *Canada Not-for-Profit Corporations Act*.

51. AMC has failed to properly maintain the requisite number of Canadian directors as required by the provisions of the *Canada Not-for-Profit Corporations Act*.

52. AMC's actions, in filing a false statutory declaration are a further contravention of the *Canada Not-for-Profit Corporations Act*.

53. AMC has also engaged in financial impropriety which is not in compliance with the provisions of the *Canada Not-for-Profit Corporations Act*, especially including but not limited to AMC's transaction by which it borrowed a significant amount of money from Ananda Marga Inc.

54. The Plaintiff pleads and relies upon sections 168, 169, 223, 224, 227, 250, 253, 254, 255, and 263 of the *Canada Not-for-Profit Corporations Act,* SC 2009, c. 23, or in the alternative shall rely upon sections 106 and 157 of the *Canada Corporations Act*, RSC 1970, c. C-32; and sections 109, 111.1, 112, 138 and 157 of the *Canada Corporations Act*, RSC 1970, c. C-32.

AMC BREACHED ITS CONTRACT WITH THE PLAINTIFF

55. AMC was bound by its Constitution and by the 1973 by-law and required to act in accordance with the procedures set out therein.

56. In addition or in the alternative, the Plaintiff pleads that AMC had a contractual relationship with its members - a fundamental term of which is that any amendments to the 1973 by-law would need to be conducted in accordance with the procedures to amend as set out in the by-law.

57. AMC breached these obligations when it amended the 1973 by-law without consultation or even notification of same to its members. AMC therefore evaded its contractual obligations, and engaged in bad faith, by doing so.

58. AMC further breached its duty of good faith in contractual performance when it concealed its actions from the membership for approximately fifteen years.

59. AMC now seeks to rely on its own breaches of contract, bad faith conduct, evasion of its contractual obligations and breaches of the duty of good faith to maintain the status quo that it fraudulently implemented and concealed from its membership.

60. The members of AMC, especially including but not limited to the Plaintiff, contracted for an institution that relied on faith, spirituality and moral upliftment. The Plaintiff's dedication to AMC is evidenced by her donation of two pieces of real property to the cause.

61. The Plaintiff, and all other members of AMC are entitled to rely on AMC to meet its obligations as provided for in its Letters Patent and 1973 by-law.

62. AMC's actions constitute a breach of contract in the circumstances – one which is serious enough to warrant judicial oversight and intervention.

THE REMEDIES SOUGHT ARE WITHIN THE COURT'S JURISDICTION

63. The remedies sought in this Statement of Claim are within the jurisdiction of this Honourable Court to grant.

Liquidation and Dissolution of AMC

64. The Plaintiff seeks an order pursuant to section 224 of the *Canada Not-for-Profit Corporations Act,* SC 2009, c. 23 (the "Act"), liquidating and dissolving AMC on the basis that:

(a) AMC has departed from the charitable objects and purposes set out in its original 1973 Letters Patent;

(b) The Defendants have unlawfully altered the governance structure of AMC to exclude the participation of its lawful members, contrary to the original 1973 by-law;

(c) The affairs of AMC have been conducted in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards, the interests of members, including the Plaintiff, contrary to section 253 of the Act;

(d) AMC has failed to comply with multiple provisions of the Act, including sections 17(2), 125, and 132, by failing to lawfully authorize fundamental changes to its governance; and

(e) The internal governance of AMC has become dysfunctional and illegitimate, rendering it incapable of functioning in accordance with its legal and charitable mandate.

65. Moreover, the corporation's original Letters Patent provide that on dissolution or winding up, any funds remaining after satisfaction of debts and liabilities of the Corporation shall be transferred to a charitable organization in Canada which has similar aims to that of the Corporation, as determined by the Spiritual Director and the Officers of the Corporation.

Order Setting Aside or Varying Transactions Not in Compliance with the Act

66. The Plaintiff seeks an order pursuant to sections 253 and 254 of the *Act* varying or setting aside transactions concluded by AMC while it was not in compliance with its governing documents or the *Act*, including, but not limited to:

(a) The transaction(s) by which AMC borrowed money from Ananda Marga Inc.;

(b) Any transaction entered into, based on an invalid authority conferred by the invalid 1998 supplementary letters patent or by-laws or the 2015 by-laws.

Reinstatement of Original Letters Patent and Governance Framework

67. In the alternative to dissolution, the Plaintiff seeks an order under sections 250 and 253 of the *Act* amending AMC's current articles to reinstate the original provisions of the 1973 Letters Patent, which remain binding and enforceable given that no lawful amendment was ever approved by the membership in accordance with Article 8 of the Letters Patent.

68. The 1998 by-law, the October 15, 1998 by-law amendment, and the 1998 supplementary letters patent were obtained through a knowingly false statutory declaration filed by Lavrih. Industry Canada's approval was conditional upon membership approval that was never sought nor obtained. These documents are therefore null and void and cannot serve as the legal foundation for AMC's governance.

Rectification of the Members Register

69. In the further alternative, the Plaintiff seeks an order rectifying the membership register pursuant to sections 250 and 255 of the *Act*, to reflect all persons who qualify as members under the 1973 Letters Patent and by-law—namely, those who have followed the ideals of the society, performed its practices, and were recognized by the Board. The current Defendants' interpretation of membership excludes valid members and unlawfully centralizes control.

Revocation of Current Officers and Directors Positions

70. The Plaintiff seeks an order under section 253 of the *Act* revoking the purported election or appointment of the current Officers and Directors of AMC, as their appointment is based on invalid governance documents and processes that did not comply with the Act or the 1973 by-law.

Reinstatement of Lawful Membership Governance

71. The Plaintiff seeks an order requiring the lawfully recognized members under the 1973 by-law to convene a special meeting for the purpose of electing a new Board of Directors and Officers in accordance with the original governance procedures set out in the valid and enforceable 1973 by-law.

Punitive Damages

72. The Plaintiff seeks an award of punitive damages in the amount of $250,000 against the Defendant Lavrih, for knowingly filing a false statutory declaration with Industry Canada in December 1998, thereby facilitating the unlawful alteration of AMC's corporate governance and disenfranchising lawful members; and in conjunction or in the alternative,

compensation under section 253(3)(b) of the *Act* for an aggrieved person whose rights were unfairly prejudiced, disregarded or violated.

Costs and Further Relief

73. The Plaintiff seeks costs on a full indemnity basis given the Defendants' deliberate, deceptive, and bad faith conduct in the governance of AMC.

74. The Plaintiff seeks such further and other relief as this Honourable Court may deem just, including any relief necessary to restore lawful governance and protect the integrity of AMC as a charitable and not-for-profit entity.

Date: July 31, 2025

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