



**INTEGRITY
COMMISSIONER REPORT
ACTION REQUIRED**

**Integrity Commissioner Report on Violation of Code of
Conduct: Councillor Mammoliti**

Date:	June 24, 2014
To:	City Council
From:	Integrity Commissioner
Wards:	All
Reference Number:	

SUMMARY

A citizen complained that Councillor Mammoliti contravened the *Code of Conduct for Members of Council* ("*Code of Conduct*") by improperly accepting gifts, favours or benefits from the sale of tickets to an event held on May 22, 2013.

An investigation was conducted into the complaint. Councillor Mammoliti's office organized a fundraising dinner/dance along with a third party Event Company on May 22, 2013. Tickets were sold at \$500.00 or \$5,000.00 for a table of 10. Over 200 people attended, including, lobbyists, companies doing business with the City or in the Councillor's ward, family members and staff from the Councillor's office.

Staff members worked on the event during City work hours. Tasks done by Councillor Mammoliti's staff included sending out invitations, designing tickets arranging for printing, following up on RSVPs, generating invoices, arranging for cheque pick up, communicating with musicians, security staff, florist, baker and Banquet Hall.

Some businesses declined to attend, but advised the Councillor's staff they would send money in the form of donations. In some cases, Councillor Mammoliti's staff revised invoices and removed references to the May 22 event. One contractor was told by staff that the Councillor's name should not appear

"anywhere." A member of the Councillor's staff told another staff member not to use the City of Toronto landline but to use a City supplied cell phone when following up on the RSVPs for the event.

The Event Company paid the Councillor \$80,000 as a "gift" from the profit generated by ticket sales for the event. Councillor Mammoliti breached Article IV of the *Code of Conduct* by accepting this cash gift.

RECOMMENDATIONS

The Integrity Commissioner recommends that:

1. City Council adopt the finding that Councillor Mammoliti has violated the *Code of Conduct*;
2. City Council suspend the remuneration paid to Councillor Mammoliti in respect of his services as a member of council for a period of 90 days, commencing September 1, 2014.

Financial Impact

This report will have no financial impact on the City of Toronto. It has a potential financial impact on Councillor Mammoliti.

DECISION HISTORY

On August 8, 2013, a citizen filed a complaint that Councillor Giorgio Mammoliti violated the *Code of Conduct*. The *Code of Conduct Complaint Protocol for Members of Council* ("*Complaint Protocol*"), and section 162(3) of the *City of Toronto Act, 2006*, ("*COTA*") require the Integrity Commissioner to report to City Council on a recommendation to Council that there has been a violation of the *Code of Conduct*.

ISSUE BACKGROUND

The Complaint

A formal complaint was filed on August 8, 2013 by a citizen alleging that Councillor Mammoliti received an improper gift or benefit contrary to Article IV of the *Code of Conduct* in the form of a fundraising event in his honour held on May 22, 2013.

Article IV of the *Code of Conduct* provides that members of council may not accept a "fee, advance, gift or personal benefit" connected directly or indirectly with the performance of his or her duties of office, unless one of the listed

exceptions apply. The complainant alleged that none of the exceptions in Article IV were applicable.

The complainant provided media clippings that included a description of the event, photographs from the event and a copy of the letter of invitation (the "Invitation") to the event. The Invitation was addressed "Dear Friend" and was signed by a relative of the Councillor. The Invitation said that there had been challenges during this term of office for the Councillor. Political and personal attacks had taken a financial toll on the Councillor. It requested "support" for Councillor Mammoliti to "continue the good fight at Toronto City Hall and not be held back by the financial burdens these attacks have brought."

Recipients were requested to join family and friends of the Councillor at a venue on May 22, 2013 for "a night of good food and friends." Tickets were offered at \$5000 per table of ten. The Invitation asked that cheques be made payable to a third party event company (the "Event Company"). The Invitation included this disclaimer:

Rest assured any contributions made will not be in any way a conflict. We have obtained legal council (sic) and opinion (sic) to help guide my father through this fund raising process and eliminate any possible conflicts or code of conduct issues.

At the bottom of the Invitation was a perforated section with a copy of a ticket. Recipients were requested to fill it out, detach and include in an enclosed envelope to the Event Company's address with payment. The ticket attached to the bottom of the Invitation had the following text on it (design not included and price on actual ticket was rotated 90° counterclockwise):

Wednesday May 22, 2013	
[The Event Company] presents:	
GIORGIO MAMMOLITI	
"IN MY BUSINESS YOU HAVE TO PLAN FOR THE UNEXPECTED."	
Reception at 6 pm, Dinner & Dancing at 7 pm [Banquet Hall]	\$500

A form was attached to the ticket portion with spaces designated for business name, contact name, phone number, number of tickets and whether an invoice was required. The event was described as a reception at 6:00 p.m. and Dinner/dance at 7:00 p.m.

Ticket purchasers were requested to RSVP to a member of the Councillor's staff at a non-City linked email address and telephone number.

The Request for a Response

On August 9, 2013, I wrote to Councillor Mammoliti and provided a copy of the complaint and asked for a response on or before August 23, 2013. Councillor Mammoliti requested an extension of time, which was granted.

On October 11, 2013, Councillor Mammoliti raised a jurisdictional issue which had to be addressed before a decision could be made on whether to investigate the complaint.

The Preliminary Issue of Jurisdiction

Councillor Mammoliti objected to any investigation based on materials obtained from the media. He also complained that the formal complaint was improperly delivered directly to the Integrity Commissioner's office instead of via the Office of the City Clerk as provided in the *Complaint Protocol*.

On October 16, 2013, the complainant was provided with a copy of the Councillor's letter of objection. The complainant provided a written response to the issues raised by the Councillor on October 24, 2013. The Councillor was provided with a copy and allowed to respond further. He did so on November 28, 2013.

On December 5, 2013 I wrote to both parties with a decision on the issues raised by Councillor Mammoliti. A copy of that decision is attached for Council's information as Appendix 1.

The Media Release

A copy of the decision of December 5, 2013 was released to the media without notice to or consent from my office. Councillor Mammoliti complained and I wrote to the parties to discover the source of the media release. The complainant advised that he had provided this information to the media.

I wrote to both parties and requested their acknowledgement that they would keep future correspondence confidential to protect the integrity of any investigation. The complainant provided an undertaking not to release any further information to the media during the investigation and a copy of this was provided to the Councillor, through his lawyer.

Counsel for Councillor Mammoliti requested sanctions against the complainant for the media release and expressed dissatisfaction with the manner of

addressing confidentiality. This office has no power to sanction complainants and no authority for such sanctions was provided by the Councillor.

There were no new complaints of breaches of confidentiality after the undertaking was provided. Councillor Mammoliti was provided with information about the circumstances by which reports are made to Council under the *Complaint Protocol*.

The decision of December 5, 2013 by this office is the subject of an application for judicial review. A hearing date has not been scheduled yet.

The Councillor's Response to the Complaint

By letter dated February 11, 2014, Councillor Mammoliti provided a response to the complaint. He said he had been admitted to hospital on April 2, 2013 for a serious condition and surgery. He was discharged from hospital on April 12, 2013. The letter for the event was issued by a close relative while the Councillor was in hospital. Councillor Mammoliti said that "the words used that you take issue with are those of a [relative] wanting to do something nice for [me]. As stated in the media previously, this was not a fundraiser for political or campaign purposes."

The Councillor said his knowledge of the circumstances surrounding the event was limited and he did not come to know of it until after he was discharged from hospital on April 12, 2013. Councillor Mammoliti said he had suffered short term memory loss and his recollection of "anything" several months following his surgery was and still remains limited.

A copy of the response from the Councillor is attached to this report as Appendix 2.

Between January and March 2014, additional opportunities were extended to Councillor Mammoliti to provide additional factual information about the event or his position on whether there had been a breach of the *Code of Conduct* and if so, whether any such breach had been made in good faith.

On March 20, 2014, Councillor Mammoliti was advised that the complaint would be investigated.

The Investigation

The investigative steps included the following:

- Reviewing media reports and the material attached to the complaint;

- Requesting information and documents from ticket buyers and guests of the Councillor at the event;
- Requesting information and documents from the Councillor's staff;
- Requesting information and documents from City Clerk's Division;
- Requesting information and documents from suppliers of services and goods for the event;
- Reviewing City of Toronto documents related to attendees and their business dealings with the City;
- Requesting information from City of Toronto Divisions relevant to services provided to the City and/or agencies or boards and attendees;
- Requesting documents from the City of Toronto Divisions relevant to the organization of the event;
- Requesting production of relevant bank records from banks;
- Media searches for information about the event, suppliers of services to the event, invitees and attendees;
- Office of the Lobbyist Registrar Information Requests;
- Corporate searches for suppliers of services for the event;
- Requesting information from Councillor Mammoliti;
- Requesting information from the relative of Councillor Mammoliti who signed the Invitation.

The interviews with witnesses, searches and review of documents relating to the event provided information about the event, the organizers, the guests and how money was collected and paid out. This part of the report assembles the information obtained and arranges it by topic. Names and other identifiers have been anonymized throughout the report and redacted from the copies of documents.

During the investigative phase, Councillor Mammoliti was invited to provide more information either in person or in writing. On May 30, 2014, Councillor Mammoliti was advised that this phase of the investigation would be wrapping up shortly. A list of questions was provided to Councillor Mammoliti to assist him in providing any additional information. A response was requested on or before June 10, 2014. No response to these questions was received. A copy of the list of questions to Councillor Mammoliti is attached as Appendix 3.

The Event

On May 22, 2013 a dinner/dance was held at a banquet hall (the "Banquet Hall") in a municipality north of Toronto in honour of Councillor Giorgio Mammoliti. Guests walked along a red carpet to a receiving line. A musician had been hired to play harp music during cocktail hour. A backdrop was provided by the Event Company and a photographer was hired to take pictures of guests in front of the backdrop.

Food stations were available, including an antipasto bar, a hot station with fried calamari and fresh polenta and a risotto station. The main course was beef tenderloin, chicken supreme and vegetables. There was an open bar. A cake with the Event Company logo on it was served. The tablecloths were black and the napkins were red, the colour scheme used on the tickets.

At the front of the room, a stage was set up for the band. There were speeches from Councillor Mammoliti and a close relative of his. Councillor Mammoliti's relative referred to the Councillor's recent health issues during the speech. Councillor Mammoliti thanked those in attendance for coming to the event.

On either side of the stage and along the wall next to the bar, a silent auction was offered which included sports memorabilia. At least one personal watercraft was available for auction. In a photograph taken of some attendees, the watercraft can be seen in the background.

On the day following the event the Event Company issued a cheque to "Giorgio Mammoliti" in the amount of \$40,000.00. On May 30, 2013, the Event Company issued a second cheque to Councillor Mammoliti – also in the amount of \$40,000. Anonymized copies of these cheques are attached at Appendix 4.¹

The Event Comes to Light

On May 23, the day after the event, a media report released a description of the event. Questions were asked about the nature of the event and the presence of lobbyists. The Councillor released a statement on May 24, which said that he had not engaged in campaign fundraising. His statement said in part, he "attended an event hosted by [the Event Company] where I was the guest of honour. The event was co-hosted with my family to celebrate my recovery from my recent health concern."

On August 8, 2013, the formal complaint leading to this investigation was filed with the Office of the Integrity Commissioner.

The Invitees

Information about the Invitees to the event was obtained from the staff-created RSVP spreadsheets, emails confirming donations or tickets purchased and searches for City bid information, online descriptions of work done for the City and interviews with some of those in attendance. Searches were requested from the Office of the Lobbyist Registrar to confirm whether any of the invitees were registered lobbyists.

¹ Six days prior to the event, the Event Company issued a certified cheque to Giorgio Mammoliti in the amount of \$16,000. The re line was "Stag." The Councillor provided no explanation for the source of this cheque. I have not included it as a "gift" as with the other two which were marked as such. However, the timing and source raise questions.

The invitees are described generically throughout and assigned a number rather than identified by name. Some invitees are corporate entities, others are individuals. A description of some of the invitees follows.

Invitee #1 is a City of Toronto corporation which provides services to the City under significant contracts. According to the records and emails, Invitee #1 purchased a table of 10 for \$5,000. Invitee #1 provided a copy of its cheque to the Event Company, written on April 25, 2013 in the amount of \$5,000.00. The Invitee #1 Cheque requisition described the reason for the cheque as "1 table for Mammoliti event." Invitee #1 received notice of the event by email from the Councillor's staff.

Guests of Invitee #1 were there to discuss potential partnerships. There were representatives from architectural firms, staff from Invitee #1 and a representative from an engineering company. A member of the Invitee #1 company was interviewed. The company member did not have a personal relationship with the Councillor but said that the firm purchased tickets to support the Councillor's policies. Invitee #1 does work for the City of Toronto and confirmed that its contracts with the City are worth millions of dollars.

Invitee #2 is a Toronto corporation which bid and received contracts from the City of Toronto in 2013. According to the records and emails, Invitee #2 purchased a table for 10 for \$5,000. The emails described below suggest that on April 30, 2013, Councillor Mammoliti was lunching with a representative of Invitee #2 and was expected to pick up the cheque for the tickets to his event after that lunch.

Invitee #3 is an individual who was providing services to the Business Improvement Association (BIA) in the Councillor's ward. In and around the time of agreeing to purchase two tickets to the event, Invitee #3 was also providing input for events by the BIA. After the May 22 event, Invitee #3 was copied on the discussions among staff about the statement to the press.

Invitee #4 is a general contractor in the City of Toronto. In 2014, Invitee #4 bid on a six-figure contract for in the City of Toronto. In 2012-2013, Invitee #4 received contracts from the City for repair work. Invitee #4 paid \$10,000 for a total of 20 tickets, or 2 tables.

Invitee #5 is a condominium developer and has projects in the City of Toronto, including in the Councillor's ward. The Councillor attended an event at the presentation centre for the development and commented favourably about the project in a local publication in 2013.

Invitees #6A and #6B are two companies who agreed to split the cost of half a table, but without sending representatives. Invitee #6A declined to receive an invoice. Invitee #6B has done work for the City of Toronto including concrete infrastructure for transit infrastructure.

Invitee #7 is a landscape company that has done projects in the Councillor's ward and also bids on City of Toronto projects. Invitee #7 purchased 10 tickets for \$5,000.00 although it did not send any invitees to the event. One of the partners of Invitee #7 confirmed that another event was being held that evening in another location and as a result, its staff attended that event.

Invitee #20 is a lobbying firm who were marked on the staff spreadsheet as committing to purchase 10 tickets at \$5,000.00. An email was sent by A to a partner at Invitee #20 on May 7, 2013 at 3:30 p.m. The email read:

Hi [Partner of Invitee #20]:

Hope all is well with you.

I'm following up on the upcoming event for Giorgio Mammoliti, in terms of RSVP's. I'm sorting through the seating, food, etc and wondering if you have the RSVP number of attendants?

A package was sent to you with the tickets and invoice for a table of 10 *based on the conversation with George* - when the cheque is ready please email or call me and I will send someone to pick it up.

Thank you,

[A] (Emphasis added)

Six minutes later, the partner replied to A that he would have an "update for you later this week."

The principals of this firm were interviewed and advised that although they did receive the letter of Invitation to the event, the "good news" was that they did not pay for their tickets. Both partners who attended said they were aware of the prohibition on lobbyists not giving a gift to the Councillor. They confirmed that the lobbying firm had active files at City Hall during the period of this event. The partners of Invitee #20 who were interviewed said that they were not concerned about *Code of Conduct* issues because "after that" they were invited as the Councillor's personal guests to show support in light of his recent health issues.

One of the partners spoke to Councillor Mammoliti after the event was publicized on CBC. The Councillor told the partner of Invitee #20 that people were "out to get him." Councillor Mammoliti said that "you" (the partner of the lobbying firm: Invitee #20) were there as "our guests and that was it."

Invitees # 17, 18, 19, 22, 26 and 30 were registered lobbyists or clients of lobbyists who were invited by the Councillor's staff to the event. Between these six invitees, a total financial commitment was recorded of \$31,000.00 (One

lobbyist, a lawyer in a large firm originally committed to paying \$5,000: on the afternoon of May 22, his assistant wrote to A to advise that he could not attend the event but would send \$1,000.00.)

In early 2013, Councillor Mammoliti attended an unveiling for a development in his ward being built by Invitee #19.

Another corporate attendee, Invitee #26, provided a copy of his cheque for two tickets (\$1,000). Invitee #26 said he attended the event with a friend of his. He described a "massive buffet" that was set up and said he left after about an hour and a half. He went to meet people and to use the event for networking. He recalled seeing a lobbyist there and another person in the printing business. He said that the Councillor is not a personal friend and he had not spoken to him since this event took place.

Invitee #26 is the principal in a company that was engaged in a City bidding process in May of 2013. The RFP opened on May 1, closed on June 26, 2013 and was for a significant contract for a City agency. The contract came before City Council later in the year and was awarded to a company other than Invitee #26.

The Event Planning

March 24-26 2013: Staff Members Plan Tickets for a Fundraiser Dinner

On Sunday March 24 through Tuesday March 26, two of Councillor Mammoliti's staff, ("A" and "B"), discussed a ticket design for a \$500 per plate dinner to be held on Thursday May 16. The back of the draft ticket described the event as a "fundraiser dinner." There was a suggestion by a third staff member, ("C") that the tickets should be "perforated so that if anyone wants to claim for tax purposes they can."

On Tuesday April 2, 2013, A and B discussed the placement of details on the tickets. On April 3, B asked if the "tickets came out good." A said that one version was chosen with the date bigger and on top and was still waiting for the call to pick them up.

Anonymized copies of two of the ticket designs exchanged among the staff members during this period of time are attached to this report as Appendix 5.

On the evening of April 2, 2013, A forwarded a 9 page list of businesses from A's City of Toronto email account to A's private email account. The list included names and contact information for lobbyists, corporations doing business with the City, individuals, law firms, school boards and other businesses and individuals.

Councillor's Staff Discuss the Invitation

On April 10, A wrote to C requesting a review of a draft letter of invitation in the email message. A said that "It's now coming from [relative of the Councillor]. Let me know your thoughts, if sounds too flowery, etc...thanks.!" A copy of this email with the draft invitation letter is attached as Appendix 6.

Between April 12 and April 16, staff members made more changes to the letter of invitation (the "Invitation"). C asked A to update the date of the event. A sent three different designs of the Invitation to a close family relative of the Councillor (the "Relative"). The Relative said, "I like the third one best. Bond theme." Ultimately, a simpler version was used without the Bond background theme but with a cursive capital "M" at the top of the page.

The Event Company is Brought In to be "Hosts" of the Fundraiser

On the morning of Tuesday April 16, 2013, A sent an email to one of the partners of the Event Company ("Partner 1") which read as follows:

Hi [Partner 1],

Hope all is well with you. Just following up on our text conversation regarding [Event Company] as "hosts" of the fundraiser. Please find attached the sample letter we would like to start sending out. You'll see the extent that we'll be "using" your company name.

Please let me know if this is okay with you and [Partner 2] (and your accountants, of course) as we'd like to start sending the letters out tomorrow.

We also need to get in touch to discuss a silent auction and an estimate of your fees, our target amount to be raised, etc. I am available when you need.

Thanks so much for your help with this!

An anonymized copy of this email and the draft Invitation letter included with it to Partner 1 of the Event Company is attached to this report as Appendix 7.

Later that afternoon, Partner 1 wrote back to A to say that the accountant for the Event Company had advised against "this." Partner 1 said, "I will have to call you after 4pm to discuss. Sorry for any inconvenience."

On April 17, more versions of the Invitation were exchanged among the staff and an additional change was made to the name of the Event Company, showing it

as "Event Company Inc." A copy of the amended Invitation shared among staff on April 17, 2014 is attached as Appendix 8.

The Preparations for the Event

Councillor Mammoliti's staff performed a number of tasks between March 24, 2013 and May 22, 2013 for the event. According to City records, some of these tasks were done on work days, and others were done on weekends or on holidays. Both A and B worked on the event during their scheduled work days for the Councillor. From time to time, other staff members within the Councillor's office were mentioned or copied on correspondence.

Table 1 summarizes the number of days when emails concerning the event were sent or received by A and B and the number of event-organizing days which fell on workdays or on days-off or weekends.

Table 1: Number of Days Worked by Staff on the Event of May 22, 2013

Staff Member	Days With Event Tasks	Weekend, Vacation or "Lieu Time" Used	Workdays With Event Tasks
Employee A	34	11	23
Employee B	16	1	15

On one particular day, Tuesday May 7, members of the Councillor's staff emailed twelve different company representatives and/or lobbyists with invoices, rsvp follow-ups and fresh invitations. Emails were sent between the hours of 10:34 a.m. and 3:54 p.m. on May 7, 2014. Other dates in which multiple email communications were sent during office hours on work days included April 24, April 25, April 30, May 1, May 2, May 9, May 14, May 15, May 17 and May 21, 2013.

The nature of the tasks performed by Councillor Mammoliti's staff to organize the event are described by topic with examples provided below. From time to time, Councillor Mammoliti was copied by email on the arrangements. These are mentioned below as well.

a) Company #1 Asks for Tickets: Ticket Printing is Arranged

On April 24, 2013 A contacted an administrative assistant ("Admin") from an invited company ("Invitee #1"). The Admin confirmed that Invitee #1 would be purchasing a table of 10 for the event and asked whether hard copies of the tickets would be provided. A responded to Admin and provided a copy of the Invitation. A. said in the cover message:

My notes indicated that [Invitee #1] was purchasing 2 tables based on the conversation that [Invitee #1 Representative] had with Councillor Mammoliti. We are, of course happy with the purchase of 1 table, I just want to be certain my counts are accurate.

An anonymized copy of the email correspondence between A and Company #1 is attached as Appendix 9.

On Thursday April 25, 2013, B placed a printing order for 700 tickets with numbering to begin at 0200. They were to be printed on card stock, in colour and glossy on both sides. Tickets 0200-0700 were to be stapled in bundles of 10 and tickets 0701-0900 were to be loose. A proof was provided by the printer later that day and the tickets went to print, after final approval from A.

Anonymized copies of the email ticket order and enclosures is attached to this report as Appendix 10.

b) Communications with Musicians for the Event

On April 25, 2013, A communicated with a musician to provide harp music from 6:00 p.m. to 7:30 p.m. at the May 22 event. The musician provided an invoice and contract for the event, to be signed in the name of the Event Company. The contract price was \$750.00 plus HST for a total cost of \$847.50.

A forwarded the invoice and contract to Partner 1 of the Event Company. A asked if Partner 1 could meet the 24 hour deadline to sign the contract. A wrote, "If not I'm happy to ask her to put my name and I can sign." A reminded Partner 1 that payment was due prior to the event.

Anonymized copies of the exchange of emails between A and Partner 1 and A and the musician are attached as Appendix 11.

On May 14, 2013, A wrote to a band leader who was bringing a band to play dance music at the event. A provided the band leader with the time and address for the event.

The band leader confirmed that there were six musicians in the group and the group received approximately \$1,800 and \$2,000 for their services at the event, by cheque from the Event Company. They played two sets of 40 minutes each. There was a dance floor set up. The band leader was not a personal friend of Councillor Mammoliti.

c) The Mailing Labels

On April 29, 2013 A asked B to create an address label for the Event Company to be used for returns on invoices mailed out.

d) Invitations to Media Personalities

On April 30, 2013, A corresponded with media personalities offering free tickets to the event of May 22, 2013.

The first email said, "Giorgio is having an event on May 22nd, 2013 @ The [Banquet Hall] in [location]. Attached you will find the info sent to everyone attending." A wrote that "Giorgio would like to invite you as his personal guest to thank you for all the times you have lent a helping hand at his events. He does not want you to do any work, simply come and enjoy with your [friend] and evening of fun and great food." A copy of the invitation was attached to the email.

The second email invited another media personality, two others and all of their respective partners. A wrote, "As you know, Giorgio is holding a fundraising event. To date, we have sold over 70% of the tickets and we're expecting about 250 people to attend."

Anonymized copies of the April 30, 2013 email invitations to the media personalities are attached as Appendix 12.

e) Preparing and Issuing Invoices

The Template

On April 29, 2013, Partner 1 with the Event Company sent an invoice template, titled "Giorgio Invoice" to A at A's City of Toronto email address. A forwarded that email to a non-City of Toronto email address.

A copy of the invoice template provided to A. by Partner 1 is attached as Appendix 13.

Invitee #2

On April 30, 2013, A emailed an invoice for the event to company representatives of Invitee #2, with a copy to Councillor Mammoliti. An anonymized copy of this email and invoice is attached as Appendix 14.

Shortly after the invoice was emailed to Invitee #2, one of the recipients wrote back to A. to say that "Giorgio picking the cheque after lunch." A

few minutes later, A. confirms with Invitee #2 that "I think Councillor Mammoliti is going to pass by for it after their lunch."

An anonymized copy of the email to A about the cheque pick up from Invitee #2 is attached as Appendix 15.

f) Requests for Others to Sell Tickets

Invitee #3 refers to an individual. On May 2, 2013, Invitee #3 wrote to A confirming the purchase of two tickets to the event. A provided Invitee #3 with a copy of the Invitation and said, "Please feel free to distribute to anyone you're speaking with." Invitee #3 said, "I will try and sell more."

An anonymized copy of the emails between A and Invitee #3 about the event is attached as Exhibit P.

Also on May 2, A wrote to an individual ("X") at a security company. A provided a copy of the Invitation and said:

Hey [X], George asked me to pass this along to you. If you come across anyone who wants to buy tickets through their company, please let them know that [Event Company] will issue an invoice. You'll notice [redacted] contact name and number is on the tickets, please let people know they can contact me directly as well. Thanks [X]!

An anonymized copy of the email from A to X is attached as Appendix 17.

g) RSVPs and the Business Spreadsheet

Staff members followed up on the mailed invitations with staff of purchasers. RSVPs were tracked using a spreadsheet with company names, contact information, telephone numbers and emails showing who had purchased tickets.

On May 3, 2013, B sent an updated business list on a spreadsheet to A, advising that this was the most up to date contact file. The updated business list had 227 entries. It included names of companies who do business with the City of Toronto, in the Councillor's ward, real estate developers, lawyers, lobbyists, and other companies and individuals.

On May 9, 2013, A provided another RSVP list to B. This list had 230 entries and in addition to the corporate contacts on the earlier list, it had contact information for people associated with seniors groups, showing that those various groups were marked down to pay for 40 tickets in total

as of that date. A asked B to go down the list from the top. A told B to "please call from your work cell, not the office landline."

An anonymized copy of the May 9, 2014 email from A to B concerning the RSVP telephone calls is attached as Appendix 18.

Also on May 9, B sent a highlighted version of the invitee spreadsheet to A showing that 103 people had rsvp'd to attend with a total amount collected of \$129,500. Later on that same day, A sent an email to Partner 1 of the Event Company with the count of those who had rsvp'd and funds collected. Councillor Mammoliti was copied on this email.

An anonymized copy of the emails of May 9 between A and Partner 1 is attached as Appendix 19.

h) Invoice Modifications

Invitee #19

Two invitees requested and received invoices that did not make reference to the event or the Councillor. Invitee #19 was listed in the staff spreadsheet for the event and was shown as providing \$5,000 (equivalent to a table for 10).

On May 9, Partner 1 sent an email to A with an invoice attached in the name of Invitee #19. Partner 1 asked A if this invoice should be sent. The invoice attached to Partner 1's email was for \$5,000 but instead of describing the May 22 event for Councillor Mammoliti, it showed payment for an event on December 18, 2012 for "Community Promo."

A responded to Partner 1: "I'll run it by G to be sure-can I let you know tomorrow? On the following day, May 10, A replied to Partner 1 that the invoice for Invitee #9 should be changed to \$7500.00.

Invitee #19 was a registered lobbyist at the time of the event.

A copy of the exchange of emails and the draft invoice for Invitee #19 is attached as Appendix 20.

Invitee #30

Similarly, Invitee #30 received an initial invoice on the Event Company template which described the event as an "On the Go-VIP launch." It did not mention the May 22 event.

A second version was provided by email from A to staff from Invitee #30 on May 17, 2013 with the price shown as \$4,424.77 and HST separated out for a total of \$5,000 inclusive of HST.

On May 23, 2013, the day after the event, staff from Invitee #30 contacted A and requested a "call as soon as you can." An email from A. to the staff from Invitee #30 at 10:27 a.m. attached a third version of the invoice, which showed the payee to be a different company than appeared on the first two versions of the invoice.

Invitee #30 was a registered lobbyist at the time of the event.

Anonymized copies of the email of May 23 and the three versions of the invoices for Invitee #30 are attached as Appendix 21.

Invitee #17

On May 7, A sent an email to a representative of Invitee #17, a registered lobbyist in a municipality northeast of Toronto. The email provided an invoice for two tables of 10 at a total cost of \$10,000.00. A referred to a meeting "tomorrow" and said that her colleague, C would be in touch about the location. Invitee #17 was a registered lobbyist at the time of the event.

On May 9, A sent a revised invoice to the contact person from Invitee #17. This invoice corresponded to the name on the cheque received, at the same address as Invitee #17. The new corporate name on the revised invoice was not a name registered as a lobbyist at the City of Toronto.

Anonymized versions of the two invoices provided to Invitee #17 and the cover email advising of the revision are attached as Appendix 22.

i) Tracking Donations for Non-Attendees

Invitee #24

Staff members were advised by some companies that they would donate money and tickets were not necessary. Partner 1 advised A that Invitee #24 would be sending a donation of \$2,500 but would be sending back the

tickets. A noted in response to Partner 1: "They are very good supporters but never come to the events."

An anonymized copy of the email exchange between A and Partner 1 is attached as Appendix 23.

Invitee #6

Invitee #6 was a shared donation between two companies (Invitees #6A and #6B). On May 7, 2013, a staff person for #6A advised A that the two companies would split the cost of one-half a table for \$2,500.00. A was told that they would not be attending so "please feel free to fill the seats." The staff person also told A that invoices would not be necessary.

An anonymized copy of the email exchange about Invitee #6 is attached as Appendix 24.

j) Coordinating the Floor Plan

On May 16, staff with the Banquet Hall provided a draft floor plan to A by email. A wrote to the Banquet Hall staff member on May 20 to advise that more people had rsvp'd over the weekend and the head count stood at 230. A wrote, "Still working on the floor plan- it's not something I can do, George has to weigh in on it and he hasn't been available this weekend. I should have it to you tomorrow."

On May 21 A wrote to the Banquet Hall staff to say that the total numbers were "274-crazy!" A new floor plan was provided to A from the Banquet Hall staff. Banquet Hall staff provided a menu for the event. Later on, A provided a list of numbers per table to the Banquet Hall staff. Anonymized copies of these emails, menu and floor plan are attached as Appendix 25.

k) Security Arrangements

On May 17, a security company representative contacted A to advise that the Councillor asked for security and that, "Giorgio said he didn't want any media at the event." An anonymized copy of this email is attached as Appendix 26.

l) The Contract with the Banquet Hall

On May 21, A received a draft contract from staff at the Banquet Hall. The cost of the food and hall is shown on the draft as \$18,000.00. The contract also had the following information printed on the form:

Party Name: Giorgio Mammoliti FUNDRAISER

Theme: Fundraiser
Category: Dinner
Booking Contact: [A]
Site Contact: [A]
Client: Giorgio Mammoliti Campaign

Later on in the morning of May 21, A replied to the staff at the Banquet Hall and said, "just one change...it should read [Event Company] and not Giorgio Mammoliti Campaign or his name anywhere..."

Anonymized copies of the draft contract and the email exchange described above are attached as Appendix 27.

A copy of the final, signed contract was requested from the Banquet Hall but not located. The Banquet Hall provided a later version of the contract, showing payments received in July 2013, August of 2013 and January of 2014 for a total of \$15,200.00. A balance was owing as of January 21, 2014 of \$3,980.00. The latter version of the contract replaced the information shown on the May 21, 2013 version with the following:

Party Name: Event Company
Theme: Customer Appreciation
Category: Dinner
Booking Contact: [Partner 1]
Site Contact: [Partner 1]
Client: Event Company

m) The Cake

On May 21, A received an electronic version of the banner logo from a partner at the Event Company. A provided a copy of the Event Company banner to a baker for the cake being made for the event.

An anonymized copy of the email to the baker is attached as Appendix 28.

n) The Menus for the Tables

On May 21 A provided a copy of the menu to the printer and requested 35 copies printed onto card stock. A advised the printer that "we will do the folding." The two sided menu featured the Event Company name and business style. An anonymized copy of the printed menu provided to the printer is attached as Appendix 29.

o) The Flowers

A florist confirmed an order for flowers to A by email on May 22 at 9:30 and with delivery to the Event company on May 22. A second email at 3:20 p.m. on May 22 to A from the florist confirmed delivery of the flowers to the Event Company at the Banquet Hall location on May 22, 2013 at 3:10 p.m.

An anonymized copy of the floral order email is attached as Appendix 30.

The Public Statement after the Event

On the day after the event, a headline appeared on a media report which said, "Giorgio Mammoliti faces question over \$5,000-a-table event: City of Toronto conduct rules forbid fundraising outside of election campaigns." On the evening of May 23, 2013, Councillor Mammoliti's staff and Invitee #3 discussed a statement to the media. During the discussions, A invited C and Invitee #3 to give input on an added statement accusing a media organization of "a very under handed, invasive method and breaching of citizens privacy." Councillor Mammoliti responded to this suggestion, "good."

An anonymized copy of the email exchange is attached as Appendix 31.

The Position of the Councillor on the Complaint

The Councillor responded that when the Invitation went out, he was ill and in hospital. He said he was in hospital from April 2 to April 12, 2013. Attendees confirmed that the Councillor's close relative was present, spoke at the event and talked about the recent health concerns of the Councillor. A number of attendees mentioned that they were aware that there had been a health issue as well.

Councillor Mammoliti responded that this was not a fundraiser for political or campaign purposes. The event was described as a family member wanting to do something nice for another family member.

Councillor Mammoliti also said that his knowledge of the circumstances surrounding the event is limited. He said that he had some short term memory loss during this period of time he said. His recollection of anything several months following his surgery was and still remains limited.

For the reasons set out below, while these factors certainly merit the sympathy and concern and well-wishes that would accompany a health scare even from those with whom one does business professionally, none of these features remove the Councillor from the responsibility not to accept gifts which are outside the exceptions in the *Code of Conduct*.

The Analysis

The starting point of the analysis is Article IV (Gifts and Benefits) of the *Code of Conduct*. This provision begins with the following two paragraphs:

No member shall accept a fee, advance, gift or personal benefit that is connected directly or indirectly with the performance of his or her duties of office, unless permitted by the exceptions listed below.

For these purposes, a fee or advance paid to or a gift or benefit provided with the member's knowledge to a member's spouse, child, or parent, or to a member's staff that is connected directly or indirectly to the performance of the member's duties is deemed to be a gift to that member.

The full text of Article IV is attached to this report as Appendix 32.

A number of exceptions are listed in Article IV, which permit Councillors to accept a "fee, advance, gift or personal benefit that is connected directly or indirectly with the performance of his or her duties in office."

The exceptions are listed. Except for (a), (c), (f) and (i), there is a cap on any allowable gift from one source of \$500 annually. The word "gift" will be used to describe the longer phrase "fee, advance, gift or personal benefit" from Article IV.

Where a gift is received under (b), (e), (f), (g), (h) and (i) below and is greater than \$300 in value, a member must file a disclosure statement with the Integrity Commissioner and the Integrity Commissioner may make a decision on the application of the exceptions. In this case, Councillor Mammoliti sought no advice nor was a disclosure statement made concerning the \$80,000 cash gift received as a result of this event.

Each exception will be considered below and applied to the facts of this complaint:

(A) Compensation authorized by law

Councillor Mammoliti's paid remuneration as a member of Council is an exception to the prohibition on accepting a gift and is provided as a matter of Council resolution. This is an example of compensation authorized by law.

The profits from a dinner event do not qualify as "compensation authorized by law."

(B) Such gifts or benefits that normally accompany the responsibilities of office and are received as an incident of protocol or social obligation;

Receipt of a token gift from representatives of a visiting delegation that are seen as a customary part of hosting or visiting another jurisdiction would be a gift that is an incident of protocol. This type of gift is linked to the responsibilities of elected office.

A dinner party event involving private third parties to raise funds for a Councillor and a cash gift of \$80,000 is not an "incident of protocol or social obligation." Also, the amount received by the Councillor is 160 times greater than the value permitted of any such gift under this exception.

Exception B does not apply in these circumstances.

(C) A political contribution otherwise reported by law, in the case of members running for office;

This section exempts campaign donations, reported by law from the gifts and benefits prohibitions under the *Code of Conduct*. It is also the **only** exception that permits lobbyists to make a gift to an elected official. These donations are publicly reported and are subject to a legislative enforcement scheme.

Councillor Mammoliti has responded to this complaint, and publicly, that the dinner event on May 22, 2013 was not a campaign fundraiser. It was not held during an election campaign fundraising period.

This exception does not apply in these circumstances.

(D) Services provided without compensation by persons volunteering their time;

From time to time, members of Council obtain a benefit from individuals providing volunteer services in their constituencies or with their offices. Council has recognized the value of the services and have exempted them from the prohibitions against accepting gifts and benefits. This exception does not apply to lobbyists.

This exception does not apply in these circumstances as a cash gift is not "services provided without compensation."

(E) A suitable memento of a function honouring the member;

This provision provides for a token gift where the member is being honoured at a function. It contemplates a memento valued at less than \$500.00 from any one source. It does not permit such a gift to come from a lobbyist.

The May 22 event was at times described as an event to celebrate Councillor Mammoliti's return to good health. However, it was also a fundraiser and this finding removes it from the exception in Article IV (e). It is also apparent from the initial conversations of fundraiser dinner in late March of 2013, that the planning began before the Councillor's admission to hospital on April 2, 2013 for surgery.

The following additional pieces of information support a conclusion that this was a fundraising event intended to raise significant amounts of money for the Councillor:

- The Invitation described a financial need on the part of the Councillor:
 - "unfounded, unjust attacks have taken their toll on him **financially**"
 - "I am seeking your support for [Giorgio Mammoliti] so he can continue to fight the good fight at Toronto City Hall and not be held back by **the financial burdens** these attacks have brought on"
 - "Rest assured any **contributions** made will not be in any way a conflict. We have obtained legal council (sic) and opinion to help guide my father through this **fund raising process** and eliminate any possible conflicts or code of conduct issues. (Emphasis added)"
- The ticket prices of \$500.00 are consistent with a fund raiser event.
- The circulation of invitations cast a broad net: requests to have others sell tickets to "anyone" speaks to its fundraising nature.
- "Donations" were accepted from those who could not or were not interested in attending.
- The description used by the organizers and suppliers was "fundraiser." See for example the email from A to Partner 1 (Appendix 7)
- The description used with some of the guests, for example the two media personalities invited "gratis" who were advised "Giorgio is holding a fundraising event." (Appendix 12)

For these reasons, the \$80,000 cash gift does not fall within exception (e).

(F) Food, lodging, transportation and entertainment provided by provincial, regional and local governments or political subdivisions of them, by the Federal government or by a foreign government within a foreign country, or by a conference, seminar or event organizer where the member is either speaking or attending in an official capacity;

This refers to official events at which a member is speaking or attending in an official capacity. Examples in the municipal context could be travel as part of a trade delegation, attendances at Federation of Canadian Municipalities meetings, or attendance at a conference to speak or represent the City in an official capacity. This would not include accepting food, lodging or transportation where attending the conference is hosted by, or the source of the gift is a lobbyist.

The cash gift arising from ticket sales to the dinner event of May 22, 2013 does not meet any of the criteria to fall within exception (f) of Article IV.

(G) Food and beverages consumed at banquets, receptions or similar events, if:

1. attendance serves a legitimate business purpose;
2. the person extending the invitation or a representative of the organization is in attendance; and
3. the value is reasonable and the invitations infrequent;

A cash gift arising from sale of tickets to a dinner event such as the event in this matter does not fall within exception (g) of Article IV.

(H) Communication to the offices of a member, including subscriptions to newspapers and periodicals;

This exception does not apply to the circumstances of this matter.

(I) Sponsorships and donations for community events organized or run by a member or a third party on behalf of a member, subject to the limitations set out in the Policy on Council Member-Organized Community Events.

Council members may use their office budgets to hold community events in their ward. There is a policy that outlines the acceptance of sponsorships and donations for running these events, which are open to the public and are subject to a number of limitations. Funding for community events under the policy is to be reported publicly via the Office of the City Clerk, including in kind or monetary donations. A copy of the Council Member-organized Community Event policy as attached as Appendix 33.

The May 22, 2013 dinner event does not meet the criteria of a community event. It was by invitation and attendees had to pay to attend the event. It was offered to lobbyists, who are not permitted to make donations or sponsorships to community events.

The gifts and benefits regime is set within a larger framework, supported by statements of principle in the Preamble to the *Code of Conduct*. A key statement of principle in the Code of Conduct states:

Members of Council should be committed to performing their functions with integrity and to avoiding the improper use of influence of their office, and conflicts of interest, both apparent and real;

A public official protects the public interest when he or she avoids improper use of elected office to seek or receive personal benefits, favours, or gifts from those who may need or perceive a need to have a member's support either at Council or in another official capacity. This principle underlies the general gifts and benefits prohibition within Toronto's *Code of Conduct*. Council's decision to define exceptions, set upper limits on value, and create a disclosure regime is intended to meet another key principle found in the Preamble:

Members of Council are expected to perform their duties in office and arrange their private affairs in a manner that promotes public confidence and will bear close public scrutiny.

These statements of principle assist with understanding why there are limits on gifts and benefits for elected Members of Council in the City of Toronto.

The Finding

In applying the specific provisions of Article IV (Gifts and Benefits) within the overall framework of the *Code of Conduct* I conclude that the \$80,000 cash gift to Councillor Mammoliti from the Event Company from the ticket sales to the May 22, 2013 dinner event was an impermissible gift. In accepting this gift, Councillor Mammoliti breached the *Code of Conduct*.

Recommendation on Sanction

Article XVIII of the *Code of Conduct* includes two possible sanctions for a breach, which are also provided under the COTA. The two available sanctions are a reprimand or a suspension of the remuneration paid to a member in respect of his or her services as a member of Council. It also provides for a range of other actions which include requests for an apology, repayment or reimbursement of money or value of property received or removal from a Committee. Article XVIII is attached as Appendix 34.

In accordance with the *Complaint Protocol*, the Councillor was provided with the basis for these findings on June 13, 2014 and a response was requested on or before June 23, 2014. Councillor Mammoliti was provided with the draft report, attachments and a proposal for repayment, or in the alternative, a sanction.

As of the date of this report, there has been no response from the Councillor about repayment. I recommend that Council consider an appropriate sanction for the breach of the *Code of Conduct*. A number of considerations may be taken into account, including the quantum of the breach. The amount of the gift is significant, being 160 times greater than the maximum allowable personal gift to a member of Council within the recognized exceptions. As noted above, this gift did not fall within the recognized exceptions.

Second, it cannot be said on the available evidence to date that the breach was a good faith breach. The Councillor was copied on certain key pieces of correspondence about the event after his return to work from his health issue. These included the following:

- Email correspondence from A to Partner 1 on May 9, 2014 with a count of people attending and funds collected. This is shown in Appendix 19.
- Email correspondence from A to Invitee #2 on April 30, 2014 attaching the Event Company invoice. This is shown in Appendix 14.

There are references in the email communications to staff seeking input from Councillor Mammoliti about the request for an altered invoice (see Appendix 20), the floor plan (See Appendix 25). Other messages refer to Councillor Mammoliti instructing staff to send invitations to certain Invitees (See Appendix N). There are references in the communications to the Councillor picking up a cheque from an corporate invitee. The Councillor responded to the staff suggestion about adding a phrase in the press release to "include a shot" at a media organization that reported on the issues related to the event. (See Appendix 31

In addition, a recent Interpretation Bulletin was circulated to all members of Council about fundraising for legal fees and the *Code of Conduct*. This went to all members of Council before the event. A copy of this bulletin is attached as Exhibit 35.

In this case, the Invitation "assured" ticket buyers and donors that there had been advice sought to avoid *Code of Conduct* issues. Details of the source of this advice were not provided by the Councillor during the investigation into the complaint. Advice is available from the office of the Integrity Commissioner which is binding if all facts relating to the matter are disclosed. There was no advice sought from the office of the Integrity Commissioner in advance of the event.

A related issue arises from the communication between the lobbyists from Invitee #20 and the Councillor's staff. The spreadsheet showed a commitment from Invitee #20 for a table of 10 at \$5,000.00. The email of May 7, 2013 to the partner revealed an expectation that a table for 10 would be purchased and that there had been some prior conversation between the partner and the Councillor. Later, the lobbyists from Invitee #20 confirmed that they had not, in fact, paid for

any tickets because they were aware of the prohibition from doing so. This was communicated to the Councillor and was a red flag to Councillor Mammoliti that there were *Code of Conduct* issues, in particular relating to the lobbyists who were being invited and/or who paid for tickets to the event.

There are indications from the documents that the organizers were made aware by the Councillor's staff that there could be issues from the holding of this event. For example, the Banquet Hall contract which originally described the event as a fundraiser for Giorgio Mammoliti was amended at the request of his staff. The instructions from staff were that the contract should not refer to "Giorgio Mammoliti Campaign or his name anywhere." Reference may be made to Appendix 27.

Other communications such as the staff invitation to the media personalities in Appendix 12, described the event as a fundraiser. This description of the event is an accurate reflection of the circumstances, including the use of Councillor office staff to organize the event, the amounts charged for tickets, the draft tickets, the content of the Invitation, the nature of the invitees, the idea that the Event Company was being "used" to host the event and the modification of the original letter of Invitation to show it was coming from a relative of the Councillor. Finally, there is the evidence of the Councillor receiving \$80,000 after the event.

In all of the circumstances, a meaningful sanction is required. It is Council's role to uphold the provisions of the *Code of Conduct*. This type of fundraising is not permissible. The sanction ought to be proportionate to the features of the breach, including the quantum of the gift, the availability of recent information about inappropriate fundraising, the awareness of *Code of Conduct* issues (as flagged in the Invitation), the knowledge via Invitee #20 that lobbyists should not be asked to make such donations nor should such donations be accepted and the efforts made by the Councillor's staff to avoid transparency.

In this complaint, the Councillor improperly received \$80,000. Repayment has not been offered to remediate the breach. Council has the power to suspend remuneration for up to 90 days. In 2013, Toronto members of Council received an annual gross salary of \$104,147.42 which amounts to \$8,678.95 monthly. Ninety days remuneration suspended is less than the amount of the gift received in this case: it is just over \$26,000.00 gross salary. It is, however, the maximum available to City Council.

I recommend to Council that the appropriate sanction is to suspend remuneration to Councillor Mammoliti for 90 days, beginning September 1, 2014.

SIGNATURE


Janet Leiper
Integrity Commissioner

CONTACT

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Attachments:

1. Preliminary Jurisdiction Letter
2. Response from Councillor Mammoliti
3. List of questions for Councillor Mammoliti
4. Two Cheques to Giorgio Mammoliti from Event Company for \$40,000 each
5. Early versions of the Draft Tickets
6. April 10, 2013 email from A to C with draft version of the Invitation
7. April 16, 2013 email from A to Partner 1 of Event Company and Draft Invitation
8. April 17, 2013 version of the Invitation
9. April 24, 2013 emails between A and Invitee #1 about Tickets and Invoice
10. April 25, 2013 Ticket Printing Order and Attachments
11. May 1, 2013 emails re: Harp Music Contract
12. April 30, 2013 emails to Media Personalities
13. April 29, 2013 email from Partner 1 to A with Invoice Template
14. April 30, 2013 emails to Invitee #2 with Invoice Attached
15. April 30, 2013 email from Invitee #2 confirming Cheque pick up
16. May 2, 2013 email to Invitee #3 about distributing the Invitation
17. May 2, 2013 email to Security Company about the event
18. May 9, 2013 email from A to B about RSVP follow-up
19. May 9, 2013 email from A to Partner 1 about numbers and funds collected
20. May 9, 2013 email from Partner 1 to A about Invoice for Invitee #19
21. May 17, 2013 and May 23, 2013 emails to invitee #30 and Attached Different Versions of the Invoices
22. May 9, 2013 email from A to Invitee #17 with Revised Invoice
23. May 9, 2013 email from Partner 1 to A Re: Donation from Invitee #24.
24. May 7, 2013 email between Invitee #6A and A concerning contribution for cost of one half of a table
25. May 21, 2013 email from A to Banquet Hall Staff Re Numbers Attending and Floor Plan and the Event Menu

26. May 17, 2013 email from Security Company to A Re: Giorgio's Fundraiser
27. May 21, 2013 email from A to Banquet Hall re: Contract for Event
28. May 21, 2013 email from A to Baker re: Cake for Event
29. May 21, 2013 email from B to Printer re: Two sided menu for Printer
30. May 22, 2013 email from Florist to [A] confirming Flower Order
31. May 23, 2013 emails among Councillor Mammoliti, Staff and Invitee #3 re: statement to the press
32. Article IV of the *Code of Conduct* (Gifts and Benefits)
33. Article XVIII of the Code of Conduct
34. Council Member-Organized Community Events Policy
35. Interpretation Bulletin, "Legal Fees Incurred by Members of Council Not Covered by the City" May 9, 2013