Submitted by Roland Lin

EA4.2.1
Part 1

Campaign Expenses

What constitutes an expense

For an election campaign

88.19 (1) For the purposes of this Act, costs incurred for goods or services by or under the direction of a person wholly or partly for use in his or her election campaign are expenses. 2016, c. 15, s. 57 (1).

For third party advertisements

(2) For the purposes of this Act, costs incurred by or under the direction of an individual, corporation or trade union for goods or services for use wholly or partly in relation to third party advertisements that appear during an election in a municipality are expenses. 2016, c. 15, s. 57 (2).

Expenses

(3) Without restricting the generality of subsections (1) and (2), the following amounts are expenses:

1. The replacement value of goods retained by the person, individual, corporation or trade union from any previous election in the municipality and used in the current election.
2. The value of contributions of goods and services.
3. Audit and accounting fees.
4. Interest on loans under section 88.17.
5. The cost of holding fund-raising functions.
6. The cost of holding parties and making other expressions of appreciation after the close of voting.
7. For a candidate, expenses relating to a recount or a proceeding under section 83 (controverted elections).
8. Expenses relating to a compliance audit.
9. Expenses that are incurred by a candidate with a disability or a registered third party who is an individual with a disability, are directly related to the disability, and would not have been incurred but for the election to which the expenses relate.
10. The cost of election campaign advertisements (within the meaning of section 88.3) or third party advertisements, as the case may be. 2016, c. 15, s. 57 (3).

Exception

(4) For greater certainty, the cost of holding fund-raising functions does not include costs related to,

(a) events or activities that are organized for such purposes as promoting public awareness of a candidate and at which the soliciting of contributions is incidental; or

(b) promotional materials in which the soliciting of contributions is incidental. 2016, c. 15, s. 57 (3).

Transition, candidates' expenses

(5) In the following circumstances, a candidate's expenses for the 2018 regular election that are described in paragraphs 7 and 8 of subsection (3) may include his or her expenses as a candidate in the 2014 regular election for an office on the same council or local board:

1. The circumstances described in paragraph 4 of subsection 88.24 (1) (deficit).
2. The circumstances described in paragraph 5 of subsection 88.24 (1) (expenses relating to a recount, etc.). 2016, c. 15, s. 57 (3).

Section Amendments with date in force (d/m/y)

2016, c. 15, s. 57 (1, 3) - 09/06/2016; 2016, c. 15, s. 57 (2) - 01/04/2018

Candidates' expenses

88.20 (1) An expense shall not be incurred by or under the direction of a person unless he or she is a candidate. 2016, c. 15, s. 58.

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Only during campaign period

(2) An expense shall not be incurred by or under the direction of a candidate outside his or her election campaign period. 2016, c. 15, s. 58.

Exception, auditor's report

(3) Despite subsection (2), a candidate whose election campaign period ends as described in paragraph 2, 3 or 4 of subsection 88.24 (1) may incur expenses related to the preparation of an auditor's report under section 88.25 after the campaign period has ended. 2016, c. 15, s. 58.

Same

(4) For greater certainty, the expenses described in subsection (3) constitute expenses for the purposes of paragraph 3 of subsection 88.19 (3). 2016, c. 15, s. 58.

Who may incur expense

(5) An expense may only be incurred by a candidate or an individual acting under the candidate's direction. 2016, c. 15, s. 58.

DUTIES OF CANDIDATES AND REGISTERED THIRD PARTIES

Duties of candidates

88.22 (1) A candidate shall ensure that,

(a) no contributions of money are accepted or expenses are incurred unless one or more campaign accounts are first opened at a financial institution exclusively for the purposes of the election campaign;

(b) all contributions of money are deposited into the campaign accounts;

(c) all funds in the campaign accounts are used exclusively for the purposes of the election campaign;

(d) all payments for expenses are made from the campaign accounts;

(e) contributions of goods or services are valued;

(f) receipts are issued for every contribution and obtained for every expense;

(g) records are kept of,

(i) the receipts issued for every contribution,

(ii) the value of every contribution,

(iii) whether a contribution is in the form of money, goods or services, and

(iv) the contributor's name and address;

(h) records are kept of every expense including the receipts obtained for each expense;

(i) records are kept of any claim for payment of an expense that the candidate disputes or refuses to pay;

(j) records are kept of the gross income from a fund-raising function and the gross amount of money received at a fund-raising function by donations of $25 or less or by the sale of goods or services for $25 or less;

(k) records are kept of any loan and its terms under section 88.17;

(l) the records described in clauses (g), (h), (i), (j) and (k) are retained by the candidate for the term of office of the members of the council or local board and until their successors are elected and the newly elected council or local board is organized;

(m) financial filings are made in accordance with sections 88.25 and 88.32;

(n) proper direction is given to the persons who are authorized to incur expenses and accept or solicit contributions under the direction of the candidate;

(o) a contribution of money made or received in contravention of this Act or a by-law passed under this Act is returned to the contributor as soon as possible after the candidate becomes aware of the contravention;

(p) a contribution not returned to the contributor under clause (o) is paid to the clerk with whom the candidate's nomination was filed;

(q) an anonymous contribution is paid to the clerk with whom the candidate's nomination was filed; and

(r) each contributor is informed that a contributor shall not make contributions exceeding,

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(i) subject to subsection (2), a total of $1,200 to any one candidate in an election, and

(ii) a total of $5,000 to two or more candidates for offices on the same council or local board. 2016, c. 15, s. 60; 2017, c. 10, Sched. 4, s. 8 (13).

Candidate for mayor, City of Toronto

(2) A candidate for the office of mayor of the City of Toronto shall ensure that each of his or her contributors is informed that a contributor shall not make contributions exceeding a total of $2,500 to any one candidate for the office of mayor of the City of Toronto. 2016, c. 15, s. 60.

Exclusion of certain expenses

(3) Expenses described in paragraph 2 of subsection 88.19 (3) are not expenses for the purpose of clause (1) (a). 2016, c. 15, s. 60.

1. The Financial Statement (here referred as "the Statement") the candidate filed on March 27, 2019 was incorrect and did not comply with Municipal Elections Act, 1996(Here referred as "the Act"). ***The Statement was incorrect and incomplete as it disclosed no dates of all the contributions.*** Without such important dates, all the contributions were in doubt if they were the qualified ones in the campaign period.
2. The Statement was filed manually. It was confirmed by Justin Niddrie from Election Services that no pink/hard copies of the receipts of the contributions were submitted at the time of filing, neither were the EFFS contribution list print-outs. It did not comply with the Act, being filed in the prescribed forms. ***No bank statements were filed to verify every contribution was deposited into the campaign account and to verify the expenses for banking fees or charges.***
3. The Statement indicated that there were 381 contributions.
   (A) In the EFFS, we can find 339 records with ***41 records missing, 1 duplicate***. And yet the public do not know all these were filed before the deadline? Were the records simply entered before or after the deadline, but not filed?
   (B) ***At least one count of contribution of goods or service was not valued (See Attachment C1). That was the performance of the lion dancing. The regular charge was $875 plus tax. The provider gave a special rate of $500 plus tax. The difference should be considered a contribution from the service provider, Sammy Cheng.***
   (C) ***Contributor #226 , Chen Shujie's address was incomplete, with no suite #.***
   (D) ***Contributor#341, Wong Kelvin, and Contributor#361, Cheung Jessica Man Yu, used a commercial address, 7800 Woodbine Ave, Unit PH, Markham, L3R 2N7 as a mailing address, rather than the residential address. It could not verify that they were Ontario residents. In such a case, the self-employed agents were making the contributions using a personalized business banking cheques, were such contributions qualified one? The guideline did not tell.***
   (E) ***There were about 23 households' combined contributions exceeding the personal contribution limit--$1200. Without the bank statements or copies of their contribution cheques, we cannot verify the contributions come from joint accounts with each one's signature, or from each one's account.***
   (F) ***There were 32 contributions of $100 or less recorded manually without date of contributions, but only one(contributor#185, Oprea George) were recorded through EFFS. Another 10***

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__contributions in the total amount of $2400 were returned and the details of the 10 contributors were not disclosed.__

4. The Statement indicated a loan from Scotia Bank, yet disclosed no amount borrowed. *__However, the statement disclosed unusually high bank charges of about $5300. Without the bank or visa statement, the expenses were not verified.__*
5. The Statement showed that there were two fundraising events, one on 2018/09/09, and the other on Dec 21, 2018. *__There were no tickets or admissions charged, only expenses.__* The candidate's guide states that the cost of holding fundraising events or activities is not subject to the spending limit. However, in order to be considered a fundraising cost, the primary purpose for the expense must be related to fundraising rather than promoting the candidate. The 2018/09/09 BBQ event turned out to be the Grand Opening of The Jim Karygiannis Campaign Headquarters (See Attachment P1). *__The incidental fundraising of the three contributions on the Opening day (See Attachment A/B1-13) is not sufficient to make it a fundraising event. Similarly, a line at the bottom of a campaign brochure asking people to donate does not make the production of the brochure a fundraising expense. Therefore,all the expenses on his Grand Office Opening were subject to general spending limit.__*
6. There were no expenses of salaries, benefits, honoraria, professional fees incurred until voting day, but $81,000.00 expenses after the voting day. *__No invoices or receipts were provided to verify the nature of the payments as to what kinds of services, or when the services were provided to the campaign. The Act states that the candidate should keep every receipt of every expense. The candidate told David Nickle from Toronto.com, "The honoraria were given to people that helped us transition from the 44 wards to the 25 ward – people picking up signs, cleaning up signs, doing the data...fixing the database that was there. It was a database that was all over the map." (See Attachment D1-6). All the works he mentioned were done before the voting day. Therefore these payments were subject to the spending –limit general.__*
7. The Statement also indicated a payment of $5000.00 to a church, Living Stone Assembly, *__as a victory party expense (subject to the spending limit)__*, again without the receipt of party expenses to verify how many people attended, where the party was held and when. It might be a payment for the services the church provided to his campaign, subject to the spending limit. If it was a donation, it was not a qualified expense.
8. I restored the candidate's contributions by his team's bookkeeping order matching the contributions through EFFS (See attachment A1-13). Judging from the order, I believe all the contributions were received before or on the voting day. Only some credit card contributions of $46,750 were processed and the funds were received after the voting day.
9. I sorted the contributions through EFFS by date contribution received (See Attachment B1-13). We found that most of the contributions had been processed by Nov. 12, 2018. The last contributions of $3300 were received on November 26, 2018. *__Therefore, there was no need of a fundraising event. The event was a make-up fundraising event on a Friday, December 21, 2018, I believe. If there was such an event, it was a fund-spending event rather than fund-raising one. There were 2000 copies of invitations/letterheads Fund-raising/promotional envelopes printed. That meant that about 2000 people were invited to Event 2: Santorini Grill where it can accommodate up 160 guests (See Attachment P2-6). Professional fees of $21300 were paid to Campaign Support Ltd and Margot Doey-Vick to plan such an event. Again, there was no ticket or admission charge, only expenses of $27,083.50 on the dinner party. It might be a victory party, but also subject to the appreciation__*

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party limit. The expense showed no drinks or wine charges. The receipt was even produced at 10:42 am on the day, before it usually opens at 11:45 am, for the "upcoming dinner party" on a Friday (See Attachment E1). All point to no such an event. That is my suspicion, the public or the audit committee may think differently. The candidate or his agent may give us an explanation.

10. The Act states: the cost of holding fundraising event is a campaign expense. ***As there were no fundraising events, all his expenses other than the auditing expenses and some office expenses after the voting day were subject to the limits. The candidate incurred about $180000 expenses, much exceeding the spending limits.*** In the case that there was no 2018-12-21 event, that would constitute a fraud and/or conspiracy. I only raised my concern. The audit committee or the court will judge it.
11. There were 4 payments outside the campaign period besides the auditing or accounting expenses. These were paid after the campaign ended (See Attachment F1-11). ***The most notable one was the payment in the amount of $5311 on March 20, 2019 to Tim Hortons at 4400 Dufferin St, North York, Ontario, M3H 5R9, six months later and six days before his statement filing deadline.*** The invoice covered the expenses from Sept 9 to Oct 18. It was very odd. The Act states that the candidate should obtain and keep every receipt for every expense. Anyone from his team could have paid for the expense and kept the receipt and got reimbursed from his campaign account. The invoice looked unprofessional. A company such as a Tim Hortons chain store would use their professional accounting software. When you search a customer, using the professional software, it will display sales day by day or item by item, service by service. The Attachment F6 showed the incorrect customer's name, misspelled item and a different issuing date. The contact person's email address would use another domain@andraousgroup.com rather than their domain@TimHortons.com.
12. ***On June 4, 2019, an elector, Adam Chaleff, filed an Application for Compliance Audit for the same candidate Jim Karygiannis for the sameFinancial Statement. On July 2, 2019, the application was granted.***

Roland Zhifo Lin

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[illegible]
鄭華采醒獅團
Sammy Cheng / CLK
(Chinese Lion Dance & Kung Fu School®)
200 Silver Star Blvd., #339
Scarborough, Ontario
M1V 5H4

Tel: (416) 993-8712

invoice

Order Date: 09 Sept 2018

SPECIAL RATE:

$565

($500 + 13% = $565)

~~Deposit: $100 (7 days money back after deposit)~~

~~Total: $700~~

~~Chair jumping $100~~

~~LED light $ 75 for 2 $50 for 1~~

~~**$ 875 Reg. total**~~

~~Balance:~~

Where: 表演地方 Jim Karygiannis Campaign

When: 何時/何日 11 Ivy Bush Ave, Unit 5

Telephone: 電話 (416) (647) (905)

Colour for Lion	No Lights	Lights
(1) Red	☑	☑
(2) Gold	☑	☐
(3) Silver	☐	☐
(4) Happy Budda ($50) ✓ No charge		

WE provide: Bamboo Sticks, Chinese Lettuce ✓

A Deposit Refund is applicable within 7 days of the Order Date.

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OPINION

Jim Karygiannis says he followed campaign spending rules. In that case, the rules should be changed

By **Edward Keenan** Star Columnist
Fri., May 10, 2019

As most of us who've been following Toronto politics closely for years know, there's a campaign spending limit for candidates for city council. In last year's election, the one applying to successful candidate Jim Karygiannis in Scarborough's Ward 22 was $61,207.95.

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In his filed financial statement, Karygiannis re[illegible] a total of $190,458.22. That's more than three times the limit. How can that be?

According to Councillor Jim Karygiannis's campaign filings, more than three-quarters of his total spending falls under the category of "Expenses not subject to spending limits," writes Edward Keenan. (STEVE RUSSELL / TORONTO STAR FILE PHOTO)

As reported this week by my colleague David Nickle of Toronto.com, Karygiannis isn't trying to hide this. He put it on his filing. "We followed the rules. I asked about the rules, and we followed the rules," Karygiannis told Nickle.

That may well be so. But if it is, the rules need to be changed. The campaign finance and spending laws are there to ensure we have fair elections — they go to the very root of the democratic legitimacy of the city's government. Exceptions that allow them to be vastly exceeded make a mockery of the elections themselves.

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The campaign spending limits apply only to expenses incurred during the official campaign period (and even then, fundraising expenses are exempt). There's a different limit — 10 per cent of the election period limit, or $6,120.80 in Karygiannis' case — for "parties or other expressions of appreciation" for supporters — after the vote.

But Karygiannis says more than three-quarters of his total spending falls under the category of "Expenses not subject to spending limits." This includes $47,000 for fundraising, $5,000 for a victory party after voting day, and $81,000 for "Salaries, benefits, honoraria, professional fees incurred after voting day." This last item is the really unconventional one.

In the six and a half months of the campaign period leading up to the election, the whole campaign spent a total of less than $44,000. How much work could volunteers have done in the two and a half months between voting day and the filing of this paperwork to incur $81,000 in honoraria to recognize their work?

"The honoraria were given to people that helped us transition from the 44 wards to the 25 wards — people picking up signs, cleaning up signs, doing the data ... fixing the database that was there. It was a database that was all over the map," Karygiannis explained to Nickle.

In an email, Brad Ross, the chief spokesperson for the City of Toronto, said:

"The Municipal Elections Act limits the cost of holding parties and making other expressions of appreciation after the close of voting to 10 per cent of the candidate's spending limit. The Act does not, however, provide a limit for post-campaign expenses, and expenses incurred after voting day are not subject to the general spending limit.

"An eligible elector who believes that a candidate or registered third party advertiser has contravened the election campaign finance rules under the Act can apply for a compliance audit of their campaign finances."

You never know, someone might do that in this case and then the nuances would be aired out in a hearing. But I'm not suggesting anyone should do that, or that they'd be successful if they did. Obviously Karygiannis believes the rules allow this — he not only said so, but he filled out the paperwork to allow us to plainly see this information, and submitted it to his auditor and the city authorities. I have seen no

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... followed campaign spending rules. In that case, the rules should Page 2 of 6

evidence to suggest he broke the rules. And I don't think you can blame someone for taking advantage of the law as long as they stay within it.

But it strikes me that this may be one of those cases where the scandal is what the rules allow. If they're going to work at all, campaign spending limits need to encompass all the spending a campaign does. If there are specific items that are too unpredictable and unavoidable — legal costs for recount fight or something — to be included, those ought to be specific and itemized to be exempted. (I'd be in favour of ending the exemption for fundraising activities, too, since most often they are also publicity activities inseparable from campaigning itself.)

A loophole like the one Ross describes, in which post-election-day expenses other than parties are not subject to any spending limit, is so big, and in this case so obvious, that it is more of a black hole. One that could suck all the good intentions behind a campaign finance law into itself and make them disappear.

These are the rules meant to ensure a level playing field for candidates for office. They are important. They ought to be fixed.

Edward Keenan is a columnist based in Toronto covering urban affairs. Follow him on Twitter: @thekeenanwire

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Table #40
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12/21/2018 10:42:24 AM # Cost

Quan	Descript	Cost
12	Victory II, Moschofiler	$480.00
8	Victory I, Agiorgitiko	$320.00
50	Package #3	$2,350.00

Net Total: $3,150.00
HST: $409.50

TIP $472.50

✓

JIM KARYGIANNIS CAMPAIGN

000044

DATE 2 0 1 8 - 1 2 2 1
Y Y Y Y M M D D

PAY to the order of SANTORINI GRILL $ 4032.03/00

four - thousand - thirty - two DOLLARS 100

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PER James Karygiannis

RE FUNDRAISING

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#	Date	Payee		Amount	Remarks	Contributions
	surplus		27211.22	184108.78		211320.00
1	180905	R&S Investments		1000.00		
2	180831	Mack Media Inc. (Sign)		2825.00		
3	180830	GEKO Graphics		4520.00		
4	180904	Rogers		338.98		
5	180909	SAMMY CHENG/CLK		565.00		
6	180916	GEKO Graphics		3322.20		
7	180918	GEKO Graphics		3775.30		
8	180919	MARGOT DOEY-DICK		6000.00		
9	180927	GEKO Graphics		1373.50		
10	181003	Mack Media Inc. (Sign)		2825.00		
11	181003	R&S Investments		1000.00		
12	181010	GEKO Graphics		1373.50		
13	181026	RUI ZENG		2000.00	R81000	
14	181026	BERJ HAJENIAN		1000.00	R81000	
15	101026	GEKO Graphics		1508.55		
16	181029	ADNAN TAHIR		2000.00	R81000	
17	181030	VINOD BAINS		5000.00	R81000	
18	181030	SATNAM SINGH MAHIL		5000.00	R81000	
19	181030	GURMIT KAVR		5000.00	R81000	
20	181103	WILLIAM DYNES		2000.00	R81000	
21	181105	LEUNG TING WAI		3000.00	R81000	
22	181103	HAYAS YARAN		6000.00	R81000	
23	181030	WANG PENG FEI		5000.00	R81000	
24	181112	LEUNG TING WAI		3000.00	R81000	
25	181105	XIE SHILANG		10000.00	R81000	
26	181110	JASMINE MANN		3000.00	R81000	
27	181115	LEUNG TING WAI		4000.00	R81000	
28	181116	KEVIN HAYNES		5000.00	R81000	
29	181116	TRI-TECH OFFICE SOLUTIONS		2224.03		
30	181114	BELL CANADA		236.26		
31	181114	R&S Investments		1000.00		
32	181206	R&S Investments		1000.00		
33	181115	Rogers		451.98		
34	181114	LEOBARDO AHVMADA		2000.00	R81000	
35	191119	NICK BIBASSIS		3000.00	R81000	
36	181113	Campaign Support		11300.00		
37	181203	Campaign Support		3467.97		
38	181114	GEKO Graphics		1751.50		
39	181121	MARGOT DOEY-DICK		10000.00		
40	181210	LIVING STONE ASSEMBLY		5000.00		
41	181206	GWEN MACKAY		5000.00	R81000	
42	181202	JOHN KALINA		4000.00	R81000	
43	181201	JOANNE FUSILLO-ADEMA		5000.00	R81000	
44	181221	SANTORINI GRILL		4032.00		
45	190107	BELL CANADA		225.99		
46	190102	BELL CANADA		184.21		
47	190109	INTACT INSURANCE		590.40		
48	181019	BELLNETHER TECHNOLOGIES		1356.00		
49	181231	JIM KARYGIANNIS		5338.89		
50	180831	CANADA POST		4950.27		
51	181231	INTACT INSURANCE		330.20		
52	**190125**	**TRI-TECH OFFICE SOLUTIONS**		**867.87**		
53	**190125**	**FACEBOOK AD**		**400.00**		

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