

City of Toronto

Elections Compliance Audit

Candidate Jim Karygiannis

Private & Confidential

PREPARED FOR:	City of Toronto
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DATE:	October 18, 2021



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1.0 TERMS OF REFERENCE

- 1.1 MNP LLP ("**MNP**", "**we**", "**us**" or "**our**") was retained by the City of Toronto (the "**Client**" and the "**City**") to provide a compliance audit in connection with the Jim Karygiannis' ("**Mr. Karygiannis**" or the "**Candidate**") Councillor campaign for the 2018 Toronto Municipal Elections (the "**Elections**"). The compliance audit is defined in this report as the "**Elections Compliance Audit**" and Mr. Karygiannis' Councillor campaign is defined as the "**Campaign**".
- 1.2 As per section **88.33(10)** of the Ontario Municipal Elections Act (the "**Act**"), we were asked to prepare this Elections Compliance Audit report (the "**Report**"). Our role as compliance auditors is outlined in the Act under section **88.33(12)**:

Duty of auditor

(12) The auditor shall promptly conduct an audit of the candidate's election campaign finances to determine whether he or she has complied with the provisions of this Act relating to election campaign finances and shall prepare a report outlining any apparent contravention by the candidate. 2016, c. 15, s. 63.

- 1.3 The MNP team was led by Mr. Glenn Fraser, CPA, CA, LPA, MBA, Partner, with assistance from Ms. Corey Bloom, CPA, CA, CA·IFA, CFF, CFE, ACFE Regent Emeritus, Partner and Eastern Canada Leader, Investigative and Forensic Services, and with assistance from Mr. Brian Cheng, CPA, CA, LPA, Partner, who were responsible for the compliance audit and supervision of this Report with the assistance of other MNP staff, under their supervision, direction and control. See **Appendix A**.

2.0 SCOPE OF ENGAGEMENT

Independence and Objectivity

- 2.1 This report was prepared in conformity with the Standard Practices for Investigative and Forensic Accounting Engagements of CPA1 Canada, in doing so the author acted independently and objectively.
- 2.2 The fees payable to us are not contingent, in whole or in part, on the conclusions contained in this Report. These fees are based strictly on the time spent by our professionals, who acted independently and objectively, according to our hourly rates.

Scope

- 2.3 For the purposes of completing this Elections Compliance Audit, we reviewed and relied on the documentation and information listed in Appendix B.

Compliance Audit Procedures

- 2.4 To reach the conclusions set in this Report, we undertook the following key compliance audit procedures:
- We reviewed the Applications for a Compliance Audit received by the City (the “**Applications**”), namely:
 - Adam Chaleff’s Application for Compliance Audit; and
 - Roland Lin’s Application for Compliance Audit.
 - We reviewed the campaign financial statements submitted by Mr. Karygiannis;
 - We reviewed the relevant sections of the Act;
 - We prepared information requests and performed analysis of the information received;
 - We reviewed the invoices provided to us;
 - We obtained the relevant bank statements and supporting documentation and subsequently reviewed and/or analyzed the statements received;
 - We conducted research; and
 - We conducted interviews with the following individuals:
 - Adam Chaleff (“**Mr. Chaleff**”);

¹ Chartered Professional Accountants Canada

- Roland Lin ("**Mr. Lin**");
- Ms. Margot Doey-Vick, Campaign Manager ("**Ms. Doey-Vick**");
- Mr. Henderson Tse, Auditor ("**Mr. Tse**");
- Mr. Ting Wai Leung ("**Mr. Leung**");
- Ms. Yaraan Hayas ("**Ms. Hayas**");
- Mr. Kevin Haynes ("**Mr. Haynes**")
- Ms. Gwen Mackay ("**Ms. Mackay**") and
- Mr. Karygiannis².

2.5 We note that there were delays encountered in obtaining information from the Candidate as well as an interview with the Candidate. There were also delays in obtaining replies to information requests as well as a request to speak with the auditor. In addition, an interview with Mr. Karygiannis was only able to be scheduled once it was agreed that the interview would be conducted under subsection **88.33(15)** of the Municipal Elections Act, 1996 and section **33** of the Public Inquiries Act, 2009. Whereby the interview was covered by subsections **33(6) and (7)** of the Public Inquiries Act, 2009 (and, as applicable, the Ontario Evidence Act and the Canada Evidence Act).

2.6 We also note that we requested an interview with Mr. Ken Froese, who assisted Mr. Karygiannis with the Supplementary Financial Statement, as well as additional information from Mr. Tse, however Mr. Karygiannis' counsel claimed Privilege with regards to those requests and those were therefore not provided.

Campaign Period

2.7 As defined in the Act, paragraph 88.24(1), the candidate's election campaign begins "*on the day the clerk receives his or her nomination for the office*" and ends "*on December 31 in the case of a regular election*". Thus, the period subject to this compliance audit is from May 1, 2018 (see paragraph 3.2 below) to December 31, 2018 (the "**Period**") although the election took place on October 22, 2018 (see paragraph 3.4 below).

Limitations

2.8 The reader is cautioned that selecting portions of the analysis contained in this report, without considering all factors and analysis in the calculations could result in the misinterpretation of comments and conclusions drawn.

2.9 We have not independently verified the information provided to us. We reserve the right to review all calculations included or referred to in our report and, if we consider it necessary, to revise our calculations in light of any new information which becomes known to us after the date of the report.

² Jim Karygiannis was accompanied by his legal counsel, Michael Binetti and Jacob Miller, during the interview.

3.0 BACKGROUND

Relevant individuals

3.1 The following summarizes our knowledge of the relevant individuals in this matter.

- **Mr. Karygiannis:** He formerly served in the House of Commons of Canada as a Liberal Member of Parliament from 1988 to 2014 and as a member of the Toronto City Council from 2014 until 2020, when his seat was vacated³. He was elected as the City Councillor of Ward 22 Scarborough-Agincourt in 2018.
- **Mr. Chaleff:** He is a Communications Staff Officer at the Society of United Professionals⁴. Mr. Chaleff was a school trustee candidate in the Toronto ward of Saint Paul's in 2010. He filed an application for a Compliance Audit which is described below.
- **Mr. Lin:** He was a candidate running against Mr. Karygiannis in the City Councillor election for Ward 22 Scarborough-Agincourt in 2018. He filed an application for a Compliance Audit which is described below.
- **Mr. Tse:** He is a Chartered Professional Accountant, owner of Henderson Tse Chartered Accountant. Mr. Tse audited Mr. Karygiannis' 2018 election financial statements for the period May 1, 2018 to December 31, 2018 ("**Initial Financial Statements**") and the financial statements for the period May 1, 2018 to July 2, 2019 ("**Supplementary Financial Statements**").
- **Ms. Doey-Vick:** She has been volunteering on political campaigns and has worked with a number of members of parliament and cabinet ministers since 1993. Ms. Doey-Vick aided Mr. Karygiannis and invoiced Mr. Karygiannis' campaign for campaign related duties such as drafting fundraising letters.
- **Ms. Mackay:** She has worked in roles such as executive assistant to Councilors and Constituency Assistant. Ms. Mackay received an honorarium from Mr. Karygiannis' campaign.
- **Mr. Haynes:** He has worked on various 2018 election campaigns including Mr. Karygiannis' campaign and ran for the 2021 Ward 22 By-Election in Toronto. Mr. Haynes received an honorarium from Mr. Karygiannis' campaign.

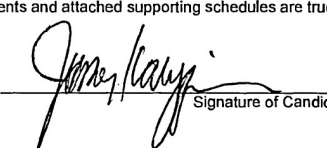
³ <https://www.cbc.ca/news/canada/toronto/karygiannis-supreme-court-ruling-1.5736901>

⁴ <https://www.linkedin.com/in/adamkcf/>

- **Mr. Leung:** He is a real estate analyst and had volunteered for a Mayoral candidate in 2014. Mr. Leung said he had a background in development planning. Upon Mr. Karygiannis learning of Mr. Leung's development planning background, he asked Mr. Leung to provide information on the development landscape of the newly formed Ward 22 post-Ward amalgamation, shortly after the date of the election on October 22, 2018. He later received an honorarium from Mr. Karygiannis' campaign.
- **Ms. Hayas:** She is a student who has volunteered for Mr. Karygiannis's campaign and received an honorarium.

Key events

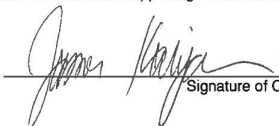
- 3.2 On May 1, 2018, the registration for candidates for Councillor opened for the 2018 City of Toronto municipal election.
- 3.3 Per section **88.24(1)** of the Act, the campaign period begins on the day in which the clerk receives a nomination and ends on December 31, 2018 (the "**Campaign**").
- 3.4 On October 22, 2018, Mr. Karygiannis was re-elected as a member of the Toronto City Council for Ward 22 (Scarborough-Agincourt).
- 3.5 On December 21, 2018, Mr. Karygiannis hosted a dinner party at the restaurant Santorini Grill.
- 3.6 March 27, 2019, Mr. Karygiannis submitted his election campaign financial statements for the period May 1, 2018 to December 31, 2018 and attested that he believed they were prepared to the best of his knowledge and that the Initial Financial Statements and supporting schedules submitted were true and correct.

I, <u>JIM KARYGIANNIS</u> , declare that to the best of my knowledge and belief that these financial statements and attached supporting schedules are true and correct.	
 _____ Signature of Candidate	<u>2019/03/27</u> _____ Date (yyyy/mm/dd)

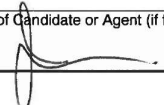

- 3.7 On June 4, 2019, Mr. Chaleff filed an application for a compliance audit relating to Mr. Karygiannis' election campaign.

- 3.8 On June 25, 2019, Mr. Lin filed a second application for a compliance audit relating to Mr. Karygiannis' election campaign.
- 3.9 On July 2, 2019, a meeting was held by the City of Toronto's Compliance Audit Committee to consider Mr. Chaleff's application for a Compliance Audit as described below, which the City received in June 2019 regarding Mr. Karygiannis' Campaign finances. During the meeting, the Audit Committee decided to request the production of a Compliance Audit Report.
- 3.10 On July 24, 2019, a meeting was held by the City of Toronto's Compliance Audit Committee to consider the Mr. Lin's application for a Compliance Audit described below that the City received in June 2019 regarding Mr. Karygiannis' Campaign finances. During the meeting, the Audit Committee decided to request the production of a Compliance Audit Report.
- 3.11 On October 28, 2019, Mr. Karygiannis submitted his election campaign Supplementary Financial Statements for the period May 1, 2018 to July 2, 2019 and attested that he believed they were, to the best of his knowledge, accurate and that the Supplementary Financial Statements and supporting schedules submitted were true and correct.

I, Jim Karygiannis, declare that to the best of my knowledge and belief that these financial statements and attached supporting schedules are true and correct.

 _____
Signature of Candidate

2019/10/28
Date (yyyy/mm/dd)

Date Filed (yyyy/mm/dd)	Time Filed	Initial of Candidate or Agent (if filed in person)	Signature of Clerk or Designate
2019/10/28	11:24 am		

Campaign Spending Limits

- 3.12 Mr. Karygiannis' Campaign was subject to spending limits, as follows:
- i) General spending limit of \$61,207.95⁵, which covers expenses incurred between the beginning of the campaign to voting day. Expenses that are incurred between the day after the voting day and December 31, 2018 are not subject to the spending limit; and
 - ii) Parties and other expressions of appreciation of \$6,120.80⁶, which is applicable for the close of voting period to December 31, 2018.

⁵ http://app.toronto.ca/EFD/jsf/financial-info/financial_info_result.xhtml

⁶ Parties and other expressions of appreciation is calculated at 10% of the General spending limit. Source: https://www.toronto.ca/wp-content/uploads/2019/03/983a-March4_Info_Session_CampaignFinances_MMAH.pdf

Candidates' Financial Statements

- 3.13 Mr. Karygiannis filed Financial Statements and subsequently, Supplementary Financial Statements, which contain expenses as presented in Table 1 below. We have added an adjustment column to present the changes Mr. Karygiannis made to the Financial Statements that resulted in the Supplementary Financial Statements.

Table 1 - Summary of the Expenses for Mr. Karygiannis' Financial Statements

Expenses Type	Initial Financial Statements	Adjustment (per Mr. Karygiannis)	Supplementary Financial Statements
Expenses Subject to General Spending Limit			
Signs	\$ 5,650	\$ -	\$ 5,650
Advertising	-	400	400
Brochures/flyers	12,551	-	12,551
Office expenses incurred until voting day	9,865	222	10,087
Phone and/or internet expenses incurred until voting day	1,027	-	1,027
Bank charges incurred until voting day	3,546	(222)	3,324
Other - Signs from previous campaign	6,349	-	6,349
Other - Polling	4,824	-	4,824
Total expenses subject to general spending limit	\$ 43,812	\$ 400	\$ 44,212
Expenses subject to spending limit for parties and other expressions of appreciation			
Victory party after voting day	-	5,000	5,000
Dec. 2018 Appreciation dinner (1)	-	27,084	27,084
Total expenses subject to spending limits for parties and other expressions of appreciation	\$ -	\$ 32,084	\$ 32,084
Expenses not subject to general spending limits			
Accounting and audit	\$ 7,345	\$ 3,390	\$ 10,735
Cost of fundraising events/activities (2)	47,260	(26,134)	21,126
Office expenses incurred after voting day	3,858	(400)	3,458
Phone and/or internet expenses incurred after voting day	410	-	410
Salaries, benefits, honoraria, professional fees incurred after voting day	81,000	-	81,000
Bank charges incurred after voting day	1,772	24	1,796
Victory party after voting day	5,000	(5,000)	-
Expenses related to compliance audit	-	25,000	25,000
Total expenses not subject to general spending limits	\$ 146,645	\$ (3,120)	\$ 143,525
Total Campaign Expenses	\$ 190,457	\$ 29,364	\$ 219,821

(1) December is abbreviated to Dec. per the Supplementary Financial Statements.

(2) The Initial Financial Statements contained \$27,084 for the December 2018 appreciation dinner ("Dinner") plus \$20,176 for the Barbeque event, which totaled \$47,260 as seen in the Initial Financial Statements. This was adjusted in the Supplementary Financial Statements to reclassify the \$27,084 for the Dinner expenses as presented in the table above. The remaining balance was \$20,176 for the Barbeque event and was adjusted to \$21,126 by adding \$749 of food and \$200 of beverage expenses. Therefore the net adjustment was \$26,134 (\$27,084-\$749-\$200).

Applications for a Compliance Audit

- 3.14 On June 4, 2019, Mr. Chaleff submitted an application for a compliance audit of the campaign finances of Jim Karygiannis in respect of the 2018 election.
- 3.15 The second compliance audit application was submitted by Mr. Lin on June 25, 2019.
- 3.16 Table 2 below is a summary of extracts directly from the applicants' allegations in their Applications:

Table 2 - Applicants' Allegations

Ref	Applicant Name	Applicant's Concerns	Report Section
1	Adam Chaleff	The Candidate exceeded the General Spending Limit	4.0
2	Adam Chaleff	The Candidate paid "honoraria" to supporters totaling \$81,000 and classified these payments as having been incurred after voting date (exempt from the General Spending Limit).	5.B.3
3	Adam Chaleff	The Candidate misclassified expenses of \$13,611.36 for mailing promotional material.	5.B.1
4	Adam Chaleff	The Candidate misclassified a voter appreciation event as a fundraising event in order to circumvent the Voter Appreciation Spending Limit. The "fundraising event" was held on December 21, 2018 which is two months after voting date.	5.B.2
1	Roland Lin	The Candidate's financial statement was incomplete as it did not disclose the dates of all the contributions.	5.C.1
2	Roland Lin	Although 339 records of the contributions were found in the EDFS, Mr. Lin questions whether they were filed before the deadline.	5.C.2
3	Roland Lin	Mr. Lin found 339 records of which 32 records were missing for contributions not exceeding \$100.	5.C.1
4	Roland Lin	The Financial Statements indicated a loan from Scotia Bank yet there was no amount borrowed and no interest charged on loan until or after voting day.	D
5	Roland Lin	The Financial Statements showed that there was a fundraising event on September 9, 2018. There were no tickets or admission charge, only expenses of \$20,176.36.	5.B.1
6	Roland Lin	There were no expenses of salaries, benefits, honoraria, professional fees incurred until voting day, but \$81,000 expenses after the voting day.	5.B.3

Ref	Applicant Name	Applicant's Concerns	Report Section
7	Roland Lin	The Financial Statements also indicated a payment of \$5,000 to a Church, Living Stone Assembly, as a victory party expense. There was no receipt of party expenses to verify how many people attended, where the party was held and when.	5.B.4
8	Roland Lin	The goods purchased from tri-tech Office Solutions dated March 12, 2018 may not be for the campaign office, but for Mr. Karygiannis's new office	5.A.1
9	Roland Lin	Mr. Lin had restored the Candidate's contributions by his team's bookkeeping order. Based on the order, Mr. Lin believes that all the contributions were received before or on the voting day. Only certain credit card contributions of \$46,750 were processed and the funds were received after the voting day	5.C.2
10	Roland Lin	Mr. Lin sorted the contributions by date contribution received and found that most of the contributions had been processed by November 12, 2018	5.C.2
11	Roland Lin	The last contributions of \$3,300 were received on November 26, 2018 and Mr. Lin believes there was no need of another fundraising event	E
12	Roland Lin	Mr. Lin questions whether there was an event on December 21, 2018 and if one did exist, that it was a "fund-spending event" rather than a "fund-raising one"	5.B.2
13	Roland Lin	There were 2000 copies of invitations/letterheads Fund-raising/promotional envelopes printed. That would mean that about 2000 people were invited to Event 2: Santorini Grill where it can accommodate up to 160 guests. \$21,300 was paid to Campaign Support Ltd and Margot Doey-Vick to plan such an event. There were no ticket or admission charge, only expenses of \$27,083. 50.	5.B.2

4.0 SUMMARY OF FINDINGS

Executive Summary

- 4.1 We have reviewed the two compliance audit applications submitted by Mr. Chaleff and Mr. Lin. The following is an executive summary of our findings. Such summary should be read in conjunction with the detailed findings which are found further in this report.

Table 3 – Executive Summary of MNP Findings

Ref	MNP Findings	Municipal Election Act Section
1	The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section 88.20(6) of the Act his expenses exceeded total expenses subject to the spending limit for Parties and other expressions of appreciation.	88.20(6)
2	The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section 88.20(9) of the Act as the total expenses subject to the spending limit for Parties and other expressions of appreciation has been exceeded.	88.20(9)
3	The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section 88.22(1)(c) of the Act, which states that campaign funds must be used exclusively for purposes of a Candidates' campaign. As we identified \$43,000 of honoraria that appear to be for the purpose of transitioning from 44 wards to 25 wards post voting day and are unrelated to the Campaign.	88.22(1)(c)
4	Based on the information presented to us, we are unable to conclude that Mr. Karygiannis should have included additional amounts as contributions under section 88.15 of the Act	88.15
5	The Financial Statements of Mr. Karygiannis were not in violation of section 88.19(4)(b) of the Act as the brochure for the BBQ on September 9, 2018 appears to be for fundraising purposes.	88.19(4)(b)
6	The Financial Statements of Mr. Karygiannis were not in violation of section 88.20(2) of the Act as the Candidate did not incur expenses outside his election campaign period	88.20(2)

Summary of Findings

- 4.2 We present the summary of findings described below in light of the information and documents that we have reviewed, as well as the explanations provided to us, and interviews performed, and taking into account the assumptions, limits and scope of the work outlined in this Report, which should be read in conjunction with the rest of this Report.
- 4.3 Table 3 below shows Mr. Karygiannis' expenses that are subject to spending limits. They are:
- i) the general spending limit of **\$61,207.95**. Mr. Karygiannis' expenses of **\$44,212**, were below such spending limit; and
 - ii) the spending limit of **\$6,120.80** for parties and other expressions of appreciation. Mr. Karygiannis' expenses of **\$32,084**, were in excess of such spending limit.
- 4.4 In addition, we have identified \$43,000 of expenses which were not for the purposes of the Candidates' campaign, however were included in the Initial and Supplementary Financial Statements as expenses not subject to the General Spending Limit and were paid from the Campaign bank account. These expenses have been designated as not for the purposes of the Candidates' campaign and accordingly are in violation of Section **88.22(1)(c)** of the Act.
- 4.5 We calculated Mr. Karygiannis' total Campaign Expenses to be \$176,820 which varies from audited Initial Financial Statements of \$190,457 and also the audited Supplementary Financial Statements of \$219,821. In addition, we identified \$43,000 of expenses not for the purposes of the Candidates' campaign (see section 5.B.3), which were included in both the Initial and Supplementary Financial Statements.
- 4.6 Please refer to the Report Section Referenced for detailed discussion on the various adjustments indicated in Table 3 below.

Table 4 - Summary of MNP Adjustments to Mr. Karygiannis' Financial Statements

Expenses Type	Report Section Reference	Initial Financial Statements Filed by	Adjustment	Adjustment (per Candidate) (1)	Adjusted Totals (per MNP)
Expenses Subject to General Spending Limit					
Signs		\$ 5,650	\$ -	\$ -	\$ 5,650
Advertising	F	-	-	400	400
Brochures/flyers		12,551	-	-	12,551
Office expenses incurred until voting day	5.A.1, F	9,865	-	222	10,087
Phone and/or internet expenses incurred until voting day		1,027	-	-	1,027
Bank charges incurred until voting day	F	3,546	-	(222)	3,324
Other - Signs from previous campaign		6,349	-	-	6,349
Other - Polling		4,824	-	-	4,824
Total expenses subject to general spending limit		\$ 43,812	\$ -	\$ 400	\$ 44,212
Expenses subject to spending limit for parties and other expressions of appreciation					
Victory party after voting day	5.B.4	-	-	5,000	5,000
Dec. 2018 Appreciation dinner	5.B.2	-	-	27,084	27,084
Total expenses subject to spending limits for parties and other expressions of appreciation		\$ -	\$ -	\$ 32,084	\$ 32,084
Expenses not subject to general spending limits					
Accounting and audit	F	7,345	-	3,390	10,735
Cost of fundraising events/activities (2)	5.B.1, 5.B.2	47,260	-	(26,135)	21,125
Office expenses incurred after voting day	F	3,858	-	(400)	3,458
Phone and/or internet expenses incurred after voting day		410	-	-	410
Salaries, benefits, honoraria, professional fees incurred after voting day	5.B.3	81,000	(43,000)	-	38,000
Bank charges incurred after voting day	F	1,772	-	24	1,796
Victory party after voting day	5.B.4	5,000	-	(5,000)	-
Expenses related to compliance audit (3)	F	-	-	25,000	25,000
Total expenses not subject to general spending limits		\$ 146,645	\$ (43,000)	\$ (3,121)	\$ 100,524
Total Campaign Expenses		\$ 190,457	\$ (43,000)	\$ 29,363	\$ 176,820
Expenses not for the purposes of a Candidates' Campaign (4) (5)					
Honoraria for transition from 44 wards to 25 wards	5.B.3	-	43,000	-	43,000
Total expenses not for the purposes of a Candidates' Campaign		\$ -	\$ 43,000	\$ -	\$ 43,000

(1) Adjustments made by Candidate in Supplementary Financial Statements.

(2) The Initial Financial Statement contained \$27,084 for the December 2018 appreciation dinner ("Dinner") plus \$20,176 for the Barbeque event, which totaled \$47,260 as seen in the Initial Financial Statements. This was adjusted in the Supplementary Financial Statements to reclassify the \$27,084 for the Dinner expenses as presented in the table above. The remaining balance was \$20,176 for the Barbeque event and was adjusted to \$21,126 by adding \$749 of food and \$200 of beverage expenses. Therefore the net adjustment was \$26,134 (\$27,084-\$749-\$200).

(3) Expenses incurred after Initial Financial Statements prepared.

(4) Refer to section 5.B.3.

4.7 For the reasons explained below, and further referenced in our Report, the following were considered as expenses subject to the spending limit for parties and other expressions of appreciation:

- The victory party held after voting day, this was confirmed in the Supplementary Financial Statements of Mr. Karygiannis and was not held for the purpose of fundraising.

- We noted there was a lack of available supporting documentation provided by Mr. Karygiannis, as well as our discussion with Ms. Gwen Mackay, which both do not support the December 21, 2018 Santorini Grill event, as a fundraising event. As such, we agree with the adjustment made in the Supplementary Financial Statements of Mr. Karygiannis.

4.8 For the reason explained below, and further referenced in our Report, the following were considered expenses not for the purposes of the Candidates' campaign:

- \$43,000 of honoraria, as determined from the descriptions provided, relate to services provided in regard to the transition of 44 wards to 25 wards, which occurred post voting day. As we have determined the purpose of these honoraria were not for the purposes of an election campaign as specified under section **88.22(1)(c)** of the Act, which states that campaign funds must be used exclusively for purposes of a Candidate's campaign, which includes things like the collection of signs and the wind-down of the campaign office post voting day.
- Per section **88.32(7)** of the Act, which states that *"If the final financial statement indicates that there is any remaining surplus, the candidate...shall pay the remaining surplus to the clerk when the financial statement is filed. 2016, c. 15, s. 62."* Accordingly, the \$43,000 of honoraria, should it be considered a remaining surplus, should have been provided in the additional surplus to be provided to the clerk.

4.9 In summary, the adjusted Financial Statements are in violation of:

- Section **88.20(9)** of the Act for various expenses subject to the spending limit for parties and other expressions of appreciation; and
- Section **88.22(1)(c)** of the Act for the honoraria expenses not for the purposes of an election campaign.
- Section **88.32(7)** of the Act, should the \$43,000 of honoraria be considered a remaining surplus.

5.0 DETAILED FINDINGS

A. Campaign Expenses Subject to General Spending Limit

5.A.1 Office Expenses Incurred Until Voting Day

- 5.1 Mr. Lin alleged in his application that goods purchased from Tri-tech office solutions dated December 3, 2018 may not be for the campaign office but for Mr. Karygiannis's new office (Lin #8).
- 5.2 Tri-tech Office solutions is a company that sells and rents (short- and long-term rentals) photocopiers, printers, and fax machines, based on the company's website.
- 5.3 Based on the support provided by Mr. Karygiannis, there were three Tri-tech Office Solutions invoices that were included in the Initial Financial Statements, summarized in Table 4 below:

Table 5 - Summary of Tri-Tech Office Solutions Invoices

Vendor Name	Invoice Date	Invoice Number	Amount	Expense Category
Tri-tech Office Solutions	28-Aug-18	46221A	\$ 1,015.87	Office expenses incurred until voting day
Tri-tech Office Solutions	12-Oct-18	46347A	1,166.16	Office expenses incurred until voting day
<i>Sub-total</i>			\$ 2,182.03	
Tri-tech Office Solutions	3-Dec-18	46550A	867.87	Office expenses after voting day
Total			\$ 3,049.90	

- 5.4 Based on the information provided, \$2,182 were costs incurred until voting day and \$868 costs incurred after voting day.
- 5.5 Based on the description of invoice 46221A dated August 28, 2018, the costs appear to be for a rental of an HP printer, Canon copier, and toner cartridges. Based on the description of invoice 46347A dated October 12, 2018, the costs relate to toner cartridges. Therefore, based on the dates and description of invoices, \$2,182 of costs incurred until voting day appear to be campaign related costs.
- 5.6 The description of the invoice in question, #46550A dated December 3, 2018, states that the invoice relates to the pickup of the canon copier and HP printer, with the following line items supporting the invoice totals "mono impressions on canon copier 28,207", and "color impressions on canon copier 2,749".
- 5.7 The description of invoice #46221A dated August 28, 2018 states delivery for HP printer MFP, delivery for canon copier MFP, and HP M525F high yield toner cartridges. Therefore, it is reasonable that invoice #46550A dated December 3, 2018 is for the return of the copier and printer and therefore appear to be campaign related costs.

- 5.8 We conclude that the Tri-tech office Solutions invoice #46221A in the amount of \$868 does appear to relate to Mr. Karygiannis's campaign and has been correctly accounted for as a campaign expense.

B. Campaign Expenses Not Subject to General Spending Limit

5.B.1 Cost of Fundraising Events/Activities

Brochure Costs for BBQ Held on September 9, 2018

- 5.9 Mr. Chaleff alleged in his application that there are reasonable grounds to believe that Mr. Karygiannis misclassified two expenses as fundraising expenses in order to circumvent the General Spending Limit and/or the Voter Appreciation Spending Limit.
- 5.10 The applicant made reference to three invoices totaling \$13,611.36 detailed in Table 5 below:

Table 6 - Summary of Fundraising Expenses Based on Mr. Chaleff's Application

Vendor Name	Invoice Date	Invoice Number	Amount	Expense Category
Canada Post	27-Aug-18	9663132099	\$ 5,338.89	Cost of fundraising events/activities
Canada Post	29-Aug-18		4,950.27	Cost of fundraising events/activities
GEKO Graphics & Printing Inc.	31-Aug-18	1913	3,322.20	Cost of fundraising events/activities
Total			\$ 13,611.36	

- 5.11 Mr. Chaleff referenced section **88.19(4)(b)** of the Act and the 2018 Candidates' Guide relating to costs exempt from the spending limit.
- 5.12 Section **88.19(4)(b)** of the Act states that *"For greater certainty, the cost of holding fund-raising functions does not include costs related to, promotional materials in which the soliciting of contributions is incidental. 2016, c. 15, s. 57 (3)."*
- 5.13 In addition, Mr. Chaleff stated that *"the 2018 Candidates' Guide further clarifies that "[a]ny materials, events or activities must have fundraising as the primary purpose in order to be exempt from the spending limit. An incidental mention of contributions is not enough to qualify as "fundraising". "Brochures/flyers" is prescribed as a separate category of expense under Form 4 which are counted against the General Spending Limit."*
- 5.14 Therefore, the applicant believes, based on the clarification stated in the 2018 Candidates' Guide, the mailing expenses claimed by Mr. Karygiannis in respect of the September 9, 2018 fundraising barbeque are not legitimate fundraising expenses but rather a standard promotional flyer that ought to have been counted against the General Spending Limit. The applicant continues to state why he believes this is the case:

"There are two main reasons for this belief. The first is the sheer number of households to whom the flyer was sent, i.e., virtually every household in Ward 22. This was not a targeted mailer designed to elicit donations from likely donors but rather a promotional flyer sent to all voters. Second, the description of the flyer in the Geko invoice of August 31 strongly supports this concern. The document is described as a "On October 22, Vote" Fundraising Form". While the applicant has not reviewed the underlying form that description suggests that the primary purpose of the flyer was to encourage voters to vote for Mr. Karygiannis rather than to solicit donations."

- 5.15 We were provided with a copy of the flyer. See **Appendix C** for copy of the flyer.
- 5.16 The front of the flyer states "On October 22, Vote". The second page of the flyer is an invitation to the Grand Opening of the Jim Karygiannis campaign Headquarters. The second page of the flyer includes details of the BBQ such as the place, the date and time, and contact information. The third page of the flyer allows individuals to provide contact and payment information for donation purposes. The fourth page contains a map of the event, outlines how individuals can assist the campaign (including making a donation), and candidate's contact information.
- 5.17 The Act states in section **88.19(3)(5)** that the cost of holding fund-raising functions is considered expenses.
- 5.18 Section **88.19(4)** of the Act states the following:
- "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)."*
- 5.19 Based on section **88.19(8)** of the Act, section **88.19(3)(5)** of the Act, fundraising costs, are excluded from the calculated spending limits.
- 5.20 Based on the 2018 Candidates' Guide, it states that:
- "Fundraising functions are events or activities held by you or on your behalf for the primary purpose of raising money for your campaign. If you hold an event to promote your campaign and you happen to receive some contributions or ask people to consider contributing to your campaign, this would not qualify as a fundraising event.*
- Similarly, if you have a sentence in your campaign brochure asking people to make a contribution or giving them information about how to contribute, this would not be a fundraising brochure since its primary purpose is to promote your campaign, not to raise money."*
- 5.21 Based on the copy of Mr. Karygiannis's brochure, there are a page and a half out of four pages that focus on fundraising for the campaign including a page that allows individuals to provide a

payment. Therefore, based on the 2018 Candidates' Guide, there is more than a sentence in the brochure regarding contributions and the brochure is allowing people to contribute rather than merely providing information on how to contribute to the campaign. Based on this, it appears that the brochure was used for fundraising purposes and has been correctly recorded under cost of fundraising events/activities.

Tickets and Expenses for BBQ Held on September 9, 2018

- 5.22 Mr. Lin stated in his application that the fundraising event on September 9, 2018 had no ticket or admission charge but only expenses of \$20,176.36. (Lin #5, part 1 of 2)
- 5.23 In the Initial Financial Statements under Schedule 2 (Fundraising Events and Activities) we were not able to identify any revenues associated with the Barbeque Event held on September 9, 2018.
- 5.24 We did find in the Supplementary Financial Statements, under Schedule 2 – Fundraising Events and Activities for the Barbeque Event held on September 9, 2018 an amendment to the description of the fundraising event/activity. An additional sentence has been added stating "total contributions of \$21,730 collected through this event are included in Schedule 1 – Listing B).
- 5.25 We have reviewed Schedule 1 – Listing B which lists contributions for the BBQ event however, it does not list the date received for those contributions.
- 5.26 Based on the excel sheet provided by the City of Toronto titled '4. List of Karygiannis contributors from Electronic Financial Filing System', we found that only \$2,400 of \$21,730 noted contributions in the Supplementary Financial Statements were received on September 9, 2018. The remainder of the donations were received prior to and/or after the BBQ event. Therefore, the description noted in the supplementary Financial Statements relating to the contributions for the event does not appear to be accurate.
- 5.27 Mr. Karygiannis stated during his interview that the BBQ held on September 9, 2018 was a fundraising event. He stated that per bank deposits, there were funds deposited into the bank right after September 9, 2018. Based on the bank statements provided by Mr. Karygiannis for Scotiabank Bank Account #6316 (the campaign bank account), we identified two deposits totaling \$15,125 deposited on September 10, 2018.
- 5.28 Mr. Karygiannis stated that there was a table at the BBQ event where individuals dropped off their completed donation forms (from the mailed brochures) and cheques for the campaign.
- 5.29 Although \$15,125 of the \$21,730 in contributions was deposited on the day after the BBQ event, it would appear that these deposits can be attributed to funds raised and collected at the BBQ event.
- 5.30 Mr. Lin attended the event and saw that hot dogs, ice creams and other foods were served but no such expenses were disclosed. All the expenses on the opening of the campaign office deemed to be office expenses (Lin #5, part 2 of 2).
- 5.31 The Supplementary Financial Statements have included food and beverage costs totaling \$949.24

under Schedule 2 – Fundraising Events and Activities for the Barbeque Event held on September 9, 2018.

- 5.32 The office expenses relating to the BBQ event have been discussed in paragraphs 5.10 to 5.18.
- 5.33 Based on the information provided and reviewed, we have kept the BBQ event held on September 9, 2018 as a fundraising event based on the definition in the Act under section **88.19(4)(b)** and the 2018 Candidates' Guide. We have attempted to obtain information to determine if the BBQ event was held for the primary purpose of fundraising however, based on the information obtained, there appears to be a dual purpose being to promote Mr. Karygiannis' campaign as well as fundraise. This is because although the brochure for the BBQ event contained a page for providing payment information for the campaign and we did identify contribution payments on the day of the event, due to the lack of information available we were unable to determine if specific fundraising activities did take place during the event.

5.B.2 Santorini Grill Event

Background on Santorini Grill Event

- 5.34 Mr. Karygiannis held an event on December 21, 2018, subsequent to the October 22, 2018 election day. The expenses related to this event were \$27,083.50.
- 5.35 Mr. Karygiannis' Initial Financial Statements, dated March 27, 2019, listed the expenses as fundraising and the itemized breakdown for the \$27,083.50 of expenses was as follows:
- i) \$11,300 – Fundraising event services;
 - ii) \$10,000 – Staff Fees – Margo Vick;
 - iii) \$4,032 – Dinner; and
 - iv) \$1,751.50 – Geko invitations / Brochures / Flyers.
- 5.36 In his application dated June 4, 2019, Mr. Chaleff has alleged this event was not a fundraising event, but rather a voter appreciation event. Mr. Chaleff further states that this event would therefore be subject to the Voter Appreciation Spending Limit prescribed under section **88.19(4)(b)**, of which Mr. Karygiannis was subject to a \$6,120.80 spending limit (Chaleff #4).
- 5.37 In his application, Mr. Lin stated there were 2000 copies of invitations/letterheads Fundraising/promotional envelopes printed. Which meant that about 2000 people were potentially invited but the Santorini Grill can only accommodate up to 160 guests. \$21,300 was paid to Campaign Support Ltd and Margot Doey Vick to plan such an event. There was no ticket or admission charge, only an expense of \$27,083.50 (Lin #5).
- 5.38 Mr. Karygiannis' Supplementary Financial Statements, dated October 26, 2019, listed the expense related to this event as expenses related to spending limit for parties and other expressions of

appreciation. Describing the event as a "Dec. 2018 Appreciation dinner".

Interview and Information Provided by Mr. Karygiannis

- 5.39 We interviewed Mr. Karygiannis on April 20, 2021. Mr. Karygiannis stated that for questions regarding the Santorini Grill, we should refer to his affidavit related to the litigation where Mr. Karygiannis was removed from his Council seat.
- 5.40 We have summarized below the following extracts from Mr. Karygiannis' affidavit⁷ dated November 12, 2019:

"Following voting day, I was approached by a number of people who expressed an interest in donating to my campaign. On December 21, 2018, I held a dinner party at Santorini Grill to which I invited persons who had agreed to contribute to my election campaign following election day. This was not an event to which my supporters in general were invited, but rather, was an event to which I invited only those persons who agreed to make contributions to my election campaign. It was an opportunity for people who had agreed to contribute to my campaign to network with one another, and was not open to the public or to my supporters in general."

"In my view, the expenses for this party were incurred for the purpose of fundraising and were not subject to either the general spending limit or the spending limit for expressions of appreciation after the close of voting. The expenses were characterized in this fashion (i.e. not subject to any spending limit) in the financial statement I filed with the City Clerk in March 2019..."

"The supplementary financial statement as filed contains an error."

"More specifically, the information in the original financial statement...about two specific expenses was that they were not subject to either of the spending limits. In the supplementary financial statement..., this information was modified, and the expenses were represented to be subject to the spending limit for parties and other expressions of appreciation. The entries in question pertain to a \$5,000 expense for a victory party after voting day and a \$27,803 expense for the December 2018 fundraising dinner..."

"The supplementary financial statement shows on its face that my total expenses for parties and other expressions of appreciation were \$32,083.50 [\$27,803.50 + \$5,000] and that the spending limit for these expenses was \$6,120.80. In light of this, the City Clerk notified me by letter dated November 6, 2019 that my office as a member of City Council had been forfeited and is deemed to be vacant."

"Insofar as the expense for the December 2018 party is concerned, I remain of the view that it was properly characterized as a fundraising expense for the reasons set out above. It was not a party for my supporters generally, but rather was a function only for persons who were invited in exchange for their agreement to contribute to my campaign."

⁷ Source : Affidavit of James Karygiannis, affirmed November 12, 2019, paragraphs 13-14, 23, 24, 26, 32, and 34-36.

"The proper characterization of the expense in respect of the December 2018 party was a question on which reasonable people could differ, and the non-compliance, if any was found, could not possibly have affected the election result because voting had concluded more than two months earlier. I would have urged the committee to exercise its discretion in a manner that did not risk depriving the residents of Ward 22 of their elected representative in these circumstances."

"If the compliance audit committee had not been persuaded by this submission in respect of the December 2018 party, and if legal proceedings were authorized, and if a conviction had been entered, I would have submitted to the presiding judge that the contravention of the Act was the result of a good faith error in judgment, and I should not forfeit my office."

"Unfortunately, Mr. Froese's firm prepared the supplementary financial statement on the basis of my intended response to the anticipated compliance audit procedure and provided information in the supplementary financial statement about these expenses that is inconsistent with the information in the original financial statement. I reviewed the supplementary financial statement before I submitted it, but did not advert to the error."

- 5.41 We have summarized the following extracts from Mr. Karygiannis' affidavit dated July 24, 2020⁸ below:

"Prior to the end of the election campaign period, on December 21, 2018, I hosted a dinner party at a restaurant called Santorini Grill. I did not invite members of the public or his supporters generally. Rather, I invited only those individuals who had agreed to make contributions to the costs of the campaign following the election. The purpose of the dinner was to provide an opportunity for people who had agreed to contribute to his campaign to network with one another."

Regarding the Supplementary Financial Statement: *"In respect of the Santorini Grill dinner expense, I deposed that it was properly characterized as a fundraising expense (which is not subject to spending limits) because it was not open to supporters generally, but was an invitation-only event for people who agreed to contribute to my campaign expenses. I deposed that if the auditor disagrees, my alternative submission to the compliance audit committee would be that the committee should exercise its discretion not to authorize legal proceedings because the dinner was held two months after the election and could not possible have affected the election result."*

⁸ Source : Affidavit of James Karygiannis, affirmed July 24, 2020, paragraphs 6, 25-26, 29.

"My further evidence was that I did not advert to the error in the supplementary financial statement, namely that it did not comply with the statutory requirement to repeat the same information in the original financial statement for the original campaign period when I reported on expenses in the extended campaign period in the supplementary financial statement. I deposed that my forensic accountant had simply made an error, and prepared the supplementary financial statement on the basis of my intended response to the anticipated compliance audit proceeding."

"The application judge granted the application and ordered relief from the forfeiture of office to which I was elected as a member of Toronto City Council for Ward 22. The application judge accepted my evidence that my forensic accountant had prepared the supplementary financial statement, that the "error that set out the Santorini Grill expense in a different section in the Supplementary Financial Statement was made inadvertently", and that when I signed the supplementary financial statement he did not advert to the error. The application judge found that I had acted in good faith and that "there was no attempt to hide the expense" related to the Santorini Grill dinner. His Honour noted that there has been "no finding that [I] incurred expenses in excess of the prescribed limits."

- 5.42 Mr. Karygiannis also referred to Exhibit C of his Affidavit which contained a contribution receipt listing. Mr. Karygiannis stated that the persons who made contributions after voting day were the same people invited to the Santorini Grill event.
- 5.43 We reviewed the contribution receipt listing and identified 136 contribution receipts which were received during the period November 5, 2018 to November 26, 2018, subsequent to voting day totaling \$46,850.
- 5.44 We requested all information related to the December 21, 2021 Santorini Grill event including invitations and attendance list, however these were not provided. In addition, we would have expected to see an invitation list to track who accepted and who did not accept but none was provided.

Margot Doey-Vick - Interview

- 5.45 We conducted an interview of Ms. Margot Doey-Vick ("Ms. Doey-Vick") on November 13, 2020. Ms. Doey-Vick stated that she was Mr. Karygiannis' Campaign Manager for the 2018 municipal election.
- 5.46 When asked about the invoice Ms. Doey-Vick issued for the December 21, 2018 event, she described the event as a fundraising event that happened in December. She could not recall the date, just that it was after the campaign but still within the contribution period.
- 5.47 Ms. Doey-Vick could not recall if the event was held at the Santorini Grill. She also could not recall the number of people that attended the event.
- 5.48 Ms. Doey-Vick did not attend the event and did not know who attended the event other than

Mr. Karygiannis.

- 5.49 When asked if she received any feedback on the event, Ms. Doey-Vick stated that Mr. Karygiannis said it was a great event.
- 5.50 When asked to explain the items listed on her invoice for the event Ms. Doey-Vick stated the following:

"Well I mean I drafted and finalized...the letters and reviewed the list. A lot of the people who were on the list had donated to Jim over the years. There were some people, when I went through the list, that I noticed there were two people on the list, one of who had moved and one of them who was dead. I figured we better not send something to them. You know I would call down and say okay Jim you know it's been done, has it been printed, because I was in Ottawa he was in Toronto, it had to be done a lot of it had to be done in Toronto. But I would call him and say okay now is the time to do X for whatever."

Gwen MacKay - Interview

- 5.51 We conducted an interview of Ms. Gwen Mackay ("Ms. Mackay") on November 20, 2020. During our interview with Ms. Gwen Mackay a volunteer who received an honoraria discussed below, we asked if she was invited and had attended the December 21, 2018 Santorini Grill event, which she did. Regarding our questions on any recollection of fundraising related to this event her response was that she could not recall any related fundraising associated with this event.

The Act and Candidate Guide

- 5.52 The following are related extracts from the Act:

"1(1) fund-raising function" means an event or activity,

(a) held by a candidate or under a candidate's direction for the purpose of raising funds for his or her election campaign, or

(b) held by a registered third party or under its direction for the purpose of raising funds in relation to third party advertisements; ("activité de financement")"⁹

"88.10 (2) A fund-raising function for a candidate shall not be held outside the candidate's election campaign period described in section 88.24. 2016, c. 15, s. 51."¹⁰

- 5.53 The following related extracts come from the 2018 Candidate's guide for Ontario municipal council and school board elections:

⁹ Source: Municipal Elections Act, 1996, Definitions 1(1).

¹⁰ Source: Municipal Elections Act, 1996, Definitions 88.10(2).

*"If you sell goods at a fundraising event for more than their market value, the difference between what the person attending the fundraising event paid you and what they would have normally paid for the item is considered to be a contribution."*¹¹

*"Fundraising functions are events or activities held by you or on your behalf for the primary purpose of raising money for your campaign. If you hold an event to promote your campaign and you happen to receive some contributions or ask people to consider contributing to your campaign, this would not qualify as a fundraising event."*¹²

MNP Comments on the Santorini Grill Event

- 5.54 Mr. Karygiannis has explained that an error was made in his Supplementary Financial Statements, on the allocation of expenses related to the December 21, 2018 Santorini Grill Event to expenses for holding parties and making other expressions of appreciation instead of expenses for fundraising which are exempt from the spending limits.
- 5.55 Mr. Karygiannis provided a list of contributions that included contributions received between November 5, 2018 to November 26, 2018 with an individual contribution range of \$200 to \$1,200.
- 5.56 Mr. Karygiannis has not provided any support that directly links the contributions received in November 2018 to the Santorini Grill event held on December 21, 2018. We would have expected supporting documentation to include the following:
- i) Copies and/or examples of the invitations or tickets, indicating the purpose of the event and the ticketed price for the fundraiser or correspondence with attendees; and/or
 - ii) A copy of an attendee list including a list of individuals invited and those who accepted along with the contribution amount or ticketed amount contributed.
- 5.57 In addition, during our interview with Ms. Mackay, she disclosed that she attended the event, but she could not recall any fundraising associated with the Santorini Grill event.
- 5.58 Finally, in Mr. Karygiannis's July 24, 2020 affidavit he stated *"I invited only those individuals who had agreed to make contributions to the costs of the campaign following the election. The purpose of the dinner was to provide an opportunity for people who had agreed to contribute to his campaign to network with one another."* Given the timing of contributions received post voting day, which occurred almost a month prior to the Santorini Grill event, the event appears to be dinner not held for additional fundraising for the campaign but per Mr. Karygiannis, it was to thank individuals who had already agreed to make contributions to the costs of his campaign.
- 5.59 Therefore, we have considered the Santorini Grill event and the related \$27,083.50 of expenses to be subject to the \$6,120.80 spending limit for Parties and other expressions of appreciation. Therefore, the amounts related to this event would be over such spending limit of \$6,120.80 and

¹¹ Source : The 2018 Candidate's guide for Ontario municipal council and school board elections, page 17.

¹² Source : The 2018 Candidate's guide for Ontario municipal council and school board elections, page 21.

thus in violation of Section **88.20(9)** of the Act.

5.B.3 Honoraria Incurred After Voting Day

Background on Honoraria

5.60 Mr. Karygiannis made 21 payments to 19 supporters totaling \$81,000 subsequent to voting day, a summary of the payees and amounts is listed in Table 6 below:

Table 7 - Summary of Honoraria

Ref	Payee	Date	Honorarium Amount
1	Berj Hajenian	October 26, 2018	\$ 1,000.00
2	Rui Zeng	October 26, 2018	2,000.00
3	Adnan Tahir	October 29, 2018	2,000.00
4	Gurmit Kavr	October 30, 2018	5,000.00
5	Satnam Singh Mahil	October 30, 2018	5,000.00
6	Vinod Bains	October 30, 2018	5,000.00
7	Wang Peng Fei	October 30, 2018	5,000.00
8	Hayas Yaran	November 3, 2018	6,000.00
9	William Dines	November 3, 2018	2,000.00
10	Leung Ting Wai	November 5, 2018	3,000.00
11	Xie Shilang	November 5, 2018	10,000.00
12	Jasmine Mann	November 10, 2018	3,000.00
13	Leung Ting Wai	November 12, 2018	3,000.00
14	Leobardo Ahvmada	November 14, 2018	2,000.00
15	Leung Ting Wai	November 15, 2018	4,000.00
16	Kevin Haynes	November 16, 2018	5,000.00
17	Nick Bibassis	November 19, 2018	3,000.00
18	Joanne Fusillo -Ademaj	December 1, 2018	5,000.00
19	John Kalina	December 2, 2018	4,000.00
20	Gwen Mackay	December 6, 2018	5,000.00
21	Hagol Imasdonunian	January 28, 2019	1,000.00
Total			\$ 81,000.00

- 5.61 Mr. Karygiannis paid "honoraria" to supporters totaling \$81,000 and classified these payments as having been incurred after voting date (exempt from the General Spending Limit).
- 5.62 Mr. Lin stated that there were no expenses of salaries, benefits, honoraria, professional fees incurred until voting day but \$81,000 after voting day (Lin #6).
- 5.63 Mr. Chaleff alleged in his application that there are reasonable grounds to believe that Mr. Karygiannis misclassified the honoraria payments in order to circumvent the \$61,207.95 General Spending Limit and/or the \$6,120.80 Voter Appreciation Spending Limit.
- 5.64 Mr. Chaleff has alleged that the \$81,000 of honoraria were in substance payment for services rendered prior to voting day or that they were gratuitous payments to Mr. Karygiannis's supporters (Chaleff #2).
- 5.65 Additional observations made by Mr. Chaleff regarding the above listing of honoraria:
- i) Leung Ting Wai received three payments totaling \$10,000;
 - ii) A payment to Hagol Imasdonunian for \$1,000 was dated January 28, 2019, subsequent to the campaign period, when no election expense can be incurred after the end of the campaign period on December 31, 2018;
 - iii) No support for the payments was provided in the supporting materials of Mr. Karygiannis's audited financial statements filed with the City of Toronto;
 - iv) Internet searches of the names of the payees identified the following subsequent to the election:
 - a. Joanne Fusillo-Ademaj was a senior legislative assistant to Mr. Karygiannis;
 - b. Kevin Haynes was a constituency assistant to Mr. Karygiannis; and
 - c. Gwen Mackay was an executive assistant to former Councillor Glenn De Baermaeker.
 - v) Mr. Chaleff also provided reported quotes from Mr. Karygiannis that stated:

*"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 database that was all over the map."*¹³

¹³ Source: https://www.thestar.com/news/city_hall/2019/05/09/scarborough-councillor-raised-150000-over-spending-limit-in-toronto-election.html

*"[Mr. Karygiannis] said the honoraria were given to those who assisted his team by providing legal advice, connected his team to "community stakeholders," helped with collecting and cleaning election signs and provided other services."*¹⁴

5.66 Mr. Chaleff's Application references the Municipal Election Act as follows:

- i) Section **88.20(6)** of the Act, where salary expenses are subject to the General Spending Limit but noted that the General Spending Limit applies only to election expenses incurred prior to October 22, 2018 (voting day).
- ii) Sections **88.20(2) and 88.24(1)2** of the Act, states that Candidates can incur election expenses after voting day provided they do so before the end of the campaign period, which was December 31, 2018.
- iii) Section **88.22(1)(c)** states that campaign funds must be used exclusively for purposes of a Candidate's campaign.

5.67 Mr. Chaleff's Application references the 2018 Candidates' Guide for Ontario municipal council and school board elections as follows:

- i) On page 33: *"[a]n expense subject to the general spending limit that was incurred prior to voting day but not paid for until after voting day is still subject to the limit."*
- ii) On pages 24 and 33: If the honoraria are an act of appreciation for services rendered, the expense must be said to be incurred when the services are rendered (and not merely when they are paid, as per the 2018 Candidates' Guide).

Interview and Information Provided by Mr. Karygiannis

5.68 We interviewed Mr. Karygiannis on April 20, 2021 and Mr. Karygiannis provided the following comments regarding the honoraria:

- i) When Mr. Karygiannis was asked about his understanding of what an honorarium is, Mr. Karygiannis responded that is provided to somebody *"...for help they provide outside of the campaign period."*, which was after the voting day. Mr. Karygiannis further stated *"You give honorariums for...information they give you, for help they give you after the campaign, for cleaning up, for...collecting signs, for managing the databases."*
- ii) Mr. Karygiannis also stated that *"In my understanding there's no volunteer that did, that got a honorarium from what I remember that didn't help after the campaign."*

¹⁴ Source: <https://torontosun.com/news/local-news/levy-councillor-uses-campaign-funds-to-pay-supporters-81k>

- iii) Regarding the honorarium provided to Ms. Gwen Mackay, Mr. Karygiannis stated *"Gwen Mackay was not involved in my campaign....after the campaign she helped me...understand what the bigger ward was, how...should be set up, this kind of stuff."*
- iv) Regarding the honorarium provided to Ms. Yaran Hayas, Mr. Karygiannis stated *"[S]he helped put together the database you know like, we...had scrambled databases and she helped put the database together after we were finished. Inputting, that kind of stuff."*
- v) Regarding the honoraria provided to Mr. Ting Wai Leung, Mr. Karygiannis did not remember but on being reminded that he had a development planner background Mr. Karygiannis said *"...in the new part of the ward there was a lot of development that was happening and I needed somebody to give me...an idea of how development works and how to proceed. If we're talking about the...same fellow."*
- vi) Regarding the honorarium provided to Mr. Kevin Haynes, Mr. Karygiannis stated *"He helped after the campaign so like the signs, he also was helping in the office after the campaign and that's why he received an honorarium"*.
- vii) With regards to the varied dollar amounts of the honoraria Mr. Karygiannis stated *"No there's no, there was no reason."* of why one payee would receive more than another or how the amount was decided on.
- viii) In general, regarding the honoraria Mr. Karygiannis stated *"...I mean the fact that the campaign was affluent in, in, in money, and we felt a little generous you, you give people a little bit extra on honorariums."*

5.69 Mr. Karygiannis provided copies of cheques and handwritten acknowledgements, that were signed by each of the honorarium payees. The handwritten acknowledgements had descriptions of the purpose of the honorarium, as listed in Table 7 below:

Table 8 - Honorarium Acknowledgment Descriptions and Cheque Dates

Ref	Payee	Cheque Date	Date of Acknowledgement	Acknowledgement Description	Honorarium Amount
1	Berj Hajenian	October 26, 2018	October 26, 2018	Honorarium for helping migrating election database to constituency database after the election.	\$ 1,000.00
2	Rui Zeng	October 26, 2018	October 26, 2018	Honorarium for helping pick up election signs after election day.	2,000.00
3	Adnan Tahir	October 29, 2018	October 29, 2018	Honorarium for helping pick up election signs after election day.	2,000.00
4	Gurmit Kavr	October 30, 2018	October 30, 2018	Honorarium for helping pick up election signs after election day.	5,000.00
5	Satnam Singh Mahil	October 30, 2018	October 30, 2018	Honorarium for packing equipment, signs, cleaning campaign office after the campaign.	5,000.00
6	Vinod Bains	October 30, 2018	October 30, 2018	Honorarium for helping clean and storing signs and equipment from the campaign office.	5,000.00
7	Wang Peng Fei	October 30, 2018	November 4, 2018	Honorarium for helping collect election sign and clean them after the election.	5,000.00
8	Hayas Yaran	November 3, 2018	November 3, 2018	Assisted and provide support during the post election clean up and transition.	6,000.00
9	William Dines	November 3, 2018	November 3, 2018	Honorarium for transferring election data base to constituency data base.	2,000.00
10	Leung Ting Wai	November 5, 2018	November 5, 2018	Assisted and provided advice transitioning from 44 wards to 25 wards.	3,000.00
11	Xie Shilang	November 5, 2018	November 5, 2018	Honorarium for helping transition the Chinese constituents to the ward 22 from the two wards and proving advice after the election campaign.	10,000.00
12	Jasmine Mann	November 10, 2018	November 10, 2018	Honorarium for helping out after the election campaign in transferring data to city computer inputting and analyzing.	3,000.00
13	Leung Ting Wai	November 12, 2018	November 12, 2018	Honorarium provided advice and assistance transitioning from 44 wards to 25 wards.	3,000.00
14	Leobardo Ahmada	November 14, 2018	November 13, 2018	Honorarium for cleaning the campaign office after the election and getting rid of all destroyed signs and garbage.	2,000.00
15	Leung Ting Wai	November 15, 2018	November 15, 2018	Honorarium for assisting and providing advice to transitioning from 44 wards to 25 wards.	4,000.00
16	Kevin Haynes	November 16, 2018	November 16, 2018	Honorarium for assisting and providing logistical support transitioning from 44 to 25 wards post election campaign.	5,000.00
17	Nick Bibassis	November 19, 2018	November 19, 2018	Honorarium for assisting to transition from 44 wards to 25 wards and writing office manual.	3,000.00
18	Joanne Fusillo -Ademaj	December 1, 2018	November 25, 2018	Providing transition advice from 44 to 25 wards in City of Toronto	5,000.00
19	John Kalina	December 2, 2018	December 2, 2018	Providing transition advice from 44 to 25 wards in City of Toronto	4,000.00
20	Gwen Mackay	December 6, 2018	December 6, 2018	Providing transition knowledge and training from 44 to 25 wards.	5,000.00
21	Hagol Imasdonunian	November 5, 2018	November 5, 2018	Providing digital advice to transition form 44 to 25 wards in City of Toronto.	1,000.00
Total					\$ 81,000.00

5.70 Based on the information provided and summarized in the above table, we have observed the following:

- i) The honorarium for Hagol Imasdonunian had both a cheque and signed acknowledgement dated November 5, 2018. The original listing provided by Mr. Karygiannis listed with a date of January 28, 2019, subsequent to the campaign period. However, we have noted this date relates to the date this cheque was withdrawn from the bank. Indicating that the honorarium was provided within the campaign period ending December 31, 2018.

- ii) Eleven of the twenty-one honoraria totaling \$38,000¹⁵ listed in the above table have descriptions related to post-election campaign cleanup, including:
 - a. Cleaning of campaign office and sorting of equipment and signs post campaign;
 - b. Transferring or migrating of election database; and
 - c. Collecting election signs.
- iii) Ten of the twenty-one honoraria totaling \$43,000¹⁶ listed in the above table have descriptions related the transition of 44 wards to 25 wards in the City of Toronto, including:
 - a. Providing advice transitioning from 44 wards to 25 wards;
 - b. Helping transition Chinese constituents to ward 22 from the two wards;
 - c. Assisting and providing logistical support transitioning from 44 to 25 wards;
 - d. Writing office manual; and
 - e. Providing digital advice to transition from 44 to 25 wards.

5.71 Mr. Karygiannis also provided an email received from Ms. Gail Baker, Project Manager, Election Services, regarding the Act and expenses incurred after voting day that do not count towards Mr. Karygiannis' general spending limit:

"From: Gail Baker [<mailto:Gail.Baker@toronto.ca>]

Sent: July-06-18 9:44 AM

To: 'jim@karygiannis.net'

Subject: RE: Chartered Accountant Expenses

Good morning,

As per our conversation yesterday, here is the section of the Act that shows any expenses incurred after voting day do not count towards your general spending limit:

The Municipal Elections Act, 1996, s 88.20 (6) states 'during the period that begins on the day a candidate is nominated under section 33 and ends on voting day; his or her expenses shall not exceed an amount calculated in accordance with the prescribed formula'

Also, the Provincial Candidates' Guide, page 24 states 'Your spending limit covers expenses that you incur between the beginning of your campaign and voting day. Expenses that you incur between the day after voting day and the end of your campaign are not subject to the spending limit. Note: If you incur an expense before voting day, but don't get around to paying for it until after voting day, it would still be subject to the spending limit.'

¹⁵ This includes reference item numbers 1-9, 12 and 14.

¹⁶ This includes reference item numbers 10-11, 13, and 15-21.

For example, expenses like honorariums, office expenses, bank charges, etc. that are incurred after voting day are exempt from the general spending limit.

In regards to an auditor expenses relating to accounting and auditing are not subject to the spending limit (same as last election).

Regards,

Gail Baker

Project Manager. Election Services"

- 5.72 The email from Ms. Gail Baker reiterates what the Provincial Candidates' Guide states regarding expenses incurred after voting day and the end of the campaign are not subject to the spending limit. Ms. Gail Baker also provides an example including honoraria expenses incurred after voting day are exempt from the general spending limit. The email from Ms. Baker was however silent on how these expenses reconcile back to the election campaign as per Section **88.22(1)(c)** of the Act, which states that campaign funds must be exclusively for purposes of a Candidate's campaign.

Ting Wai Leung - \$10,000 Honorarium

- 5.73 We conducted an interview of Mr. Ting Wai Leung ("Mr. Leung") on November 24, 2020 and the Mr. Leung provided the following comments:
- i) Prior to voting day his involvement in Mr. Karygiannis's campaign was limited and included data entry, canvassing and on voting day it included scrutineering.
 - ii) After voting day Mr. Leung said that Mr. Karygiannis asked him to provide verbal briefs of what is happening in the ward related to ward amalgamation for Mr. Karygiannis. This included 45-50 hours of work for Mr. Leung's research and the briefs plus 5-7 hours to look at adjacent wards.
 - iii) Mr. Leung met with Mr. Karygiannis twice a week for the three weeks following voting day.
 - iv) Mr. Leung stated he was not promised any remuneration for the work to be provided.
- 5.74 Regarding the honorarium received, Mr. Leung stated that in early November 2018, he was contacted by Mr. Karygiannis that he was going to provide Mr. Leung with an honorarium and on November 5, 2018 Mr. Leung met with Mr. Karygiannis and was provided with the three cheques, of which two of were post-dated.
- 5.75 Mr. Leung's assistance with Mr. Karygiannis's transition occurred during a three-week window after voting day. November 5, 2018 when Mr. Leung picked up the cheques was around half-way through the three week period.
- 5.76 We were also provided with an affidavit prepared by Mr. Leung and dated September 24, 2020, which correlates with his interview comments including that the \$10,000 honorarium cheques were for Mr. Leung's assistance during the transition period.

Yaran Hayas - \$6,000 Honorarium

- 5.77 We interviewed Ms. Yaraan Hayas ("Ms. Hayas") on November 10, 2020 and the Ms. Hayas provided the following comments:
- 5.78 Ms. Hayas volunteered for the campaign and did some door knocking and delivering printed flyers on Mr. Karygiannis. Ms. Hayas did her volunteering for a full day but could not recall how many days.
- 5.79 Ms. Hayas could not recall what she had done post voting day but recalls doing something.
- 5.80 Ms. Hayas stated she did not remember why or how she received the \$6,000 honorarium.
- 5.81 We were also provided with an affidavit prepared by Ms. Hayas and dated October 2, 2020, which correlates with her interview comments including that the \$6,000 honorarium was unexpected. During her volunteer time she stated that she assisted the campaign by providing a data entry service.

Kevin Haynes - \$5,000 Honorarium

- 5.82 We interviewed Mr. Kevin Haynes ("Mr. Haynes") on December 15, 2020 and the Mr. Haynes provided the following comments:
- 5.83 Mr. Haynes was attempting to get an intern position with Sussex Strategy and was allegedly working for Sussex Strategy Group on various election campaign for \$20 per hour cash. Mr. Haynes estimated he received about \$2,000 for his work and worked on 8-10 different campaigns throughout the City of Toronto, starting on September 10, 2018.
- 5.84 Mr. Haynes met Mr. Karygiannis through Ms. Angela Drennan of the Sussex Strategy Group in late summer of 2018.
- 5.85 Mr. Haynes said the last day he worked for the Sussex Strategy Group was October 7, 2018 with Mr. Karygiannis. Mr. Haynes continued to be involved with Mr. Karygiannis in a volunteer position and later received an honorarium.
- 5.86 Mr. Haynes said he was helping with some IT stuff and one day Mr. Karygiannis called him into his office and said "here's a cheque". Mr. Haynes did ask Mr. Karygiannis what it was for and stated that I have been helping "*...you with IT stuff but really not much and he said well just say you've been doing signs or like whatever the post-election work.*" However, we did note that Mr. Haynes signed an acknowledgement that states the honorarium was for the purpose of assisting and providing logistical support for transitioning from 44 to 25 wards post-election campaign.

Gwen MacKay - \$5,000 Honorarium

- 5.87 We interviewed Ms. Gwen Mackay ("Ms. Mackay") on November 20, 2020 and Ms. Mackay provided the following comments:

- 5.88 Ms. Mackay said her office assisted various campaigns in various different ways. Ms. Mackay volunteered once for a few hours for Mr. Karygiannis by picking up flyers and did flyer drop offs for about four streets.
- 5.89 Regarding the honorarium received, Ms. Mackay said that Mr. Karygiannis asked her to come to his office one day and she had no idea why. During their meeting Ms. Mackay said that Mr. Karygiannis said she had offered her valued advice over the last couple of months and offered her an honorarium as a thank you. Ms. Mackay referred to this advice as recurring informal discussions.
- 5.90 We were also provided with an affidavit prepared by Ms. Mackay dated September 29, 2020, which correlates with her interview comments including that the \$5,000 honorarium was unexpected, and that Mr. Karygiannis said she was very valuable to him.

MNP Comments on the Honoraria

- 5.91 Based on the information gathered above regarding the \$81,000 of honorarium expense, they would appear to be acceptable under Sections **88.20(2)** and **88.24(1)2** of the Act, which states that Candidates can incur election expenses after voting day provided they do so before the end of the campaign period, which was December 31, 2018.
- 5.92 However, with regards to Section **88.22(1)(c)** of the Act, which states that campaign funds must be used exclusively for purposes of a Candidate's campaign, it appears that \$43,000 of the honoraria expense may be in violation of this section. The \$43,000 of honoraria were for the purpose of transitioning from 44 wards to 25 wards and appear to be non-campaign related expenses. We would expect post-voting day expenses to include expenses such as sign collection and campaign office wind-down, in line with the wrapping of campaign section of the 2018 Candidates' guide for Ontario municipal council and school board elections.
- 5.93 Per section **88.32(7)** of the Act, which states that "*If the final financial statement indicates that there is any remaining surplus, the candidate...shall pay the remaining surplus to the clerk when the financial statement is filed. 2016, c. 15, s. 62.*" Accordingly, the \$43,000, should it be considered a remaining surplus, should have been provided in the additional surplus to be provided to the clerk.

5.B.4 Victory Party After Voting Day

- 5.94 Mr. Lin alleged that the Victory party held by Mr. Karygiannis at a Church might be payment for the services Church provided for his campaign (Lin #7).
- 5.95 Mr. Karygiannis provided a receipt from Living Stone Assembly (PAOC). See Appendix D for copy of the receipt. The receipt is dated November 30, 2018 and states that the organization received \$5,000 from Jim Karygiannis' Campaign for his victory party. The receipt is signed by Reverend David Ko.
- 5.96 During the interview with Mr. Tse, he stated that during the audit, the invoice was reviewed, and discussions were held with Mr. Karygiannis to verify that this was a victory party.

- 5.97 Based on an open-source search, Living Stone Assembly is a Church located in Scarborough, Ontario. The majority of website content is in Cantonese. We did not identify information pertaining to the rental of the Church.
- 5.98 We contacted Rev. David Ho from Living Stone Assembly and he confirmed that Mr. Karygiannis did have a victory party in the Church and the receipt reflects the party cost.
- 5.99 In conclusion, the \$5,000 expense was misclassified in Mr. Karygiannis' Initial Financial Statements as an expense not subject to spending limits, however the \$5,000 expense was corrected by Mr. Karygiannis and properly classified as an expense subject to the \$6,120.80 spending limit for parties and other expressions of appreciation in the Supplementary Financial Statements.

C. Campaign Contributions

5.C.1 Contribution Dates

- 5.100 Mr. Lin has stated in his application that Mr. Karygiannis's Financial Statements did not disclose all dates of contributions (Lin #1).
- 5.101 Based on section **88.22(1)(g)(iv)** of the Act, a candidate shall ensure that records are kept of the contributor's name and address. Therefore, the Act does not mention that contribution dates are required to be kept by the candidate.
- 5.102 Mr. Lin has stated that he searched the Electronic Financial Filing System and found 339 records which are missing 32 records of the contributions not exceeding \$100. (Lin #3)
- 5.103 Mr. Karygiannis provided a listing of contributions with his financial statements that totaled \$209,000. This amount agrees to the amount reported on Mr. Karygiannis's Financial Statements.

5.C.2 Filing and Processing of Contributions

- 5.104 Mr. Lin states that the Financial Statements were filed manually. Mr. Lin is inquiring whether the Electronic Financial Filing System was filed before the deadline. (Lin #2)
- 5.105 Mr. Lin had noted that there are credit card contributions of \$46,750 that were processed and the funds were received after the voting day (Lin #9)
- 5.106 Mr. Lin also noted that most of the contributions had been processed by November 12, 2018. (Lin #10)
- 5.107 Based on section **88.8(2)** of the Act, "*a contribution shall not be made to or accepted by a candidate or an individual acting under the candidate's direction outside the candidate's election campaign period described in section 88.24.*"
- 5.108 Section **88.24** of the Act states that the election campaign period begins on the day on which the

clerk receives the candidate's nomination for the office and ends on December 31 in the case of a regular election.

- 5.109 Therefore, the Act allows contributions to be received after voting day as long as they are within the campaign period ending on December 31.

D. Potential Campaign Loan

- 5.110 Mr. Lin has noted in his application that the Financial Statements indicated a loan from Scotiabank yet there was no amount borrowed and no interest charged on the loan until or after voting day. (Lin #4)
- 5.111 The Act states in section **88.17(1)** that a candidate may obtain a loan only from a bank or other recognized lending institution in Ontario, to be paid directly into the candidate's campaign account.
- 5.112 Based on the review of Mr. Karygiannis's Scotiabank account #6316, we did not identify loan payments deposited into the bank account.
- 5.113 Therefore, it does not appear that the Campaign received a loan from Scotiabank.

E. Fundraising Activities

- 5.114 Mr. Roland states in his application that the last contributions of \$3,300 were received on November 26, 2018 and that there was no need for another fundraising event (Lin #11)
- 5.115 Based on the Act, section **88.10(2)** states that "*a fund-raising function for a candidate shall not be held outside the candidate's election campaign period described in section 88.24*".
- 5.116 Section **88.24** of the Act states that the election campaign period begins on the day on which the clerk receives the candidate's nomination for the office and ends on December 31 in the case of a regular election.
- 5.117 Therefore, based on the Act, the fundraising event held after voting day was acceptable based on section **88.10(2)** of the Act.

F. Supplementary Financial Statements

- 5.118 We received a copy of the Supplementary Financial Statements submitted to the city clerk on October 28, 2019.
- 5.119 Mr. Karygiannis had amended the Initial Financial Statements by removing the victory party after voting day of \$5,000 and the December 2018 Appreciation dinner of \$27,083.50 to Expenses Subject to spending limit for parties and other expressions of appreciation. The sum of the two events totaling \$32,083.50.

- 5.120 The candidate's spending limit for parties and other expressions of appreciation was \$6,120.80. Therefore, Mr. Karygiannis had exceeded the limit by \$25,962.70 on his Supplementary Financial Statements.
- 5.121 Based on Mr. Karygiannis' affidavit dated July 24, 2020, he stated that the Supplementary Financial Statements as filed contained an error and that they do not contain all information contained in the Initial Financial Statements. He stated that the Supplementary Financial Statements substantially modified information from the Initial Financial Statements¹⁷.
- 5.122 Mr. Karygiannis stated in his affidavit that the error related to the two expenses, "*\$5,000 expense for a victory party after voting day and a \$27,803 expense for the December 2018 fundraising dinner*"¹⁸. Mr. Karygiannis stated that it was an error in reporting the nature of the expense¹⁹.
- 5.123 Section **88.23(1)(c)** states that a candidate is subject to the penalties listed in subsection (2), in addition to any other penalty that may be imposed under this Act if a document filed under section **88.25** shows on its face that the candidate has incurred expenses exceeding what is permitted under section **88.20**.
- 5.124 Section **88.25** of the Act is relating to the Candidate's financial statements and section **88.20** is guidelines regarding a candidate's expenses.
- 5.125 Based on section **88.20(6)** of the Act, it states that "*during the period that begins on the day a candidate is nominated under section 33 and ends on voting day, his or her expenses shall not exceed an amount calculated in accordance with the prescribed formula.*"
- 5.126 Therefore, Mr. Karygiannis had violated section **88.20(6)** of the Act by having expenses that exceed the general spending limit for parties and other expressions of appreciation.

G. Involvement of Accounting Professionals

- 5.127 Based on our interview with Tse Henderson, the auditor of the Initial Financial Statements and the Supplementary Financial Statements, Mr. Henderson had prepared the Initial Financial Statements based on support provided by Mr. Karygiannis.
- 5.128 Mr. Henderson had signed the auditor's report for the Initial Financial Statements.
- 5.129 Mr. Henderson stated in his interview that he did not make the reallocation of expenses in the Supplementary Financial Statements but was asked to sign the auditor's report by the forensic accountant who had made the adjustments. Mr. Henderson said he did not agree with some of the reallocations that were made yet he did sign the Supplementary Financial Statements.

¹⁷ Source : Affidavit of James Karygiannis, affirmed July 24, 2020, paragraph 23.

¹⁸ Source : Affidavit of James Karygiannis, affirmed July 24, 2020, paragraph 24.

¹⁹ Source : Affidavit of James Karygiannis, affirmed July 24, 2020, paragraph 30.

- 5.130 We had requested a copy of the engagement letters for Mr. Henderson for both the Initial Financial Statements audit and the Supplementary Financial Statement audit. We were informed by Mr. Binetti, Mr. Karygiannis's legal counsel, the engagement letters either cannot be located and/or they do not exist. Mr. Binetti continued to state that *"there is no dispute that Mr. Tse was retained. The retainer is privileged"*.
- 5.131 Based on Mr. Karygiannis affidavit affirmed July 24, 2020, Mr. Karygiannis stated he had retained Ken Froese of Froese Forensic partners to advise him with respect to the application for the compliance audit.
- 5.132 Mr. Froese is a forensic accountant with experience in more than 30 compliance audits under the Act, based on Mr. Karygiannis's affidavit statement.
- 5.133 Mr. Karygiannis also stated the following:
- "In addition to advising me about the compliance audit, Mr. Froese and members of his firm assisted me in preparing the supplementary financial statement that had to be filed by October 28, 2019, as a result of my reopening my campaign, as set out above. After Mr. Froese's firm prepared the supplementary financial statement, it was audited by my accountant, Mr. Tse, before I signed it and filed it with the City Clerk."*
- 5.134 We had requested Mr. Froese's engagement letter relating to services provided for the Supplementary Financial Statements and we were informed by Mr. Karygiannis' legal counsel that they cannot provide the letter due to privilege and that we would not be permitted to interview Mr. Froese for the same reason.

6.0 CONCLUSIONS

- 6.1 We have reviewed the two compliance audit applications submitted by Mr. Chaleff and Mr. Lin which contained references to sections **88.11(1)**, **88.19(4)(b)**, **88.20(subsections 2, 6, 8, 9)**, **88.22(1)(c)**, **88.24(1)2**, **88.31**, and **88.33(1)** of the Act.
- 6.2 Based on MNP's compliance audit procedures, it appears that:
- The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section **88.20(6)** of the Act his expenses exceeded total expenses subject to the spending limit for Parties and other expressions of appreciation;
 - The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section **88.20(9)** of the Act as the total expenses subject to the spending limit for Parties and other expressions of appreciation has been exceeded; and
 - The Initial and Supplementary Financial Statements of Mr. Karygiannis are in violation of section **88.22(1)(c)** of the Act, which states that campaign funds must be used exclusively for purposes of a Candidates' campaign. As we identified \$43,000 of honoraria that appear to be for the purpose of transitioning from 44 wards to 25 wards post voting day and are unrelated to the Campaign.
 - Per section **88.32(7)** of the Act, which states that "*If the final financial statement indicates that there is any remaining surplus, the candidate...shall pay the remaining surplus to the clerk when the financial statement is filed. 2016, c. 15, s. 62.*" Accordingly, the \$43,000 of honoraria, should it be considered a remaining surplus, should have been provided in the additional surplus to be provided to the clerk.
- 6.3 Based on the information presented to us, we are unable to conclude that Mr. Karygiannis should have included additional amounts as contributions under section **88.15** of the Act.
- 6.4 Furthermore:
- The Financial Statements of Mr. Karygiannis were not in violation of section **88.19(4)(b)** of the Act as the brochure for the BBQ on September 9, 2018 appears to be for fundraising purposes.
 - The Financial Statements of Mr. Karygiannis were not in violation of section **88.20(2)** of the Act as the Candidate did not incur expenses outside his election campaign period.
- 6.5 This Report was prepared for the City of Toronto in relation to election compliance audit applications. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred through its use for a purpose other than described in this paragraph. This report should not be reproduced in whole or in part without our express written permission, other than as required by the City of Toronto in relation to litigation matters.

6.6 We reserve the right, but will be under no obligation, to review and/or revise the contents of this Report in light of information which becomes known to us after the date of this Report.

Yours truly,

MNP LLP



Per: Glenn Fraser, CPA, CA, LPA, MBA
Assurance Services

cc. Corey Anne Bloom, CPA, CA, CA•IFA, CFF, CFE, ACFE Regent Emeritus
Investigative & Forensic Services

APPENDICES

APPENDIX A

CURRICULUM VITAE



Glenn Fraser

CPA, CA, MBA
National Leader Food and Beverage Processing

Contact



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Education

*Bachelor of Business Administration, Accounting,
York University – Schulich School of Business,
1989*

*Masters in Business Administration,
Marketing/Human Resources,
York University, 1993*

Background

Glenn Fraser, CPA, CA, MBA, is the National Leader of MNP's Food and Beverage Processing practice.

An active member in the food and beverage processing industry, Glenn provides value to his clients and to clients of MNP by drawing on 25 years of experience in providing effective business advisory, tax and assurance services to private company entrepreneurs and subsidiaries of international businesses operating in Canada.

Service Line

Glenn holds deep knowledge and experience in market research, demand analysis, financial planning and business modelling. He also helps organizations with other strategic advisory needs.

Industry Experience

Glenn has played an instrumental role in various economic impact assessments, feasibility studies and strategic projects for industry leaders including Food and Beverage Ontario, BC Food Processors Association, Ontario Agri Business Association, Ontario Craft Cider and Ontario Agri-Food Technologies.

Glenn has also published numerous articles in Food in Canada magazine and maintains an influential role in the annual Canadian Food Industry Report.

Glenn currently sits on MNP's Board of Directors where he helps drive the firm's strategy and growing prominence in a vastly competitive field. He also acts as chair and board member of Childhood Cancer Canada.



Brian Cheng, CPA, CA

Engagement Partner	416.515.3833	Brian.Cheng@mnp.ca
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Brian Cheng is a Partner in MNP’s Technology, Media and Telecom team (TMT) and delivers a range of accounting and advisory services to scale-up tech businesses, venture capital funds, private equity firms, and entrepreneurs looking to raise capital and fuel growth for their business.

Brian understands the technology-based markets in which his clients operate, allowing him to develop practical solutions that help entrepreneurs expand in Canada and globally, including access to funding through government programs and venture capital markets. Straightforward and very approachable, he provides clarity and transparency so clients can focus on running and growing their businesses.

Brian is a strong supporter of social enterprises, particularly the growing start-up scene in Canada. He has been an advisor in MaRS’ Social Venture Exchange (SVX) platform, facilitating workshops to incoming cohorts that teaches topics around financial reporting, valuation and raising capital, and government funding.

Brian obtained his Masters of Accounting and Bachelor of Accounting and Financial Management degrees from the University of Waterloo. He earned his Chartered Professional Accountant and Chartered Accountant designations (CPA, CA) in Ontario and is a member of CPA Canada.

**MNP SENRCL, srl/LLP**

Partner, Investigative and Forensic Services, Dispute Resolution and Risk Management

Lead, Eastern Canada

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Corey Anne Bloom has over 20 years of experience focusing mainly in fraud investigations and fraud detection, workplace misconduct investigations, forensic accounting, dispute resolution, shareholders and multiparty disputes including estates, fund tracing, risk management, fraud risk assessment, anti-money laundering, forensic technology, litigation support and auditing. She also provides forensic accounting and anti-fraud training.

Among her various accomplishments, she was an elected Chair of the Board of Regents of the Association of Certified Fraud Examiners (ACFE), which headquartered in Texas, is the largest anti-fraud education organization in the world. Corey Anne holds the distinction of being the only Canadian to ever chair that Board. She also served as a member of the Core Team of the Anti-Fraud Guidance Paper "Managing the Business Risk of Fraud: A Practical Guide", a collaboration between the AICPA, the IIA and the ACFE. She participated as a Subject-matter Presenter on White-collar crime, criminals and recidivism for the Parole Board of Canada at their annual training workshop in 2013.

A leader in her field, Corey Anne brings her clients in-depth expertise gleaned from working on hundreds of engagements in numerous industries, including gaming, lottery, real estate, shipping and transportation, construction, natural resources, education, healthcare, medical, chemical and public companies.

A recipient of the Governor General's Award of Excellence of Canada, Ms. Bloom is a well-respected speaker on white-collar crime, forensic accounting and risk management-related topics and has been invited to speak internationally on several occasions. She has been profiled numerous times in Fraud Magazine.

Ms. Bloom was a member of the Education Committee Board of CPA Canada Alliance for Excellence in Investigative and Forensic Accounting and is now the CPA Canada representative to the AICPA Forensic and Litigation Services (FLS) Committee. She obtained a Graduate Diploma in Investigative and Forensic Accounting with a perfect cumulative GPA from the University of Toronto and has remained active in the program working as a lecturer of the Advanced Investigative Related Matters course and a member of the Evaluation Panel. In 2011, she was named Associate Graduate Faculty Member. Ms. Bloom has taught in the McGill University BCom and MBA programs and co-instructed the Governance and Controls course in the McGill CPA program.

Ms. Bloom holds a Secret Level Security Clearance at the Federal Government. She was appointed to the Departmental Audit and Evaluation Committee of Shared Services Canada by the Treasury Board of Canada. She was also appointed to the Board and is the past Chair of the Audit and Finance Committee, as well as a past member of the Strategic Planning and Communications Committee of Telefilm Canada. Ms. Bloom is bilingual, fluent in written and spoken English and French.

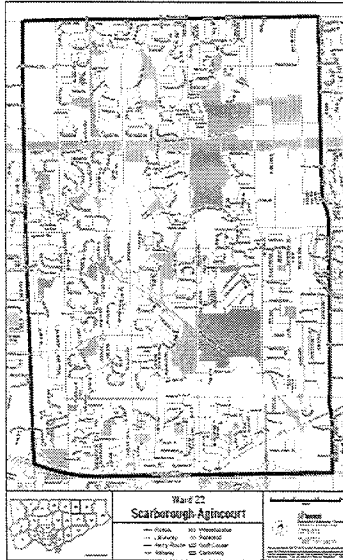
Appendix B – Scope of Review

In addition to the information indicated in our Report, MNP has considered the information below in the preparation of this Report. During this work, MNP also searched the internet for sources available to the public and received information by third party vendors relating to Candidate's expenses.

- 1) Initial Financial Statements filed by Candidate.
- 2) Supplementary Financial Statements filed by Candidate.
- 3) List of Karygiannis contributors from Electronic Financial Filing System.
- 4) Roland Lin's Compliance audit application with support.
- 5) Adam Chaleff's Compliance audit application with support.
- 6) Interviews conducted with the following individuals:
 - a. Margot Doey Vick;
 - b. Gwen Mackay;
 - c. Kevin Haynes;
 - d. Ting Wai Leung;
 - e. Yaraan Hayas;
 - f. Henderson Tse; and
 - g. Jim Karygiannis.
- 7) The following Affidavits:
 - a. Affidavit of Mr. Karygiannis sworn November 12, 2019 with exhibits;
 - b. Affidavit of Mr. Karygiannis, affirmed July 24, 2020;
 - c. Affidavit of Mr. Leung, dated September 24, 2020;
 - d. Affidavit of Ms. MacKay, dated September 29, 2020; and
 - e. Affidavit of Ms. Hayas, dated October 2, 2020.
- 8) Campaign bank statements for Scotiabank account #6316.
- 9) Copies of invoices, receipts, agreements provided by Mr. Karygiannis for expenses incurred during the election campaign.
- 10) Copies of honoraria cheques and acknowledgement letters signed by recipients of honoraria.
- 11) Copy of BBQ event flyer held on September 9, 2018.

- 12) Email from David Ko for Victory Party held at Church.
- 13) Correspondence and communications with the Audit Compliance Committee.
- 14) Correspondence with Michael Binetti, Counsel for Jim Karygiannis.
- 15) Correspondence with Mr. Henderson Tse.
- 16) Publicly available information, including:
 - a. <https://www.ontario.ca/laws/statute/96m32#BK135>
 - b. <http://www.mah.gov.on.ca/AssetFactory.aspx?did=19840>
 - c. http://app.toronto.ca/EFD/jsf/financial-info/financial_info_result.xhtml
 - d. https://www.toronto.ca/wp-content/uploads/2019/03/983a-March4_Info_Session_CampaignFinances_MMAH.pdf
 - e. <https://torontosun.com/news/local-news/levy-councillor-uses-campaign-funds-to-pay-supporters-81k>
 - f. <https://www.cbc.ca/news/canada/toronto/karygiannis-supreme-court-ruling-1.5736901>
 - g. https://www.thestar.com/news/city_hall/2019/05/09/scarborough-councillor-raised-150000-over-spending-limit-in-toronto-election.html
 - h. <https://www.linkedin.com/in/adamkcf/>

APPENDIX C



If you would like to assist in the campaign, you can:

如果您愿意协助竞选活动，您可以：

Make a Donation 捐款

Volunteer 做义工

Take a Sign 取个牌子

You can contact me or my campaign at:

您可以联络我或我的竞选办公室：

jim@jimkarygiannis.net

www.jimkarygiannis.net

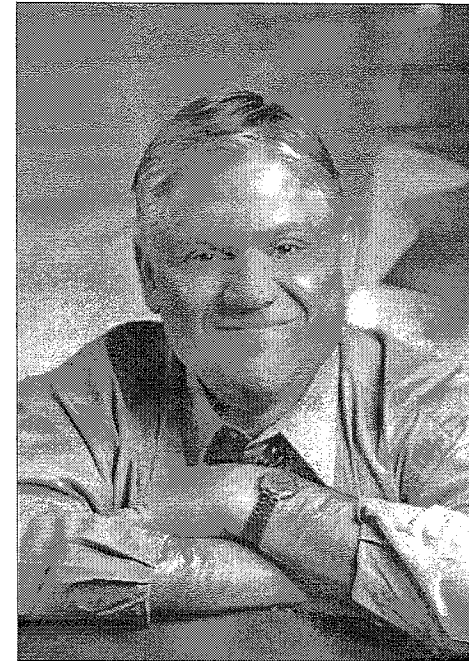
Phone电话: (416)-499-4588

Address地址: 11 Ivy Bush Ave. Unit 5, Scarborough ON M1V 2W7

**My family and I live and work in Scarborough-Agincourt,
we are not just visiting.**

我和我的家人生活并工作在士嘉堡——爱静阁，
我们不只是来参观。

**On October 22, Vote
在10月22日投票**



**Jim Karygiannis,
Councillor Ward 22,
Scarborough-Agincourt**

詹嘉礼

士嘉堡—爱静阁市议员候选人

Special Invitation 特别邀请



Grand Opening of

The Jim Karygiannis Campaign Headquarters

詹嘉礼竞选总部盛大开幕

Where 地点:

11 Ivy Bush + Birchmount Rd.
(One block north of Birchmount Rd. and
McNicol Ave.)

When 时间:

Sunday September 9, 2018
2018年9月9日周日
3:00pm-5:00pm 下午3点到5点

BBQ all welcome

欢迎大家来烧烤

For info 信息: 416-499-4588

*Come and start the
campaign with us.*

请与我们一起开始竞选。



Jim Karygiannis Municipal Ward 22 Toronto Campaign
Tel: (416) 499 4588 Fax: (647) 723 0287
11 Ivy Bush Ave. Unit 5,
Scarborough, ON M1V 2W7 Canada
Email jim@jimkarygiannis.net
website: www.jimkarygiannis.net

Contact Information:

First Name: _____ Last Name: _____

Address: _____ Apt: _____ City: _____

Postal Code: _____ Phone: _____

Email Address: _____

Payment Information:

☐ I am mailing a cheque payable to:

"Jim Karygiannis Campaign"

☐ I am paying with a Credit Card:

Name on Card: _____

Card Number:

Card Expiry: _____ Month _____ Year

Card Type: ☐ VISA ☐  ☐  (Please check one)

Amount: \$ _____

I am a Canadian citizen or permanent resident of Ontario.

I am making this donation with my own personal credit card and not with a corporate or business credit card.

I am at least 18 years of age.

Signature: _____ Date: _____

**If you are using a credit card, you can also fax your information
to our secure fax at (647) 723 0287**

Privacy Statement: The Jim Karygiannis Campaign is committed to ensuring that the information you provide to us remains private and secure.

APPENDIX D



神 召 會 活 石 堂

LIVING STONE ASSEMBLY (P.A.O.C.)

3501 Kennedy Road

Scarborough, Ontario Canada M1V 4Y3

Tel: (416) 561-7039

Tel: (416) 292-8196

Fax: (416) 292-8163

November 30, 2018

RECEIVE:

Honourable Jim Karygiannis Campaign Victory Party \$5,000

Thank you so much!


Rev. David Ko



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Our history gives us a unique perspective. We know Canada because we are a part of Canada. All of our decisions are made here – decisions that drive Canadian business and help us all further achieve success.

And the sense of strong Canadian commitment, being a part of every community we live and work in, and always being there through prosperous and challenging times.

Being 100% Canadian is something we wear proudly because we know the great opportunities that exist here. The opportunities that have been afforded to our firm, the same opportunities that we deliver to our clients.



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