



Compliance Audit Committee Meeting

December 13, 2024

Re: 2023 Mayoral By-Election Compliance Audit of Giorgio Mammoliti

Presentation by:

Delta Consulting Group

- Ken Froese
- Mike McNeill

Prior to Commencing the Compliance Audit

- ▶ Mr. Mammoliti acknowledged campaign expenses exceeded \$10,000.
- ▶ He obtained but did not meet an extended filing deadline.
- ▶ Mr. Kevin Wiener applied for a compliance audit on the basis of:
 - Failure to file an audited Financial Statement where a campaign has spent more than \$10,000.
 - Evidence of significant spending in areas such as robocalls and an expensive campaign launch. Questioned possibility of other campaign finance irregularities.
- ▶ Mr. Mammoliti provided reasons for his failure to file:
 - Lack of campaign funds to retain an auditor.
 - Unable to find an auditor in these circumstances.

Background - Timing

- ▶ **April 3, 2023** - Giorgio Mammoliti filed Nomination Papers in by-election for Mayor of City of Toronto
- ▶ **April 4, 2023** – Campaign opened bank account
- ▶ **June 26, 2023** – Voting Day
- ▶ **August 10, 2023** - deadline for filing Financial Statement of 45 days after voting day
- ▶ **December 10, 2023** – extended deadline after application to Superior Court of Justice. No Financial Statement is filed
- ▶ **February 24, 2024** – Kevin Wiener files application for a compliance audit
- ▶ **March 22, 2024** – Compliance Audit Committee approves the application
- ▶ **April 22, 2024** – Delta Consulting Group appointed as compliance auditor
- ▶ **November 26, 2024** – Compliance Audit Report is issued

Approach to the Compliance Audit

Section 88.33(12) of the Act states that:

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.

- ▶ As no audited Financial Statement was filed, our compliance audit focused on the candidate's duties in relation to:
 1. Recordkeeping in relation to contributions.
 2. Whether the campaign accepted cash from individual contributors that exceeded \$25.
 3. Whether campaign expenses were appropriately supported.
 4. Whether campaign expenses were not paid from or reimbursed by the campaign bank account.
 5. Whether contributions in kind, if any, were appropriately addressed in the campaign records.
 6. Whether Mr. Mammoliti contributed over \$25,000 to his campaign.

Our Findings

Overall Spending Limit:

The Candidate's campaign expenses subject to limitation did not exceed the campaign's authorized limit.

Apparent Contravention – Failure to File an Audited Financial Statement:

As acknowledged before the compliance audit commenced, the Candidate failed to file an audited Financial Statement (or to file an unaudited Financial Statement). Campaign contributions and expenses exceeded \$10,000.

In our opinion, this constitutes an apparent contravention of Section 88.25 of the Act that requires that candidates file an audited Financial Statement where campaign contributions and/or expenses exceed \$10,000.

Our Findings

Apparent Contravention – Expenses Not Paid from Campaign Account:

Mr. Mammoliti's personal Visa account disclosed payment of two campaign expenses that were not reimbursed by the campaign bank account:

- ▶ May 1, 2023 – \$6,200.14 paid to Alpha Entertainment for the sound system, lighting, a video wall, a technician, and related technical support for the April 27, 2023 Grand Luxe event.
- ▶ June 12, 2023 – \$9,040.00 paid to UB Media for a May video ad campaign to run on all screens in elevators in 203 buildings.

Mr. Mammoliti confirmed that these payments, totaling \$15,240.14, were campaign expenses.

As these expenses were not reimbursed to Mr. Mammoliti from the campaign bank account, in our opinion these are apparent contraventions of Section 88.22(1)(d) of the Act, which requires that all expenses be paid from the campaign bank account.

Our Findings

Apparent Contravention – Over Contribution:

Section 88.9.1(1) of the Act provides that the maximum contribution a candidate and his or her spouse may make to their own campaign is the lesser of a calculated amount and \$25,000. In this by-election the maximum contribution allowed was \$25,000.

Mr. Mammoliti contributed \$45,406.43 (\$60,646.57 including the additional expenses paid personally) to his campaign. The records disclose that \$45,500 of the contributions were in the form of bank drafts directly from his line of credit to the campaign account.

The Act states that “*Any unpaid but guaranteed balance in respect of a loan under section 88.17. 2016, c. 15, s. 53 (3)*” is a contribution. As the bank drafts from Mr. Mammoliti’s personal line of credit were his personal financial responsibility, the Act considers the unpaid portion of these loans to be a campaign contribution.

In our opinion Mr. Mammoliti exceeded the contribution limit of \$25,000, an apparent contravention of Section 88.9.1(1) of the Act.

Our Findings

Apparent Contravention – Cash Contribution:

Mr. Mammoliti contributed \$4,900 in cash to his campaign. Section 88.8(8) of the Act states “*a contribution of money that exceeds \$25 shall not be contributed in the form of cash...*”. The Act does not distinguish between contributions of cash from candidates and from third parties.

Accordingly, in our opinion the contribution of \$4,900 (\$4,800 plus \$100) in cash constitutes an apparent contravention of Section 88.8(8) of the Act.

Our Findings

Alternative Apparent Contravention (cont'd):

If the \$4,800 is instead considered a loan, which was repaid from the campaign bank account, this would instead be an apparent contravention of Section 88.17(1) of the Act, which requires any loan to a campaign to be funded directly from a bank or other lending institution.

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Other Observations

Significant Spending:

The applicant submitted evidence of significant spending for robocalls and an expensive campaign launch.

The candidate held a campaign launch / fundraising event on April 27, 2023 at the Grand Luxe. The cost of \$25,100.98 for the Grand Luxe was paid from the campaign bank account.

Robocall costs were paid by the campaign bank account.

We did not identify any apparent contraventions of the Act in relation to these costs.

Other Observations

Disputed Amounts:

The applicant disputed amounts owing to Social Knowhow and negotiated payments for less than invoiced amounts with Dynasty Office Solutions. Based on our review, we concluded that the campaign appropriately retained documents in relation to disputed amounts, in accordance with Section 88.22(1)(i) of the Act.

Possible Contribution in Kind:

A campaign cheque of \$2,260 for one month's rent, under a two month lease, was not cashed by the landlord, an individual, and would be considered a contribution in kind. However, as no Financial Statement was filed it is not known whether this would have been recorded as such.

Other Observations

Cash Contributions Not Exceeding \$25:

The May 24, 2023 deposit of 20 \$50 bills (\$1,000) was from unidentified contributors. Mr. Mammoliti advised that the fundraising event and each office were organized in a manner that provided change to contributors. He also advised that on occasion families donated \$50 as a family.

We have not performed additional audit procedures in relation to these cash contributions and have not formed an opinion on whether this is an apparent contravention of Section 88.8(8) of the Act, which does not permit cash contributions that exceed \$25.

Other Observations

Media and Campaign Fundraising:

Mr. Mammoliti advised that the focus on other candidates in the media and the increasing unlikelihood of being elected resulted in contributions to the campaign drying up and in the campaign being unable to repay him for his loans to the campaign.

Media articles are consistent with this contention.

I CAN'T SEE GEORGIO MAMMOLITI AND ANTHONY PERUZZA STAYING IN THE RACE FOR MAYOR, KAREN STINTZ TELLS FIGHT BACK

Apr 21, 2023

By Jane Brown

Opinion | The race to be Toronto's mayor is finally set: Here are the six leading contenders

Updated July 19, 2023 at 6:48 a.m. | **May 13, 2023** | 6 min read