

From: [Paul-Erik Veel](#)
To: [Compliance Audit Committee](#)
Subject: [External Sender] July 3, 2024 Meeting - Response to Compliance Audit Application for the Election Campaign Finances of Parthi Kandavel
Date: July 2, 2024 3:39:12 PM
Attachments: [image001.png](#)
[2023.07.02 - LTR to Toronto Compliance Audit Committee re Kandavel \(107334831.3\).pdf](#)

Dear Compliance Audit Committee Secretariat,

Please see attached the submissions on behalf of Parthi Kandavel responding to the Compliance Audit Application by Ryo Nishibayashi. I would be grateful if these were provided to the members of the Committee as soon as possible, given that the meeting at which this matter is to be considered is scheduled for 930 am tomorrow.

The brief of supporting documents is too large to deliver by email. Please see the sharefile link where the brief of supporting documents can be downloaded: <https://litigate.sharefile.com/d-s2d598a6ea2f34871afe9cad15e5a359d>

Please let me know if you have any difficulties accessing these materials.

Cheers,

Paul-Erik



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July 2, 2024

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Via Email (complianceaudit@toronto.ca)

Compliance Audit Committee
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100 Queen Street West
Toronto, ON M5H 2N2

Dear Compliance Audit Committee:

RE: Application for a compliance audit of Parthi Kandavel's election campaign finances

I am counsel to Parthi Kandavel in connection with Ryo Nishibayashi's application for a compliance audit of Mr. Kandavel's campaign finances. Mr. Kandavel was the successful candidate in the 2023 Councillor Ward 20 By-Election. These are Mr. Kandavel's submissions in response to Mr. Nishibayashi's application and presentation filed with the Compliance Audit Committee.

As a preliminary matter, I note that the substance of Mr. Nishibayashi's allegations against Mr. Kandavel was contained in a presentation dated June 27, 2024. This was provided to Mr. Kandavel on June 28, 2024, the Friday before the Canada Day long weekend. The Compliance Audit Committee meeting pertaining to this application was scheduled to meet on Wednesday, July 3, 2024, shortly after the long weekend. These responding submissions were therefore prepared in the limited time available over the Canada Day long weekend, and are therefore limited in that respect.

From reviewing Mr. Nishibayashi's presentation dated June 27, 2024, I understand that he raises, in substance, five sets of allegations about Mr. Kandavel's election campaign finances. Following this overview, this letter will first set out the applicable test for ordering a compliance audit. It will then address each of the allegations raised by Mr. Nishibayashi.

Mr. Nishibayashi's application for a compliance audit of Mr. Kandavel's election campaign's finances should be dismissed.

Mr. Kandavel wishes to be fully transparent and entirely cooperative with this Committee's processes. Compliance with the *Municipal Elections Act, 1996* by all candidates is critical for ensuring a democracy where all candidates have a level playing field. Consistent with those values, Mr. Kandavel and his campaign team have always tried in good faith to follow the requirements of the *Municipal Elections Act, 1996*. As required by the Act, Mr. Kandavel filed a completed Financial Statement that disclosed all of his election expenses

and contributions.¹ He opened an election campaign bank account and received contributions in it and paid expenses from it. He maintained and filed the requisite receipts for over 99% of expenses incurred by his election campaign. He has provided below a fulsome and substantiated response to Mr. Nishibayashi's allegations, and he would be happy to provide any additional information that this Committee would find useful.

The allegations that Mr. Nishibayashi raises are largely erroneous. Many of his allegations are based on unfounded speculation with no evidentiary basis. Other allegations are based on a misunderstanding of the proper interpretation of the *Municipal Elections Act, 1996*. There is no reasonable basis to believe that Mr. Kandavel contravened the Act, and no basis to order a compliance audit.

Moreover, a compliance audit would serve no purpose. While Mr. Kandavel acknowledges that he is missing receipts for a limited number of expenses that his election campaign incurred (all pertaining to food purchased for campaign staff), no purpose would be served by an audit. The expenses for which receipts are missing total just \$500.69, or approximately 0.7% of Mr. Kandavel's total campaign expenses subject to limit. Mr. Kandavel has receipts for more than 99% of the expenses he incurred. The expenses for which a receipt has been lost are trivial in relation to Mr. Kandavel's overall campaign expenditures. It cannot be the case that a compliance audit should be triggered simply as a result of a handful of missing receipts for small amounts: some missing receipts are an inevitable feature of virtually every election campaign. In any event, all of these expenses were paid from Mr. Kandavel's election campaign account, so there remains transparency and verifiability of all expenses incurred.

Consequently, no compliance audit should be ordered.

The Standard for Ordering a Compliance Audit

Section 88.33 of the *Municipal Elections Act, 1996* provides for electors with the right to bring any application of a candidate's election campaign finances:

88.33 (1) An elector who is entitled to vote in an election and believes on reasonable grounds that a candidate has contravened a provision of this Act relating to election campaign finances may apply for a compliance audit of the candidate's election campaign finances, even if the candidate has not filed a financial statement under section 88.25.²

There are two elements that the Committee must consider in deciding whether to order a compliance audit.

¹ Parthi Kandavel Financial Statement and Auditor's Report, Tab 1.

² *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.33, Tab 2.

First, the Committee must conclude that there are reasonable grounds to believe that the candidate has contravened a provision of the *Municipal Elections Act, 1996* pertaining to election campaign finances. The standard for what constitutes “reasonable grounds” for a compliance audit has been repeatedly described as follows:

Judicially interpreted, the standard is one of credibly based probability...

Mere suspicion, conjecture, hypothesis or "fishing expeditions" fall short of the minimally acceptable standard from both a common law and constitutional perspective. On the other hand, in addressing the requisite degree of certitude, it must be recognized that reasonable grounds is not to be equated with proof beyond a reasonable doubt or a prima facie case.... The appropriate standard of reasonable or credibly-based probability envisions a practical, non-technical and common-sense probability as to the existence of the facts and inferences asserted.

Not only must the [appellant] subjectively or personally believe in the accuracy and credibility of the grounds of belief, but... [the standard] also requires that the [appellant] establish that, objectively, reasonable grounds in fact exist. In other words, would a reasonable person, standing in the shoes of the [appellant], have believed that the facts probably existed as asserted and have drawn the inferences therefrom submitted by the [appellant].³

Second, even if there are reasonable grounds to believe that there has been a contravention of the Act, the Committee retains the discretion to decide if an audit is warranted. As the Superior Court of Justice held in *Lancaster v Compliance Audit Committee et al*, the fact of a contravention does not necessarily imply that an audit should be ordered, as there may be no purpose to conducting an audit:⁴

[110] The Committee was not bound to appoint an auditor in the face of a breach or contravention of the Act. The Committee was entitled to look at all of the circumstances to determine whether an audit was necessary. The uncontradicted (but untested) information received by the Committee was that the omissions in the Form 4s were unintentional.

[111] There was not a flicker of further information to be obtained from an audit. To have directed an audit, would have amounted to

³ *R v Sanchez et al* (1994), 20 O.R. (3d) 357 (Ont. Ct. (Gen. Div.)) at paras 30-32, as quoted in *Fuhr v Perth South (Township)*, 2011 ONCJ 413 at para 22, Tab 3.

⁴ *Lancaster v Compliance Audit Committee et al*, 2013 ONSC 7631 at paras 110-111, Tab 4.

a speculative expedition and ended up revealing what already was known.

Consistent with those principles, this Compliance Audit Committee has only rarely ordered compliance audits in recent election cycles. While a number of applications for compliance audits were filed in connection with the 2022 municipal election in Toronto, the vast majority of those applications were rejected.⁵ The only applications that were allowed were applications in respect of Lorenzo Berardinetti and Antonios Mantas, each of whom had entirely failed to file a financial statement.⁶ Similarly, this Committee ordered a compliance audit in connection with Giorgio Mammoliti's campaign for Mayor in 2023 because Mr. Mammoliti had entirely failed to file a financial statement.⁷ These decisions demonstrate that compliance audits should generally only be ordered for serious non-disclosures that impede transparency, and not for more minor alleged breaches of the Act.

Allegation 1: Canada Post Discount

Mr. Nishibayashi's first allegation is that Mr. Kandavel received a discount from Canada Post for the cost of mailing campaign literature. Mr. Nishibayashi appears to claim that this discount should have been included as an expense subject to Mr. Kandavel's general spending limit.

This is incorrect. Mr. Kandavel paid the prevailing market rate charged by Canada Post to all candidates for mailing campaign literature. There was no contribution or expense.

Under section 88.15(3) of the *Municipal Elections Act, 1996*, a contribution includes a good or service provided at a discount provided relative to its market value: "If goods and services used in the person's election campaign or in relation to third party advertisements are purchased for less than their market value, the difference between the market value and the amount paid."⁸ As set out in section 88.19(3), expenses in turn include "[t]he value of contributions of goods and services."⁹ As such, the amount of a discount below market value for the purchase of goods or services is both a contribution and an expense under the Act.

Canada Post provides a discounted rate for mailing election campaign materials to all individuals running for office in municipal elections. Any candidate running in the Ward 20 by-election was able to access those same mailing rates with Canada Post. As such, the market value for mailing election campaign material was the discounted price that Mr. Kandavel (and all other candidates) paid. Mr. Kandavel did not pay less for mailing than

⁵ <https://secure.toronto.ca/council/report.do?meeting=2023.EA2&type=decisions;>
<https://secure.toronto.ca/council/report.do?meeting=2023.EA4&type=decisions;>
[https://secure.toronto.ca/council/report.do?meeting=2023.EA4&type=decisions.](https://secure.toronto.ca/council/report.do?meeting=2023.EA4&type=decisions;)

⁶ [https://secure.toronto.ca/council/report.do?meeting=2023.EA3&type=decisions.](https://secure.toronto.ca/council/report.do?meeting=2023.EA3&type=decisions;)

⁷ [https://secure.toronto.ca/council/report.do?meeting=2024.EA8&type=decisions.](https://secure.toronto.ca/council/report.do?meeting=2024.EA8&type=decisions;)

⁸ *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.15(3), Tab 2.

⁹ *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.19(3), Tab 2.

the market value of the service. This, in turn, means that such discount is neither a contribution to Mr. Kandavel's campaign nor an expense.

Importantly, if Mr. Nishibayashi's position were correct and Canada Post discounts provided equally to all municipal election candidates were considered a contribution and expense under the *Municipal Elections Act, 1996*, then every candidate for municipal office who availed themselves of Canada Post's special election rate would be in contravention of the *Municipal Elections Act, 1996*. This is because corporations are not permitted to make contributions to candidates for election to municipal office.¹⁰ If Mr. Nishibayashi were correct, the provision by Canada Post of a special rate for mailing election campaign literature available for all candidates would be a contribution from a corporation and thereby a contravention of the Act by both the candidate and Canada Post. Put differently, Mr. Nishibayashi's position would mean that a multitude of municipal election candidates (likely including the majority of members of Council, who undoubtedly mailed out election campaign material) as well as a Crown corporation are in contravention of the *Municipal Elections Act, 1996*. This cannot possibly be correct.

Rather, the obvious conclusion is that the price that Mr. Kandavel paid was market value, and the rate provided to all candidates was neither a contribution nor expense.

Consequently, there is no reasonable basis to believe that there was any contravention of the *Municipal Election Act, 1996* in relation to this issue.

Allegation 2: Office and Wine Academy Fundraisers

Mr. Nishibayashi's second allegation is that Mr. Kandavel held two campaign events that were improperly classified as fundraising events. Mr. Nishibayashi claims that expenditures associated with these events should have been included in Mr. Kandavel's general campaign expenses subject to the applicable limit.

Mr. Nishibayashi's allegations in respect of this issue are incorrect. Both of the events were appropriately fundraising functions under the Act. In any event, even if Mr. Nishibayashi's allegation were correct,

Pursuant to section 88.19(3) of the Act, the "cost of holding fundraising functions" constitutes an expense under the Act.¹¹ However, under section 88.20(8), fundraising expenses are not subject to the maximum expense limit set out in section 88.20(6) of the Act.¹² Consequently, while the cost of holding fundraising functions must be accounted for as part of a candidate's campaign expenses, they are not subject to the general spending limit.

¹⁰ Under section 88.8(3) of the *Municipal Elections Act, 1996*, only an individual who is normally resident in Ontario, as well as the candidate and his or her spouse are permitted to make contributions to a municipal election campaign in Ontario. *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.8(3), Tab 2.

¹¹ *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.19(3), Tab 2.

¹² *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.20(8), Tab 2.

Section 88.19(4) provides limitations on what is properly a cost of holding a fundraising function:

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

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

(b) promotional materials in which the soliciting of contributions is incidental.¹³

As such, a campaign event at which the soliciting of contributions is merely incidental will not count as a fund-raising function.

Mr. Nishibayashi raises concerns about two events that he says were improperly classified as fundraisers: a Wine Academy Fundraiser, and Mr. Kandavel's Campaign Office Launch and Fundraiser.

There can be no doubt that the Wine Academy Fundraiser was exclusively a fundraiser. As set out in the attached email at Tab 5, the Wine Academy event was expressly described as a fundraiser. It was not a general campaign event, and it had only limited attendance from individuals from whom Mr. Kandavel was seeking to raise funds. Mr. Kandavel's campaign did ultimately raise significant funds from that fundraiser, with attendees ultimately donating approximately \$7,000 (either that night or subsequently).

With respect to Mr. Kandavel's Campaign Office Launch and Fundraiser, Mr. Kandavel intended that the primary purpose of that event was to serve as a fundraiser. As set out in the email at Tab 6, Mr. Kandavel was soliciting donations in connection with that event. Moreover, Mr. Kandavel did in fact raise significant funds from that event. All of the donations made to Mr. Kandavel's campaign on October 29, 2023, totalling over \$5,000, were made in connection with that event. Mr. Kandavel's campaign raised more money on that day than it did on any other single day of the campaign.

While Mr. Kandavel intended the Campaign Office Launch and Fundraiser to be a fundraiser and he did in fact raise substantial funds from it, Mr. Kandavel acknowledges that the Campaign Office Launch and Fundraiser was not exclusively a fundraiser in the way that the Wine Academy Fundraiser was. He acknowledges that it would have been preferable to either make clearer that the event was a fundraiser or to include expenses from that event within expenses subject to that general limit, in order to avoid the present dispute. However, the fundraising purpose of the Campaign Office Launch and Fundraiser was far more than an incidental purpose for the event: it was a central purpose of the event. Consequently, it falls within the definition of a fund-raising function under the Act.

¹³ *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, s 88.19(4), Tab 2.

Mr. Nishibayashi suggests that neither the Wine Academy Event nor the Office Opening and Fundraiser were truly campaign fundraisers, because Mr. Kandavel did not report raising revenue from those events. Mr. Nishibayashi points Schedule 2 of Mr. Kandavel's Financial Statement, which reports no revenue raised from those events, as set out below:¹⁴

Description of fundraising event/activity	Office Opening and Fundraiser		
Date of event/activity (yyyy/mm/dd)	2023/10/29		
Part I – Ticket Revenue			
Admission charge (per person) (If there are a range of ticket prices, attach complete breakdown of all ticket sales)		\$0.00	2A
Number of tickets sold	x	0	2B
Total Part I (2A x 2B) (include in Part 1 of Schedule 1)	=	\$0.00	
Part II – Other revenue deemed a contribution			
Provide details (e.g., revenue from goods sold in excess of fair market value)		\$0.00	
	+	\$0.00	
	+	\$0.00	
Total Part II (include in Part 1 of Schedule 1)	=	\$0.00	
Part III – Other revenue not deemed a contribution			
Provide details (e.g., contributions of \$25 or less; goods or services sold for \$25 or less)		\$0.00	
	+	\$0.00	
	+	\$0.00	
Total Part III (include under Income in Box C)	=	\$0.00	
Part IV – Expenses related to fundraising event or activity			
Provide details			
Food and Beverages	+	\$133.40	
	+	\$0.00	
	+	\$0.00	
Total Part IV Expenses (include under Expenses in Box C)	=	\$133.40	

Mr. Nishibayashi's interpretation of Mr. Kandavel's Financial Statement is incorrect. Indeed, as disclosed in the contribution section in Part III of Schedule 1 of Mr. Kandavel's Financial Statement, Mr. Kandavel raised significant funds from both of those events.

In completing Schedule 2 of the Financial Statement, the understanding of Mr. Kandavel and his campaign team was that certain categories of revenue had to be disclosed in Schedule 2, such as ticket revenue, other revenue deemed a contribution (such as revenue from goods sold in excess of fair market value), and other revenue not deemed a contribution (such as contributions of \$25 or less). As set out in Schedule 2 of his Financial

¹⁴ Parthi Kandavel Financial Statement and Auditor's Report, Tab 1.

Statement, Mr. Kandavel did not raise any revenue of those types at either the Wine Academy Fundraiser or the Office Opening and Fundraiser.

By contrast, Mr. Kandavel understood that contributions in form of donations in excess of \$100 were not supposed to be included in Schedule 2, and were instead to be itemized in Part III of Schedule 1. Nowhere did Form 2 indicate that contributions exceeding \$100 had to be specifically itemized on Form 2, nor did any of the fields in Form 2 indicate that they should be reflected in Part III of Schedule 1. As noted above, individual contributions in excess of \$100 had to be specifically itemized in Part III of Schedule 1, and Mr. Kandavel included all contributions exceeding \$100 per contributor in that table, including contributions exceeding \$100 per contributor that were made in connection with a fundraising event. However, because Schedule 2 did not specifically state that those contributions should also be listed on Schedule 2, Mr. Kandavel did not also list contributions over \$100 on Schedule 2. None of that changes the reality that Mr. Kandavel did in fact raise significant funds from both the Wine Academy Fundraiser and the Office Opening and Fundraiser and that both were fundraising functions within the meaning of the Act.

Finally, even if Mr. Nishibayashi's allegations were correct, there would no purpose of ordering a compliance audit in relation to this issue. The amounts at issue in connection with both events were minor and would have no impact on Mr. Kandavel's election campaign finances as a whole. The expenses associated with the Campaign Office Launch and Fundraiser were just \$133.40. The expenses associated with the Wine Academy Fundraiser were \$1,546.74.

Even if Mr. Nishibayashi were correct and both of these events were recategorized to not be "fund-raising functions" under the Act, Mr. Kandavel would still have been well below the general spending limit. Mr. Kandavel was subject to a general spending limit of \$71,583.05 and reported expenses incurred subject that limit of \$67,044.08, leaving him with an additional spending limit of \$4,538.97. Even if both the events of which Mr. Nishibayashi complains were recategorized as subject to that general spending limit, Mr. Kandavel's election campaign expenses would still be under his limit by \$2,858.83. As such, there would be nothing to be gained from a compliance audit in relation to this issue.

Allegation 3: Wine Academy Fundraiser Contribution

Mr. Nishibayashi alleges that Mr. Kandavel received discounts in the course of the Wine Academy Fundraiser that should have been recorded as a contribution and expense in his Financial Statement. I understand that Mr. Nishibayashi's allegation refers to two line items on the Wine Academy invoice:

- "Wine Pour Fee \$10.00/guest (discounted by the Management, originally @\$15.00/guest)", representing a discount of \$100 off of the rack rate charged by the Wine Academy
- "Extra Wait Staff - @\$120.00/4 hour period min (waived by the Management), representing a discount of \$480 off the rack rate charged by the Wine Academy

Mr. Nishibayashi's allegation is incorrect. There is no reasonable basis for any suggestion that Mr. Kandavel's campaign paid less than market value for the use of the Wine Academy venue.

Like most venues, the Wine Academy has standard rates that it charges by default. However, those rates are always subject to negotiation, and it is common for venues to reduce their charges following such negotiation, depending on the circumstances. That is precisely what happened here. For example, while the Wine Academy has a standard charge of \$120/hour for a four hour minimum for wait staff, the Wine Academy readily agreed to eliminate this fee. Mr. Kandavel's campaign fundraiser was not the only event using the Wine Academy on that date and food was not brought to the table by wait staff. Consequently, given the reduced use of wait staff for Mr. Kandavel's campaign fundraiser, the Wine Academy waived this fee. This is the typical negotiation for the use of an event venue that anyone booking the venue might engage in and the typical discount they might receive.

As noted above, under section 88.15(3), a contribution includes a good or service provided at a discount provided relative to market value.¹⁵ As such, as long as market value is paid, there is no contribution.

The discounts provided in this case by the Wine Academy, totalling \$580 in the aggregate, are discounts that would have been available to others negotiating with an event venue such as the Wine Academy for an event in similar circumstances. There is no evidence that Mr. Kandavel paid anything other than market value for the Wine Academy event or that the discounts provided by the Wine Academy were below the market value of such discounts provided.

As such, there is no contribution or expense. There is no reasonable basis to believe that there was any contravention of the *Municipal Election Act, 1996* in relation to this issue.

In any event, even if Mr. Nishibayashi's allegations were correct, it would be a simply accounting error and would have not impact on the substantive fairness of the election. As noted above, the Wine Academy Fundraiser was a fund-raising event, and expenses associated with this event are not subject to the expense limit. Moreover, even if the Wine Academy Fundraiser were not a fund-raising event (as Mr. Nishibayashi alleges), and even if the full amount of the Wine Academy Fundraiser including these discounts were included as expenses, Mr. Kandavel would still be under his expense limit by \$2,278.83. Consequently, while Mr. Nishibayashi's allegations are incorrect, even if they were correct, there would be no purpose to a compliance audit.

¹⁵ *Municipal Elections Act, 1996*, SO 1996, c 32, Sched, Tab 2.

Allegation 4: Missing Receipts

Ms. Nishibayashi claims that Mr. Kandavel's campaign was missing invoices for over \$8,000 in expenses. This is inaccurate.

Mr. Kandavel's campaign maintained invoices for the overwhelming majority of campaign of campaign expenses and provided them to the City of Toronto as required: a full set of those invoices is attached at Tab 7. As is evident, that full set of invoices contains invoices beyond those included by Mr. Nishibayashi in his presentation. Mr. Nishibayashi simply failed to take into account all of Mr. Kandavel's campaign invoices that were available.

As is common in election campaigns, there were a handful of invoices that were unfortunately lost during the course of the campaign and could not be submitted. The lost receipts were in respect of the following purchases:¹⁶

Expense Description	Expense Amount	Expense Date
Sisaket Thai	\$41.52	October 26, 2023
Enrico's Pizza	\$20.50	October 27, 2023
Enrico's Pizza	\$24.85	October 30, 2023
Enrico's Pizza	\$40.00	November 1, 2023
Enrico's Pizza	\$20.32	November 2, 2023
Busters	\$141.74	November 10, 2023
Sisaket Thai	\$48.78	November 15, 2023
Tim Horton's	\$25.18	November 17, 2023
Enrico's Pizza	\$72.30	November 20, 2023
Enrico's Pizza	\$24.85	November 21, 2023
Enrico's Pizza	\$40.65	November 22, 2023
Total:	\$500.69	

¹⁶ In addition to those expenses for which receipts were obtained but lost, there were handful of expenses for which no receipt was ever provided, such as e-transfer fees. E-transfer fees total just \$45 and are reflected on Mr. Kandavel's campaign bank account statements.

The loss of a handful of small receipts is common during election campaigns. Election campaigns are typically busy and intense operations, and they are generally staffed overwhelmingly by volunteers. While Mr. Kandavel and his campaign manager stressed the importance of importance record keeping, some receipts were lost in the hustle of the busy campaign office.

These receipts ultimately make up a tiny percentage of Mr. Kandavel's overall campaign expenses. The lost receipts are receipts representing just 0.7% of Mr. Kandavel's overall campaign expenses subject to the expense limit of \$67,044.08. By contrast, Mr. Kandavel maintained and provided receipts for over 99% of the expenses incurred by his campaign.

Mr. Kandavel was transparent and open that these receipts had been lost. When Mr. Kandavel's Financial Statement and supporting documentation were filed with the City, Mr. Kandavel specifically told City staff that certain receipts had been lost and were not available to be filed. City staff acknowledged this and advised that they did not anticipate this being a problem.

Finally, although a handful of receipts were lost, the loss of those receipts did not result in any lack of transparency around these issues. All of those receipts were for expenses that were paid from Mr. Kandavel's election campaign account. The entity from whom the purchase was made, the date of the purchase, and the amount of the purchase are all listed on Mr. Kandavel's election campaign account statements. As such, although the receipts for this handful of purchases were lost, there remains transparency and verifiability of all expenses incurred. A compliance audit would serve no purpose in relation to this issue.

Allegation 5: Additional Campaign Literature

Mr. Nishibayashi claims that Mr. Kandavel failed to account for "additional unattributed literature and distribution". In particular, Mr. Nishibayashi implies that Mr. Kandavel was responsible for unattributed flyers targeting two other candidates, Suman Roy and Kevin Rupasinghe. Mr. Nishibayashi does not provide any basis at all to suggest that Mr. Kandavel's campaign was responsible for those flyers, noting only that they had "indicia of professional preparation" by someone.

Mr. Nishibayashi's unfounded speculation are simple false. Neither Mr. Kandavel nor his campaign had anything to do with the literature that Mr. Nishibayashi refers to. Unfortunately, it is also too common for candidates to be attacked by anonymous literature prepared by third-parties. Mr. Kandavel was himself subject to these kinds of attacks during the campaign: see the attached material at Tab 8.

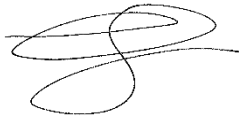
Mr. Kandavel does not know who prepared the unattributed flyers that Mr. Nishibayashi refers to, but he can unequivocally and categorically state that he and his campaign had no role in preparing them.

There is no reasonable basis to believe that there was any contravention of the *Municipal Election Act, 1996* in relation to this issue.

Conclusion

For the reasons set out above, no compliance audit of Mr. Kandavel's election campaign finances is warranted. Mr. Kandavel would be pleased to provide any additional information that you require.

Yours truly,

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a loop.

Paul-Erik Veel