

## **Melinda Katz, Comptroller (2009)**

### **1. Accepting corporate contributions \$250**

Candidates participating in the Program may not accept, either directly or indirectly, a campaign contribution, loan, guarantee or other security for such loan, from any corporation. *See* Admin. Code § 3-703(1)(l) and Board Rule 1-04(e). Campaigns must promptly return prohibited contributions. *See* Board Rule 1-04(c)(1).

The Campaign accepted a \$500 contribution from Jay M. Schippers Realty on August 29, 2006 and a \$180 contribution from Narita, Inc. on October 23, 2007. Both contributions were refunded promptly.

The Board assessed a penalty of \$250 for these violations.

### **2. Accepting contributions from unregistered political committees \$1,250**

Campaigns may not accept a contribution from a political committee unless the political committee is registered with the CFB or registers within ten days of receipt of the contribution. *See* Admin. Code §§ 3-703(1)(k), 3-707; Board Rule 1-04(d). Campaigns must promptly return prohibited contributions. *See* Board Rule 1-04(c)(1).

The Campaign accepted a \$4,950 contribution from NJ State Laborers PAC on September 11, 2009; a \$1,500 contribution from the Assigned Counsel Organization of Queens Family Court on October 29, 2006; a \$250 contribution from District Ten I.A.T.S.E. on January 7, 2007; a \$500 contribution from Highway Road and Street Construction Laborers Local 1010 on July 11, 2009; and a \$1,000 contribution from the Lieutenants Benevolent Association of the NYPD on August 29, 2006. None of these political committees was properly registered with the CFB. The Campaign refunded each of these contributions after the deadline set by the CFB.

The Board assessed a penalty of \$1,250 for these violations.

### **3. Using an entity other than the principal committee in furtherance of an election \$3,846**

A participating candidate may use only her principal committee in connection with an election campaign. *See* Admin. Code §§ 3-702(2), 3-703(1)(e). The Act enumerates that contributions to charitable organizations, contributions to candidates and political committees, and expenditures for community events are “expenditures . . . in furtherance of a political campaign for elective office.” *See* Admin. Code § 3-702(21)(a).

New York State Board of Elections filings demonstrate that the Candidate’s 2005 campaign committee, New Yorkers for Katz, made expenditures totaling \$38,466.16 in furtherance of the candidate’s 2009 election campaign.

The Board assessed a penalty of \$3,846 for this violation.

**4. Failing to provide signed intermediary affirmation statements \$1,450**

An intermediary is an individual or entity who solicits or delivers contributions to a campaign. *See* Admin. Code § 3-702(12). Campaigns are required to report intermediaries and to provide a signed statement from the intermediary containing the intermediary's name, residential address, employer and business address, names of the contributors, the amounts of the contributors, and an affirmation that contributors were not reimbursed for their contributions and that none of the contributions was a loan. *See* Admin. Code § 3-703(1)(d), (g), (6); Board Rules 3-03(c)(7), 4-01(b)(5).

The Campaign reported 29 intermediaries for whom intermediary statements were not submitted or were incomplete.

The Board assessed a penalty of \$1,450 for this violation.

**5. Failing to comply with subcontractor reporting requirements \$100**

Campaigns are required to report the use of subcontractors by vendors who receive payments of more than \$5,000 for goods or services. A committee that pays a vendor more than \$5,000 must inquire of the vendor whether it used a subcontractor for any part of the delivered goods or services. *See* Admin. Code §§ 3-703(1)(d), (g), (6); Board Rules 3-03(e)(3), 4-01(h).

The Campaign failed to provide information regarding the use of subcontractors from VShift, to which it paid \$34,849.

The Board assessed a \$100 penalty for this violation.

**6. Accepting over-the-limit contributions \$1,000**

Candidates for comptroller in the 2009 elections were not permitted to accept contributions that aggregate in excess of \$4,950 from a "single source." *See* Admin. Code §§ 3-702(8), 3-703(1)(f); Board Rule 1-04(h). Campaigns must promptly return prohibited contributions. *See* Board Rule 1-04(c)(1).

The Campaign accepted contributions that exceeded \$4,950, in the aggregate, from six separate single sources. The Committee did not promptly return four of the contributions and promptly returned two of the contributions.

The Board assessed a penalty of \$1,000 for these violations.

**7. Failing to demonstrate that spending was in furtherance of the campaign \$69**

Campaigns may only spend campaign funds for items that further the candidate's election. Expenditures for purposes other than the candidate's election are considered "non-campaign related." The Act enumerates types of expenditures that are presumed to be campaign related and non-campaign related. *See* Admin. Code § 3-702(21). In determining whether an expenditure is in furtherance of a campaign, the Board considers, among other things, the timing of the expenditure, its purpose, and its cost. *Id.*; *see also* Advisory Opinion No. 2007-3 (March 7, 2007).

The Committee failed to provide detailed explanations and documentation demonstrating that Campaign spending totaling \$691.13 was in furtherance of the Campaign.

The Board assessed a penalty of \$69 for this violation.

**8. Failing to respond to questions regarding fundraising events \$250**

Upon request by the Board, campaigns are required to provide documentation to verify transactions reported in their disclosure statements. *See* Admin. Code § 3-703(1)(d), (g); Board Rule 4-01.

CFB staff's Post-Election Documentation Request and the Draft Audit Report instructed the Committee to provide a list of its fundraising events, but the Committee failed to do so.

The Board assessed a penalty of \$250 for this violation.

**9. Failing to respond to questions regarding intermediaries \$100**

Campaigns are required to report intermediaries and to provide a signed statement from the intermediary containing the intermediary's name, residential address, employer and business address, names of the contributors, the amounts of the contributors, and an affirmation that contributors were not reimbursed for their contributions and that none of the contributions was a loan. *See* Admin. Code § 3-703(1)(d), (g), (6); Board Rules 3-03(c)(7), 4-01(b)(5).

The Campaign provided an unsigned intermediary statement for Gary Burnett. However, the transactions on the intermediary statement were reported as being intermediated by Lela Goren, for whom an intermediary statement was not provided.

The Board assessed a penalty of \$100 for this violation.

**10. Failing to document a joint expenditure \$50**

Campaigns are permitted to engage in joint campaign activities, provided that the benefit each candidate derives from the joint activity is proportional to the amount each candidate pays. *See* Admin. Code § 3-715; Board Rule 1-08(h). Upon the Board's request, a campaign is required to provide copies of checks, bills, or other documentation to verify contributions, expenditures or other transactions. *See* Admin. Code §§ 3-703(1)(d), (g); Board Rule 4-01.

The Campaign provided an invoice for literature from Metro Strategies, LLC that indicates that 20,000 pieces of joint literature were purchased, and that the Campaign was responsible for paying 33 percent of the total cost. CFB staff requested that the Campaign provide further information. However, the Campaign's response lacked an invoice detailing the overall cost of the joint expenditure, information regarding which other campaigns shared in the joint expenditure, or an allocation methodology.

The Board assessed a penalty of \$50 for this violation.