



New York City Campaign Finance Board

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February 20, 2014

Ethel Chen
Friends of James Wu



Dear Ms. Chen:

Please find attached the New York City Campaign Finance Board’s (the “CFB” or “Board”) Final Audit Report for the 2009 campaign of James M. Wu (the “Campaign”). The report is based on a comprehensive review of the Campaign’s financial disclosure statements and submitted documentation, and incorporates the Board’s final determination of **December 12, 2013** (attached). As detailed in the report, the Campaign failed to demonstrate compliance with the Campaign Finance Act (the “Act”) and the Rules of the Board (the “Rules”).

As detailed in the attached Final Board Determination, the Campaign must repay the following:

Public Funds Repayment (Final Bank Balance)	\$34.84
Penalties Assessed	<u>\$17,792.00</u>
Total Owed	<u>\$17,826.84</u>

The full amount owed must be paid no later than **March 24, 2014**. Please send a check in the amount of **\$17,826.84**, payable to the "New York City Election Campaign Finance Fund," to: New York City Campaign Finance Board, Church Street Station, P.O. Box 7199, New York, NY 10008-7199.

If the CFB is not in receipt of the full amount owed by **March 24, 2014**, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB also may initiate a civil action to compel payment. In addition, any principal committee of the Candidate will not be eligible to receive public funds for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

If you believe you are eligible to submit a Rule 5-02(a) petition regarding your public funds determination, please call the Legal Unit at 212-306-7100.

The January 15, 2010 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2009 elections. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the Board of Elections for information concerning their separate filing requirements.

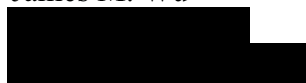
The CFB thanks you for your cooperation during the 2009 election cycle. Should you have any questions about the enclosed report, please contact the Audit Unit at 212-306-5250 or AuditMail@nyccfb.info.

Sincerely,



Jonnathon Kline, CFE
Director of Auditing and Accounting
signature on original

c: James M. Wu



Friends of James Wu



Attachments

**CAMPAIGN FINANCE BOARD
FINAL AUDIT REPORT OF
FRIENDS OF JAMES WU**

BACKGROUND

Among the purposes of the Act are to diminish the role and influence of private money in New York City elections, to increase the information available to the public about elections and candidates' campaign finances, and to reduce the potential for actual or perceived corruption. The CFB is a nonpartisan, independent city agency that serves the public interest by enhancing the role of New York City residents in the electoral process. All candidates for the five covered offices - mayor, public advocate, comptroller, borough president, and City Council member - are required to disclose all campaign activity to the CFB.

All candidates must adhere to strict contribution limits and the ban on contributions from corporations, and beginning January 1, 2008, partnerships and limited liability entities. Additionally, participating candidates are prohibited from accepting contributions from unregistered political committees. The CFB also administers the voluntary Campaign Finance Program (the "Program"). Candidates who voluntarily participate in the Program can qualify to have private contributions matched with public money in exchange for agreeing to strict spending limits.

CAMPAIGN INFORMATION

The table below provides detailed information about the Campaign:

Name: James M. Wu	ID: 1295
Office Sought: City Council	District: 20
Classification: Participant	Certification Date: June 10, 2009
Committee Name: Friends of James Wu	Ballot Status: Primary
Other Committees: No	Primary Election Date: September 15, 2009
	Party: Democratic
<u>Public Funds:</u>	<u>Contribution Limit:</u>
Received: \$101,966	\$2,750
Returned: \$0	
<u>7.14 to 1 Matching</u>	<u>Expenditure Limit:</u>
Primary: Yes	2006-2008: \$43,000
	2009 Primary: \$241,500

OBJECTIVES

The overall objective of the CFB's audit was to determine whether the Campaign complied with the Act and Rules. Specifically, CFB staff evaluated whether (1) the Campaign accurately reported financial transactions and maintained adequate books and records; (2) the Campaign adhered to contribution limits and prohibitions; (3) the Campaign disbursed funds in accordance with the Act and Rules and complied with the expenditure limits; and (4) the correct amount of public funds was received, any additional funds are due, or any return of public funds is required in accordance with the Act and Rules.

SCOPE AND METHODOLOGY

Prior to the election, CFB staff performed an initial review of the Campaign's reporting and documentation of contributions for public funds eligibility and compliance with the Act and Rules. After the election, CFB staff performed an audit of financial disclosure statements six through sixteen (see Appendix #1), covering the period from November 18, 2008 through January 11, 2010. The audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of records and other auditing procedures as necessary. This audit was performed in accordance with the audit responsibilities of the CFB as set forth in Administrative Code §3-710.

CFB staff examined the bank statements submitted by the Campaign from November 17, 2008 through October 31, 2013 and reconciled transactions to the Campaign's disclosure statements during this period to verify that all financial transactions were accurately reported and documented.

CFB staff conducted a comprehensive review of all financial transactions reported in the Campaign's disclosure statements to determine whether contribution limits and prohibitions were adhered to. Additionally, CFB staff reviewed the Campaign's reported expenditures to ensure that the Campaign disbursed funds in accordance with the Act and Rules and complied with the expenditure limits.

CFB staff reviewed the Campaign's eligibility for public matching funds, all matchable contribution claims by the Campaign for compliance with the Act and Rules, and the Campaign's disbursements of public funds. The review was done to ensure that the correct amount of public funds was received by the Campaign, and to determine whether any additional public funds are due or whether any return of public funds by the Campaign is necessary.

On March 4, 2011, CFB staff issued a Draft Audit Report ("DAR") to the Campaign that contained preliminary findings of non-compliance with the Act and Rules and recommended corrective actions. The Campaign subsequently responded to the Draft Audit Report.

Based on CFB staff recommendations and the Campaign's responses, the Board issued this Final Audit Report.

CONCLUSION

The Campaign failed to demonstrate compliance with the Campaign Finance Act and the Rules of the Board as detailed below:

Summary of Findings

Disclosure Findings - Accurate public disclosure is an important part of the CFB's mission. Findings in this section relate to the Campaign's apparent failure to completely and timely disclose the Campaign's financial activity.

- The Campaign did not disclose all of its depository and merchant accounts on the Certification (see Finding #1). The Board found the Campaign in violation and assessed a \$250 penalty.
- The Campaign did not file, by the due dates, financial disclosure statements required by the Board (see Finding #2). The Board found the Campaign in violation and assessed \$450 in penalties.
- The Campaign did not file the required daily disclosure statements during the two weeks preceding the 2009 primary election (see Finding #3). The Board found the Campaign in violation and assessed a \$200 penalty.
- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #4). The Board found the Campaign in violation and assessed a \$250 penalty.
- The Campaign did not report all advances correctly (see Finding #5).

Contribution Findings - All campaigns are required to abide by contribution limits and adhere to the ban on contributions from prohibited sources. Further, campaigns are required to properly document and disclose all contributions. Findings in this section relate to the Campaign's apparent failures to comply with the requirements for contributions under the Act and Rules.

- The Campaign accepted aggregate contributions exceeding the \$2,750 contribution limit for the 2009 election cycle (see Finding #6). The Board found the Campaign in violation and assessed \$4,842 in penalties.
- The Campaign accepted a contribution from a prohibited source (see Finding #7). The Board found the Campaign in violation and assessed a \$6,600 penalty.

- The Campaign did not disclose in-kind contributions received (see Finding #8). The Board found the Campaign in violation and assessed \$100 in penalties.

Expenditure Findings - Campaigns participating in the Program are required to comply with the spending limit. All campaigns are required to properly disclose and document expenditures and disburse funds in accordance with the Act and Rules. Findings in this section relate to the Campaign's apparent failures to comply with the Act and Rules related to its spending.

- The Campaign made cash disbursements greater than \$100, maintained a petty cash fund greater than \$500, and failed to provide a copy of its petty cash journal (see Finding #9). The Board found the Campaign in violation and assessed \$100 in penalties.

Other

- The Campaign intentionally furnished false documentation and information (see Finding #10). The Board found the Campaign in violation and assessed a \$5,000 penalty.

Findings and Recommendations

1. Depository Accounts – Identifying Information

Campaigns are required to report all bank, depository and merchant accounts used for campaign purposes on their Certification. *See* Administrative Code §3-703(1)(c) and Rules 1-11(d), 2-01(a) and 2-06(a).

CFB staff's review of bank statements provided by the Campaign revealed that information concerning Apple Bank account number xxx3928 and a PayPal merchant account (number not provided) was not reported to the CFB on the candidate's Certification (see also Finding #4a).

Previously Provided Recommendation

You must explain why you failed to disclose the bank and merchant accounts listed above and amend your Certification to include all missing account information.

Campaign's Response

In response to the Draft Audit Report ("DAR") and the Notice of Alleged Violations, Recommended Penalties and Public Funds Repayment Notice dated May 11, 2012 ("Notice"), the Campaign stated that the Apple Bank account was opened to receive deposits from its PayPal merchant account but that it had no actual statements from PayPal and that all other statements were provided.

Board Action

The Board found the Campaign in violation and assessed a \$250 penalty.

2. Failure to File and/or Late Filings

Campaigns are required to file disclosure statements on scheduled dates. *See* New York City Charter §1052(a)(8), Administrative Code §3-703(6) and 3-708(8) and Rules 1-09(a) and 3-02.

The Campaign failed to file, by the due date, the following:

<u>Statement #</u>	<u>Due Date</u>	<u>Date Filed</u>	<u># Days Late</u>
10	08/14/09	08/20/09	6
12	09/25/09	09/28/09	3

Previously Provided Recommendation

You must explain the lateness for the statements listed above. You may provide additional documentation to the CFB if it was not previously submitted.

Campaign's Response

In response to the DAR and the Notice, the Campaign stated that in regard to statement #10, the documents were mistakenly sent to the New York City Board of Elections. In regard to statement #12, the Campaign stated it was late in arriving to the office due to traffic and turned the documents in on the following Monday.

Board Action

The Board found the Campaign in violation and assessed \$450 in penalties.

3. Daily Pre-Election Disclosure – Statements of Contributions/Expenditures

During the two weeks preceding an election, if a candidate: (1) accepts a contribution or contributions from a single source or loan in excess of \$1,000; or (2) makes an expenditure in excess of \$20,000; during the 14 days preceding an election, the

candidate shall report such contributions, loans, and expenditures to the Board in a disclosure, received by the Board within 24 hours after it is accepted or made. These contributions and expenditures must also be reported in the Campaign's next disclosure statement. *See* Rule 3-02(e).

The Campaign did not file the required daily disclosures to report transactions that were reported on its subsequent financial disclosure statements (see Exhibit I).

Previously Provided Recommendation

You must explain why your failure to file the daily disclosures is not a violation. If you believe you filed the required daily disclosures, you should submit proof of the submission. Your Campaign cannot file any daily pre-election disclosures now.

Campaign's Response

In response to the DAR and the Notice, the Campaign stated that "following the illness of our CFB filing assistant the new person filed them on the computer as required but did not realize that filing on the C-Smart [sic] was not the same as submitting the filing. As far as she knew filing in C-Smart was the same as filing w/CFB. The treasurer did not know enough about the technology to realize that it had not been filed."

Board Action

The Board found the Campaign in violation and assessed a \$200 penalty.

4. Financial Disclosure Reporting - Discrepancies

Campaigns are required to report every contribution, loan, and other receipt received, and every disbursement made. *See* Administrative Code §3-703(6) and Rule 3-03. In addition, campaigns are required to deposit all receipts into an account listed on the candidate’s Certification. *See* Administrative Code §3-703(10) and Rule 2-06(a). Campaigns are also required to provide the CFB with bank records, including periodic bank statements and deposit slips. *See* Administrative Code §§3-703(1)(d), (g), and Rules 4-01(a),(b)(1),(f).

The Campaign provided CFB staff with its bank statements covering the following periods:

<u>Bank</u>	<u>Account #</u>	<u>Account Type</u>	<u>Statement Period</u>
Apple Bank	xxxx4124	Checking	November 18, 2008 through October 31, 2013
Apple Bank	xxxx3928	Checking	August 11, 2009 through August 31, 2009; September 30, 2009 through September 30, 2010; October 29, 2010 through June 30, 2011; and August 1, 2011 through August 31, 2011

- a) The Campaign did not provide the following bank and merchant account statements:

<u>Bank</u>	<u>Account #</u>	<u>Statement Period</u>
Apple Bank	xxxx3928	September 1, 2009 through September 29, 2009; October 1, 2010 through October 28, 2010; July 1, 2011 through July 31, 2011; and September 1, 2011 through Present
PayPal	None provided	Inception through Present

Note: See also Finding #1.

- b) The Campaign did not report transactions totaling \$8,767.20 that appeared on its bank statements (see Exhibit II).

- c) The Campaign reported transactions totaling \$51.36 that do not appear on its bank statements (see Exhibit III).
- d) The Campaign reported duplicate expenditures totaling \$2,779.97 (see Exhibit IV).
- e) The Campaign reported the following transaction that did not appear on its bank statements (see also Findings #4f and #10):

<u>Lender Name</u>	<u>Statement/ Schedule/ TransactionID</u>	<u>Date</u>	<u>Amount</u>
Wu, Thomas M.	12/I/R0001379	09/02/09	\$20,030.00

- f) A comparison of the Campaign’s submitted bank statements with information reported in the Campaign’s disclosure statements revealed the following receipts discrepancy:

<u>Total Reported Monetary Receipts</u>	<u>Total Credits Per Bank Statements</u>	<u>Dollar Variance</u>	<u>Percent Variance</u>
\$304,128.89	\$280,397.80	\$23,731.09	8.46%

Note: The variance is due in part to the Campaign’s failure to report a public funds payment of \$1,065.00 and its misreporting of a \$20,030 loan (see also Findings #4e and #10).

Previously Provided Recommendation

- a) You must provide all pages of the requested bank and merchant account statements.
- b) You must provide documentation for and amend your disclosure statements to report these unreported transactions.
- c) For each transaction reported in the Campaign’s disclosure statements but not appearing on the Campaign’s bank statements, you must provide evidence to

show that the transaction cleared the bank (i.e., a copy of the front and back of the check, or the missing bank statement), was reported in error, or amend your disclosure statement to void the check and forgive the expenditure payment. Any forgiven liabilities will be considered in-kind contributions.

- d) For duplicate transactions, you must amend your disclosure statements by deleting the duplicate transactions. If the transactions are not duplicates, you must explain why the transactions are not duplicates, provide documentation, and amend your disclosure statements to accurately report the transactions.
- e) You must provide a copy of the deposit slip and corresponding bank statements to show that these funds were deposited into the Campaign bank account.
- f) You must compare information reported on your financial disclosure statements to supporting documentation for contributions and/or expenditures and bank statements to identify and resolve the listed discrepancies. You may need to amend your disclosure statements and/or provide additional bank statements. In addition, responses to other parts of this finding may affect the cited variances.

Please note that any newly entered transactions will only appear as new transactions in an amendment to the last disclosure statement, even if the transaction dates are from earlier periods. Also note that the Campaign must file an amendment for each disclosure statement in which transactions are being modified. Once all data entry is completed, you should run the Modified Statements Report in C-SMART to identify the statements for which amendments must be submitted. If any new transactions have been added, you must amend Disclosure Statement 16.

Campaign's Response

- a) In response to the DAR, the Campaign provided bank statements, with the exception of those statements still cited.
- b) In response to the DAR, the Campaign amended its reporting, with the exception of those transactions still cited.
- c) In response to the DAR and the Revised Notice of Alleged Violations, Recommended Penalties and Public Funds Repayment Notice dated November 4, 2013 ("Revised Notice"), the Campaign amended its reporting and provided bank statements showing transactions cleared the account, with the exception of those still cited.
- d) In response to the DAR, the Campaign amended its reporting, with the exception of those transactions still cited.
- e) In response to the Notice and the Revised Notice, the Campaign provided statements and documentation that it misreported the cited transaction as a loan when it was actually an advance (see also Findings #4f and #10).
- f) In response to the Notice and Revised Notice, the Campaign provided bank statements and documentation substantiating that it had misreported a \$24,122 advance as a \$20,030 loan, reducing its variance to \$3,701.09 and 1.32% (see also Findings #4e, #6 and #10).

Board Action

- a) The Board found the Campaign in violation and assessed a \$250 penalty.
- b-d, f) The Board has taken no further action on these matters other than to make them a part of the Candidate's record with the Board.
- e) See Finding #10.

5. Advances

For each advance, campaigns are required to report the name and address of the person making the purchase (the advancer), the amount, and the name of the vendor from whom the purchase was made. See Administrative Code §§3-703(1)(g), 3-708(8) and Rule 3-03(c)(3).

- a) The Campaign did not properly report the name of the vendor for the advance listed below:

<u>Advancer Name</u>	<u>Vendor Name</u>	<u>Statement/ Schedule/ TransactionID</u>	<u>Liability Date</u>	<u>Amount</u>
Allen, Seth	Allen, Seth	16/P/R0001505	07/16/09	\$1,587.98

- b) CFB staff's review of reporting and documentation indicated that the following transactions reported as expenditures were actually advances:

<u>Name</u>	<u>Explanation</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Date Reported</u>	<u>Amount</u>
Chen, Ethel	Reimbursement	7/F/R0000287	01/21/09	\$1,500.96
Chen, Ethel	Reimbursement	8/F/R0000413	04/24/09	\$380.00
Ballot Consulting	Expense reimbursement	16/F/R0001617	09/19/09	\$853.00

Previously Provided Recommendation

- a) You must amend your disclosure statements to report the name and address of the vendors from whom the purchases was made. You must also submit all documentation related to the advance.
- b) You must amend your disclosure statements to report the names and addresses of each advancer and the vendors from whom the purchases were made. You must also explain why you did not report the transactions as advances. In

addition, you must also provide all documentation associated with these transactions.

Campaign's Response

- a) In response to the DAR, the Campaign stated it amended its reporting, however, it failed to disclose the actual vendor, Best Buy.
- b) In response to the DAR, the Campaign provided advance vouchers and invoices; however, it failed to amend its reporting of the cited transactions to disclose them as advances rather than expenditures (see Exhibit V).

Board Action

The Board has taken no further action on these matters other than to make them part of the Candidate's record with the Board.

6. Contributions Over the Limit

Campaigns may not accept contributions from any single source in excess of the applicable contribution limit for the entire election cycle. A single source includes, but is not limited to, any person or entity who or which establishes, maintains, or controls another entity and every entity so established, maintained, or controlled. Cumulative contributions from a single source may include monetary contributions, in-kind contributions, outstanding loans or advances, and debts older than 90 days unless the vendor has made a commercially reasonable attempt to collect payment.

Candidates participating in the Program may contribute to their own campaign up to three times the contribution limit. Non-participating candidates are not limited in the

amount they can contribute to their own campaign from their own money. *See* Administrative Code §3-703(1)(f) and Rule 1-04(h).

A loan not repaid by the day of the election is considered a contribution subject to the contribution limit. Loans that are forgiven or settled for less than the amount owed are also considered contributions. *See* Administrative Code §3-702(8) and Rule 1-05(a), (j).

Creditors who extend credit beyond 90 days are considered to have made a contribution equal to the credit extended, unless the creditor continues to seek payment of the debt. Outstanding liabilities that are forgiven or settled for less than the amount owed are also considered contributions. *See* Rule 1-04(g)(4), (5).

CFB staff's review revealed instances where the Campaign exceeded the contribution limit (see Exhibit VI).

Previously Provided Recommendation

You must refund the over-the-limit portion of each contribution by bank or certified check and provide the CFB with copies of the refund check or pay the Public Fund an amount equal to the amount of the overage. You must respond by indicating why you failed to comply with the contribution limit.

If you disagree with this finding, you must provide an explanation and documentation to demonstrate that the finding is not a violation.

For loans, you may provide copies of the front and back of cancelled checks showing that you repaid the loan before the date of the election. For outstanding liabilities, you may provide documentation showing that the debt remains an outstanding liability and that the creditor is attempting to collect the debt such as current invoices, collection notices, and/or letters from creditors.

Even if the over-the-limit contribution is refunded, exceeding the contribution limit may result in a finding of a violation and the assessment of penalties.

Campaign's Response

In response to the DAR, the Campaign provided copies of money order refunds to Danny Chao and Chun Y. Xian dated March 4, 2011.

In response to the Revised Notice, the Campaign stated that the Thomas Wu overage was an oversight due to “an administrative error” and that “we had thought we repaid the entire amount but because of the recording error, we did not” and that it wishes to “cure this error and be permitted to repay my brother.”

Board Action

The Board found the Campaign in violation and assessed \$4,842 in penalties.

7. Prohibited Contributions – Corporate/Partnership/LLC

Campaigns may not accept, either directly or by transfer, any contribution, loan, guarantee, or other security for a loan from any corporation. This prohibition also applies to contributions received after December 31, 2007 from any partnership, limited liability partnership (LLP), or limited liability company (LLC). *See* New York City Charter §1052(a)(13), Administrative Code §3-703(1)(l) and Rules 1-04(c),(e).

An unpaid debt owed to a prohibited entity that is outstanding beyond 90 days is also considered a prohibited contribution unless the entity is still seeking payment.

The Campaign accepted the following prohibited contribution:

<u>Name</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Received Date</u>	<u>Amount</u>
Sheinkopf Ltd.	Unreported	08/07/08	\$6,350.00

Note: An invoice was provided by the Campaign from the vendor indicating that \$5,500 of the retainer fee is outstanding. In addition, an invoice for other services in the amount of \$3,350 was provided, however, only \$2,500 of this amount was reported paid (8/F/R0000403). Therefore, an additional \$850 is owed, for a total of \$6,350. See also Finding #8 and Exhibits VIIa-c.

Previously Provided Recommendation

You must immediately refund each prohibited contribution by bank or certified check, and provide the CFB with a copy of the refund check, or pay the Public Fund the amount equal to the contribution. In addition, your Campaign must explain why it failed to comply with the prohibited contribution ban. Alternatively, you may provide documentation or evidence showing why each finding above is not a violation because the contribution was not from a prohibited entity. Even if the prohibited contribution is refunded, accepting a prohibited contribution is a violation and may result in the assessment of a penalty.

For the outstanding liabilities, you must pay the outstanding bills or provide documentation (i.e., current invoices, collection notices, and/or letters from the creditor showing that the debt remains outstanding) indicating that the creditor intends to collect the debt.

Even if the prohibited contribution is refunded, accepting a prohibited contribution is a violation and may result in the assessment of a penalty.

Campaign's Response

In response to the DAR, the Campaign stated that the “contract was cancelled by Sheinkopf Ltd. The contract cancellation was a matter initiated by Sheinkopf Ltd. over an allegation of breach for my choosing my own printers for printing palm cards and campaign mail. Whereas Sheinkopf Ltd. had stated fees for printing and mail without negotiability. We had from the outset agreed upon my using my own printers and direct mail houses instead of any printing services from Sheinkopf Ltd. Despite prior requests, Sheinkopf Ltd. had never invoiced. In the dispute, we offered to pay any invoices including sending a runner over with the payment. Ultimately Sheinkopf Ltd was dissatisfied and cancelled the contract. It is the Campaign's position that the contract was cancelled and that no further monies are owed on it.”

In addition, the Campaign provided documentation from the vendor that indicated \$5,500 of the retainer was still owed. The Campaign also provided an email dated August 18, 2009 from Andrew Moesel of Sheinkopf Ltd. to the Campaign stating that the Campaign was in breach of its contract, that it had not fulfilled its obligation to pay the retainer fee of \$10,000 in full by January 15, 2009, that if it did not cure the oversight in 72 hours the contract would be considered terminated, that all outstanding payments must be paid, and failure to pay could result in legal action.

In response to the Notice, the Campaign stated that it did not pay for services because they were not performed and that “there is no prima facie dispute as to services rendered as the consultant left at the start of the Campaign.”

In response to the Revised Notice, the Campaign stated that:

“Sheinkopf quit. This was due to a disagreement about the timing of a payment, which the Campaign offered to make, was told not to, then campaign expended the funds on hand and then Sheinkopf demanded payment which was not immediately possible. In the course of the dispute he quit. His contract was for the entire duration of the campaign. He quit before we even obtained the ballot. It is a violation of public policy to pay for nothing. It is an exploitation of public funds and an abuse of the public trust to penalize a campaign for not paying for services not rendered. The phrasing of the consultant contract is such that if the consultant does nothing from day 1, the campaign is liable for the entire amount and CFB threatens that non-payment would subject the campaign to a substantial penalty. This encourages bad behavior and penalizes campaigns acting in good faith to not waste public funds. To enact any penalty for protecting public funds from waste is not an honest use of public funds and an abuse of discretion to promote a practice that may only be deemed as encouraging corrupt.” In addition, the Campaign provided a letter and invoice from the vendor (Exhibit VIIb) referring to the breach of services as well as the balance owed.

At the Board meeting held on December 12, 2013, the Campaign acknowledged that some work was performed by the vendor. In addition, it stated that due to its dispute with the vendor, some services were not provided. However, the Campaign failed to provide documentation in support of its claim that the vendor failed to provide the services invoiced (see Exhibit VIIb).

Board Action

The Board found the Campaign in violation and assessed a \$6,600 penalty.

8. Undocumented or Unreported In-Kind Contributions

In-kind contributions are goods or services provided to a campaign for free, paid by a third party, or provided at a discount not available to others. The amount of the in-kind contribution is the difference between the fair market value of the goods or services and the amount your Campaign paid. Liabilities for goods and services for the Campaign which are forgiven, in whole or part, are also in-kind contributions. In addition, liabilities for goods and services outstanding beyond 90 days are in-kind contributions unless the vendor has made commercially reasonable attempts to collect. An in-kind contribution is both a contribution and expenditure subject to both the contribution and expenditure limits. *See* Administrative Code §3-702(8) and Rules 1-02 and 1-04(g). Volunteer services are not in-kind contributions. *See* Administrative Code §3-702(8) and Rule 1-02.

Campaigns are required to report all in-kind contributions they receive. *See* Administrative Code §3-703(6) and Rule 3-03. In addition, campaigns are required to maintain and provide the CFB with documentation demonstrating the fair market value of each in-kind contribution. *See* Administrative Code §3-703(1)(d),(g) and Rules 1-04(g)(2) and 4-01(c).

The Campaign provided a copy of a retainer agreement with Sheinkopf Ltd. dated August 7, 2008 for \$11,000 (see Exhibit VIIa and Finding #7). The Campaign reported only one payment to this vendor totaling \$2,500 on March 16, 2009 which did not appear to be related to the retainer fees. The Campaign did not report the \$11,000 retainer fee as either paid or outstanding.

Previously Provided Recommendation

You must explain your failure to report the retainer fee to Sheinkopf Ltd. as an outstanding liability and/or an in-kind contribution. If the retainer fee was paid, you must provide a copy of the cancelled check to demonstrate that. Also, you must amend your disclosure statements to report this transaction. In addition, an unpaid debt owed to a prohibited entity that is outstanding beyond 90 days is also considered a prohibited contribution unless the entity is still seeking payment. Therefore, even if this prohibited contribution is paid, accepting a prohibited contribution is a violation and may result in the assessment of a penalty.

If you disagree with this finding, you must provide an explanation and documentation to demonstrate that the finding is not a violation.

Campaign's Response

See the Campaign's response to Finding #7. In addition, the Campaign provided an invoice for the "balance for agreed upon retainer fee" (see Exhibit VIIb). However, it failed to provide documentation concerning how the initial \$5,500 payment was made or who made the payment.

In response to the DAR the Campaign, unprompted, stated that Judy Wu paid a reported outstanding liability of \$1,752 to Marching Technologies on September 14, 2009 (16/N/R0001609) as an in-kind contribution. The Campaign failed to provide any documentation of Judy Wu's alleged payment of this outstanding liability.

Board Action

The Board found the Campaign in violation and assessed \$100 in penalties.

9. Cash Disbursements Exceeding \$100 and Petty Cash Exceeding \$500

Campaigns are prohibited from maintaining a petty cash fund greater than \$500 and making disbursements from its petty cash fund in excess of \$100 for a single purchase. In addition, if a petty cash fund is maintained, the candidate shall maintain a petty cash journal. *See* Rule 4-01(e)(2). Campaigns are also prohibited from spending amounts greater than \$100 except by checks from a bank account reported to the CFB and signed by the Campaign’s authorized signatory. *See* Rule 1-08(i).

The Campaign made cash withdrawals which resulted in a petty cash fund which exceeded the established \$500 limit:

<u>Name</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Date</u>	<u>Amount</u>
Petty Cash	11/F/R0001100	08/18/09	\$400.00
Petty Cash	11/F/R0001102	08/18/09	<u>\$380.00</u>
		Total	<u>\$780.00</u>

Previously Provided Recommendation

You must explain and provide evidence as to why these petty cash transactions do not constitute a violation of Board Rules. You must also provide a copy of your petty cash disbursement records.

Campaign’s Response

In response to the DAR, the Campaign stated “we believe a significant portion of this overlaps Ballot Consulting advances.”

Board Action

The Board found the Campaign in violation and assessed a \$50 penalty for maintaining a petty cash fund greater than \$500 and a \$50 penalty for failing to provide a petty cash journal.

10. Intentionally furnishing false documentation and information

Campaigns may not intentionally or knowingly furnish false documentation or information to the Board. *See* Admin. Code §3-711(3). *See also* Admin. Code §§3-703(1)(d), 3-703(g), 3-703(6)(a) and Board Rules §§3-03(c)(3) 3-03(d), 4-01(g), and 4-01(m).

The Campaign reported receiving a \$20,030 loan from Thomas Wu on September 2, 2009, and submitted a notarized loan agreement, also dated September 2, 2009. However, this amount was never deposited into the Campaign's bank account. Additionally, the Campaign made subsequent payments to Thomas Wu, in 2009 and 2011, totaling \$20,030.

CFB staff asserted in the May 11, 2012 Penalty Notice that because the loan had never been deposited, the repayment to Thomas Wu indicated that Campaign funds had been converted to personal use. In other words, because there was no proof that Thomas Wu had ever actually loaned the Campaign the money, it was a conversion of Campaign funds to personal use to pay him any money "back."

In response, the Campaign provided Thomas Wu's bank records showing that he made a \$24,122 payment on behalf of the Campaign to 306 JMG (an advance) on August 31, 2009, provided a loan agreement for this amount but failed to report this transaction. In addition to reporting and submitting false loan documents, the Campaign's repayments to Thomas Wu, for this purported loan, totaled an entirely different amount: \$20,030.

Because loans are deposited in a campaign's bank account and expenditures are subsequently made from that account and separately reported, the Board does not consider a loan or its repayment to be expenditures. The Board does not attempt to identify specific transactions associated with the funds loaned to ensure that they are properly disclosed, because they are paid from the campaign's bank account. In contrast,

advances are never deposited in a campaign's bank account, and are considered expenditures. Advances must be correctly reported, so that the Board can request relevant documentation, ensure that payees are accurately disclosed, and track expenditure limit compliance.

The Campaign misreported the date, amount, and nature of the Thomas Wu advance, and issued repayments to him in the incorrect amount. The Campaign correctly categorized and reported three other loans it received, but by miscategorizing this advance as a loan, it concealed its expenditure to 360 JMG.

By failing to report the advance, and instead reporting and submitting documentation of a non-existent "loan," the Campaign intentionally furnished false documentation and information to Board staff. This misreporting materially misrepresented the totality of the Campaign's expenditures.

In its response, the Campaign argued that there is no evidence that it intentionally, willfully, or knowingly furnished false documentation and information. It stated that because a fundraiser held in August 2009 did not raise sufficient contributions, the Campaign planned to receive a \$20,030 loan from Thomas Wu. Instead, at 360 JMG's behest, Thomas Wu made a \$24,122 advance to 360 JMG on August 31, 2009. The Campaign decided that Thomas Wu should advance these funds directly to 360 JMG, rather than providing the loan to the Campaign (presumably to pay 360 JMG), to save time "due to the urgency of the print and mail schedule."

According to the Campaign, the candidate was aware of the advance, but failed to inform his treasurer. As a result, a "different transaction in the amount of \$20,030 occurred and it was mistaken as the loan from Thomas Wu." On September 2, 2009, "a \$20,030 loan document was processed by the treasurer from Thomas Wu, signed by James Wu." The Campaign stated that the \$24,122 advance "was submitted in the 360

JMG invoices to CFB but was later redacted as it could not be reconciled and it was uncertain what comprised its final payment...” It also stated that the \$24,122 advance was “not properly reconciled and [the Campaign] spent years trying to figure out the error” and that this error “was never hidden.”

The Campaign’s argument, however, failed to explain why it took so long to submit the documentation for the \$24,122 advance or why, when it knew that no loan occurred, it created and submitted a notarized loan document. The Campaign first provided this documentation to the CFB with the response to the May 11, 2012 Penalty Notice, not with its responses to the 2009 Initial Request for Documentation (“IDR”), the 2010 IDR Inadequate Response Letter, or the 2011 DAR. This repeated failure over a prolonged period, to submit a document showing a large expenditure, combined with the misreporting and submission of factually incorrect documentation, renders the Campaign’s argument that this was a mere mistake implausible.

Campaign’s Response

In response to the Revised Notice, the Campaign stated “there is nothing that supports a finding of ‘intent’, an act performed with a conscious decision to deprive another. There is no ‘mens rea’, a guilty mind acting ‘willfully’ and ‘knowingly’ [sic]. Our prior submission that this was an administrative error was not deemed sufficient and the campaign was only informed of this subsequent to the receipt of the final report that a more detailed explanation would be required to support this, despite an absence of evidence supporting an act of intent.”

In addition, the Campaign stated that the money from Thomas Wu was not actually a “loan,” but instead was “a payment to 360 JMG made by direct wire,” and that the Campaign “recorded incorrectly” the amount and “commensurate invoice.” The

submission by the Campaign of Thomas Wu's bank records show that he made a \$24,122 payment on behalf of the Campaign (as an advance) on August 31, 2009, but the Campaign never reported this \$24,122 advance. Furthermore, the Campaign's repayments to Thomas Wu totaled \$20,030, an entirely different amount from the \$24,122 advance.

At the Board meeting held on December 12, 2013, the Candidate reiterated the statements above. Additionally, the Candidate stated that this transaction was initially intended to be a \$20,030 loan, but the vendor billed for additional services and told him they would not perform the services without immediate payment. Because the funds were needed quickly, the Candidate asked Thomas Wu to advance the full amount due to the vendor, as opposed to loaning it to the Campaign. The Candidate admitted that he did not notify his treasurer of this change and that he did not remember the confusion until CFB staff notified him about the matter through the penalty process.

Board Action

The Board found the Campaign in violation and assessed a \$5,000 penalty.

**New York City Campaign Finance Board
Campaign Finance Information System
Transaction Summary Report
Appendix 1**

Candidate: Wu, James M (ID:1295-P)**Office:** 5 (City Council)**Election:** 2009

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$111,492.88
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$2,600.00
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$0.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$235,998.92
Expenditure payments	\$233,990.70	
Advance repayments	\$2,008.22	
9. Total unitemized expenditures		\$0.00
10. Total transfers-In (Sch G)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
11. Total transfers-out (Sch H)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
12. Total loans received (Sch I)		\$53,530.00
13. Total loan repayments (Sch J)		\$48,500.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$38,205.01
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$3,458.88
18. Total outstanding liabilities (Sch N - last statement submitted)		\$20,230.80
Outstanding Bills	\$19,401.44	
Outstanding Advances	\$829.36	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$101,966.00
Total public funds payment	\$101,966.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$19,011.00
22. Total Invalid Matchable Claims		\$4,850.00
23. Total Amount of Penalties Assessed		\$17,792.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Friends of James Wu
2009 Elections
Pre-Election Disclosure Transactions
(see Finding #3)

<u>Contributor Name</u>	<u>Transaction Type</u>	<u>Received Date</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Amount</u>
Wu, Thomas M.*	Loan	09/02/09	12/I/R0001379	\$20,030.00
Wong, Wei Hua	Monetary Contribution	09/05/09	12/ABC/R0001319	\$2,750.00
Chen, Ping Ping	Monetary Contribution	09/08/09	12/ABC/R0001338	\$2,600.00
Li, Chin Mei	Monetary Contribution	09/08/09	12/ABC/R0001336	\$2,400.00
Lieu, Chris	Monetary Contribution	09/09/09	12/ABC/R0001384	\$2,000.00
Kim, Sun	Monetary Contribution	09/09/09	12/ABC/R0001386	\$2,000.00
Du, Na	Monetary Contribution	09/10/09	12/ABC/R0001313	\$2,650.00
Liu, Jay	In-Kind Contribution	09/10/09	12/D/R0001390	\$1,800.00
Chen, Dao H.	Monetary Contribution	09/11/09	12/ABC/R0001339	\$2,600.00
Chen, Lih	Monetary Contribution	09/12/09	12/ABC/R0001367	\$2,750.00
Xiao, Chun Y	Monetary Contribution	09/14/09	12/ABC/R0001314	\$2,750.00

*See also Findings #6 and #10.

Exhibit II
Friends of James Wu
2009 Elections
Unreported Transactions
(see Finding #4b)

<u>Check No.</u>	<u>Date</u>	<u>Amount</u>
Debit	05/19/09	\$31.00
Debit	06/23/09	\$86.45
Debit	07/01/09	\$1.75
Debit	07/07/09	\$1.00
Debit	07/19/09	\$1.75
Debit	07/19/09	\$1.00
Debit	07/19/09	\$1.00
Debit	07/19/09	\$1.00
Debit	07/19/09	\$1.00
Debit	07/22/09	\$1.00
Debit	07/24/09	\$1.00
Debit	07/25/09	\$1.00
Debit	07/27/09	\$1.00
Debit	07/30/09	\$37.00
Debit	07/30/09	\$37.00
Debit	07/30/09	\$1.00
Debit	07/31/09	\$1.00
Debit	07/31/09	\$1.00
Debit	08/04/09	\$1.00
Debit	08/07/09	\$15.00
Debit	08/07/09	\$1.00
282*	08/10/09	\$2,500.00
283*	08/10/09	\$2,500.00
Debit	08/11/09	\$1.00
238	08/28/09	\$455.00
230	09/02/09	\$137.75
Debit	09/17/09	\$37.00
Debit	09/22/09	\$1.00
Debit	09/24/09	\$37.00
Debit	09/24/09	\$37.00
Debit	09/25/09	\$37.00
Debit	09/29/09	\$7.50
Debit	01/11/10	\$34.00
Debit	11/27/09	\$10.00
Debit	11/27/09	<u>\$2,750.00</u>
Total		<u>\$8,767.20</u>

*These checks were paid to and cashed by Leo Glickman.

Exhibit III

Friends of James Wu

2009 Elections

Uncashed Checks/Transactions Not Appearing on Bank Statements

(see Finding #4c)

<u>Payee</u>	<u>Check No.</u>	<u>Statement/ Schedule/ TransactionID</u>	<u>Paid Date</u>	<u>Amount</u>
Chan, Michael	354	11/F/R0000900	08/18/09	\$25.20
Guzzino, Daniel	356	11/F/R0000902	08/18/09	\$26.16
			Total	<u>\$51.36</u>

Exhibit IV
Friends of James Wu
2009 Elections
Duplicate Transactions
(see Finding #4d)

<u>Name</u>	<u>Check No./ Transaction Type</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Paid Date</u>	<u>Amount</u>	<u>Duplicate Reported Amount</u>
ballot consulting	323	11/F/R00000876	08/23/09	\$31.71	
ballot consulting	330	11/F/R00000889	08/25/09	\$27.00	
ballot consulting	435	16/F/R0001617	09/19/09	<u>\$853.00</u>	
				\$911.71	
ballot consulting*	N/A	16/N/R00000868	N/A		\$829.36
Brooklyn PR	Debit	16/F/R0001652	09/09/09	\$1,074.00	
Brooklyn PR	Debit	16/F/R0001653	09/09/09	\$514.00	
Apple	Debit	16/F/R0001824	09/08/09		\$1,588.00
Chen, Ethel	120	9/F/R0000475	05/21/09	\$325.11	
Chen, Ethel	120	9/F/R0000593	05/21/09		\$325.11
Cheng, John	N/A	16/N/R0001649	N/A	\$47.50	
Cheng, John	N/A	16/N/R0000923	N/A		\$37.50
				Total	<u>\$2,779.97</u>

*It appears that the Campaign reported \$58.71 (\$31.71 + \$27.00) as both a paid expenditure and as an outstanding liability.

Exhibit V
Friends of James Wu
2009 Elections
Advances
(see Finding #5b)

<u>Advancer Name</u>	<u>Vendor Name</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Reported Date</u>	<u>Invoice Date</u>	<u>Amount Reported</u>	<u>Amount Invoiced</u>
Chen, Ethel		7/F/R0000287	01/21/09		\$1,500.96	
	Circuit City	Unreported		01/14/09		\$1,500.96
Chen, Ethel		8/F/R0000413	04/24/09		\$380.00	
	Flushing Main Post Office	Unreported		01/03/09		\$84.00
	Flushing Main Post Office	Unreported		02/19/09		\$42.00
	New East Cuisine Manor	Unreported		03/09/09		\$44.00
	Dong Yi Fang Inc.	Unreported		04/18/09		\$164.64
	Flushing Main Post Office	Unreported		04/23/09		<u>\$45.36</u>
						\$380.00
Ballot Consulting		16/F/R0001617	09/19/09		\$853.00	
	Accord Limo	Unreported		08/13/09		\$34.00
	NY Parking Violation Notice	Unreported		08/17/09		\$35.00
	NYC Parking	Unreported		08/17/09		\$2.00
	Taxi	Unreported		09/05/09		\$6.10
	Staples	Unreported		09/06/09		\$131.71
	Staples	Unreported		09/06/09		\$91.42
	Staples	Unreported		09/06/09		\$71.84
	Staples	Unreported		09/07/09		\$35.92
	MTA	Unreported		09/11/09		\$23.00
	New Apple Trans. Inc.	Unreported		09/11/09		\$18.00
	Gino	Unreported		09/12/09		\$13.55
	Howard Johnson	Unreported		09/13/09		\$303.06
	Taxi	Unreported		09/14/09		\$40.00
	Hess	Unreported		09/15/09		\$25.01
	Panda take out	Unreported		09/15/09		<u>\$23.25</u>
						\$853.86

Exhibit VI
Friends of James Wu
2009 Elections
Contributions Over the Limit
(see Finding #6)

Page 1 of 2

CONTRIBUTIONS EXCEEDING THE LIMIT OF \$2,750

<u>Name</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Transaction Type</u>	<u>Incurred/ Received/ Refunded Date</u>	<u>Amount</u>	<u>Notes</u>
Chao, Danny	6/ABC/R000185	Monetary Contribution	01/02/09	\$20.00	
Chao, Danny	16/ABC/R0001563	Monetary Contribution	11/04/09	\$2,750.00	
Chao, Danny	16/M/R0001644	Contribution Refund	01/10/10	<u>(\$20.00)</u>	[1]
			Total	\$2,750.00	
			Office Limit	<u>(\$2,750.00)</u>	
			Amount Over-the-Limit	<u>\$0.00</u>	
Xiao, Chun Y	8/ABC/R000387	Monetary Contribution	05/08/09	\$175.00	
Xiao, Chun Y	12/ABC/R0001314	Monetary Contribution	09/14/09	\$2,750.00	
Xiao, Chun Y	16/M/R0001645	Contribution Refund	01/11/10	<u>(\$175.00)</u>	[1]
			Total	\$2,750.00	
			Office Limit	<u>(\$2,750.00)</u>	
			Amount Over-the-Limit	<u>\$0.00</u>	

Notes:

[1] The check issued as a refund for this transaction did not appear on the Campaign's bank statements as cashed. Although the Campaign reported refund dates of 01/10/10 and 01/11/10, the actual refunds were not issued until March 4, 2011 (via two money orders for which the funds were advanced by Ethel Chen), after the Campaign received its DAR.

Exhibit VI
Friends of James Wu
2009 Elections
Contributions Over the Limit
(see Finding #6)

Page 2 of 2

<u>Name</u>	<u>Statement/ Schedule/ Transaction ID</u>	<u>Transaction Type</u>	<u>Incurred/ Received/ Refunded Date</u>	<u>Amount</u>	<u>Notes</u>
Wu, Thomas	6/ABC/R0000089	Monetary Contribution	12/19/08	\$2,750.00	
Wu, Thomas	8/I/R0000423	Loan	05/11/09	\$20,000.00	
Wu, Thomas	9/J/R0000484	Loan Repayment	05/25/09	(\$5,000.00)	
Wu, Thomas	10/I/R0000830	Loan	07/26/09	\$12,500.00	
Wu, Thomas	11/J/R0001040	Loan Repayment	08/11/09	(\$15,000.00)	
Wu, Thomas	11/J/R0001039	Loan Repayment	08/11/09	(\$12,500.00)	
Wu, Thomas	12/I/R0001379	Loan	09/02/09	\$24,122.00	[1]
Wu, Thomas	12/J/R0001380	Loan Repayment	09/10/09	(\$5,000.00)	
Wu, Thomas	12/J/R0001381	Loan Repayment	09/12/09	(\$5,000.00)	
Wu, Thomas	12/J/R0001382	Loan Repayment	09/13/09	(\$1,000.00)	[2]
Wu, Thomas	12/J/R0001383	Loan Repayment	09/15/09	(\$5,000.00)	
Wu, Thomas	N/A – Post Election	Repayment of Loan Over-repayment	01/20/10	\$1,000.00	[3]
Wu, Thomas	N/A – Post Election	Loan	08/17/11	\$9,000.00	[4]
Wu, Thomas	N/A – Post Election	Loan Repayment	09/18/11	(\$5,030.00)	[5]
Wu, Thomas	N/A – Post Election	Loan Repayment	09/28/11	(\$9,000.00)	[6]
			Total	\$6,842.00	
			Office Limit	(\$2,750.00)	
			Amount Over-the-Limit	<u>\$4,092.00</u>	

Notes

- [1] This transaction was reported to the Campaign Finance Board as a \$20,030 loan from Thomas Wu to the Campaign on September 2, 2009. In addition, the Campaign provided a notarized loan agreement in the amount of \$20,030. In response to the Notice, the Campaign provided a signed loan agreement in the amount of \$24,122 and stated that the Campaign had incorrectly reported this transaction as a \$20,030 loan when it was actually a \$24,122 advance.
- [2] The Campaign reported this loan repayment as \$5,030. However, bank records requested for the post election audit indicate that this transaction was for \$1,000. When the Campaign was advised of this fact, it deleted the transaction.
- [3] The Campaign subsequently received a \$1,000 check from Thomas Wu to offset the incorrectly reported loan repayment of \$1,000. The date of the money order provided to document this transaction was October 14, 2011.
- [4] This loan was not revealed to Campaign Finance Board staff until the Campaign's response to its DAR.
- [5] This loan repayment is the balance owed for the misreported repayment described in Notes [2] and [3].
- [6] This loan repayment was not revealed to Campaign Finance Board staff until the Campaign's response to its Notice.

Exhibit VIIa
Friends of James Wu
2009 Elections
Prohibited Contributions – Corporate/Partnership/LLC
(see Finding #7)

NYC CFB RECEIVED

2009 JUL -6 PM 2:24



Retainer Agreement

The terms of this agreement come into effect as of August 7, 2008 by and between SHEINKOPF LTD., 152 Madison Ave., Suite 1603, New York, NY 10016 (hereinafter called "SHEINKOPF") and FRIENDS OF JAMES, P.O. Box 520705 (herein after called "CLIENT").

CLIENT desires to retain SHEINKOPF to provide campaign and media consulting services to CLIENT, services that are subject to the terms and conditions set forth in this Agreement as follows.

I. SCOPE OF WORK

- A. Directing CLIENT's immediate and long-term campaign strategy with respect to the media, as well as executing all general political consulting duties.
- B. Developing CLIENT's overall communications platform, including media relations and targeted voter messaging.
- C. Creation, production and placement of CLIENT's purchased media, including but not limited to, direct mail campaigns. SHEINKOPF will provide CLIENT with target breakdowns, creative guidelines and cost projections for all future media projects on a per-project basis subject to CLIENT's approval.

II. PAYMENT FOR SERVICES

- A. CLIENT agrees to pay SHEINKOPF a retainer fee of \$11,000, with \$500 to be paid upon execution of the agreement (August 7, 2008), \$500 to be paid by September 15, 2008 and a payment of \$10,000 due in full by January 15, 2009.
- B. Payment for all costs relating to media production and placement will be outlined in purchase orders to be submitted by SHEINKOPF and approved by CLIENT on an individual project basis.

III. REIMBURSEMENT OF EXPENSES

CLIENT agrees to reimburse SHEINKOPF for all reasonable out-of-pocket expenses incurred as a result of SHEINKOPF's performance of this Agreement, provided said out-of-pocket expenses are "pre-approved" by CLIENT before the expenses are incurred by SHEINKOPF.

SHEINKOPF shall submit itemized expense statements (along with receipts) to CLIENT detailing expenses related to SHEINKOPF's performance of this Agreement.

NYC CFB RECEIVED

2009 JUL -6 PM 2: 24

CLIENT agrees to reimburse SHEINKOPF within ten (10) days following receipt of an expense statement.

IV. TERM OF AGREEMENT

This Agreement will commence as of August 7, 2008 and shall continue through September 15, 2009 or until terminated, with termination adhering to the conditions outlined below.

V. TERMINATION

In the event that one party defaults on the terms of this Agreement, is insolvent, or commits an act of bankruptcy, the other party may treat this Agreement as terminated if such default or breach is not cured within 72 hours following receipt of written notice.

Either party shall have the right to terminate this Agreement only upon the written notice to the other party at least thirty (30) days in advance of the effective date of the proposed termination. In the event of termination or expiration of this Agreement, such termination or such expiration shall not affect the rights or obligations of any party that may have accrued on or prior to the effective date of termination.

Termination of the agreement by the CLIENT prior to the date the agreement comes into effect (January 1, 2009) will result in a forfeiture of the money paid upon execution of the agreement.

VI. CONFIDENTIALITY

SHEINKOPF agrees that any confidential information regarding CLIENT obtained as a result of the services provided hereunder shall not be disclosed to any other party except as required by law.

VII. AMENDMENT AND INTERPRETATION

This agreement may be amended only by the written agreement of the parties.

The parties hereto have executed the Agreement as of the date written above.

FRIENDS OF JAMES

Signed: [Signature]

Date: August 7, 2008

SHEINKOPF LTD.

Signed: [Signature]

Date: _____

Exhibit VIIIb
Friends of James Wu
2009 Elections
Prohibited Contributions – Corporate/Partnership/LLC
(see Finding #7)

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2011-10-17 NYC CFB



SHEINKOPF LTD

August 18, 2009

James Wu
Friends of James Wu
P.O. Box 520705
Flushing, NY 11352

Dear Mr. Wu,

This letter notifies you that you are in breach of your contract with Sheinkopf Ltd., executed August 7, 2008.

You did not fulfill your obligation to pay your retainer fee of \$10,000 in full by January 15, 2009 (invoice attached). Per the terms of this agreement, if this is not cured within 72 hours, we will treat this contract as terminated. Other outstanding payments are also attached to this correspondence and must be paid.

Failure to pay the outstanding balance could result in legal action. Please resolve this matter quickly.

Sincerely,

Andrew Moesel

2011-10-17 NYC CFB

Sheinkopf, Ltd.
152 Madison Ave
Suite 1603
New York, NY 10016

Invoice

Date	Invoice #
8/18/2009	1043

Bill To
Friends of James Attn: Ethel Chen PO Box 520705 Flushing, NY 11352

Description	Amount
Balance for agreed upon retainer fee	5,500.00
Total	\$5,500.00

Exhibit VIIc
Friends of James Wu
2009 Elections
Prohibited Contributions – Corporate/Partnership/LLC
(see Finding #7)

2011-10-17 NYC CFB

Sheinkopf, Ltd.
152 Madison Ave
Suite 1603
New York, NY 10016

Invoice

Date	Invoice #
5/1/2009	936

Bill To
Friends of James Attn: Ethel Chen PO Box 520705 Flushing, NY 11352

Description	Amount
Palm Card and Logo Design	850.00
Consulting fee	2,500.00
Total	\$3,350.00