



New York City Campaign Finance Board

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212.409.1800 | www.nycffb.info

Rose Gill Hearn
Chair

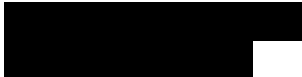
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Via C-Access
February 9, 2016

Alyona Badalova
Ari Kagan for City Council



Dear Alyona Badalova:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Ari Kagan (the "Campaign"). CFB staff prepared the report based on a review of the Campaign's financial disclosure statements and documentation submitted by the Campaign.

This report incorporates the Board's final determination of October 23, 2015 (attached). The report concludes that the Campaign demonstrated substantial compliance with the Campaign Finance Act (the "Act") and the Board Rules (the "Rules"), with exceptions as detailed in the report. As detailed in the attached Final Board Determination, the Campaign must repay its final bank balance of \$6,004.89.

The full amount owed must be paid no later than **March 10, 2016**. Please send a check in the amount of \$6,004.89, payable to the "New York City Election Campaign Finance Fund," to: New York City Campaign Finance Board, 100 Church Street, 12th Floor, New York, NY 10007.

If the CFB is not in receipt of the full amount owed by **March 10, 2016**, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB may also initiate a civil action to compel payment. In addition, 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.

The Campaign may challenge a public funds determination in a petition for Board reconsideration within thirty days of the date of the Final Audit Report as set forth in Board Rule 5-02(a). However, the Board will not consider the petition unless the Campaign submits new information

and/or documentation and shows good cause for its previous failure to provide this information or documentation. To submit a petition, please call the Legal Unit at 212-409-1800.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 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 New York State Board of Elections for information concerning its filing requirements.

The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,



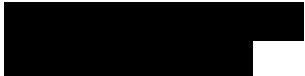
signature on original

Jonnathon Kline, CFE
Director of Auditing and Accounting

c: Ari Kagan



Ari Kagan for City Council



Attachments



EC2013 Final Audit Report

Ari Kagan for City Council

February 2016

Table of Contents

Table of Contents 2

RESULTS IN BRIEF 3

 Contribution Findings..... 3

 Expenditure Findings..... 3

 Public Matching Funds Findings 3

BACKGROUND 4

SCOPE AND METHODOLOGY 5

COMPLAINTS 8

OTHER MATTERS10

AUDIT RESULTS11

 Preliminary Contribution Findings11

 1. Prohibited Contributions – Corporate/Partnership/LLC11

 2. Undocumented or Unreported In-Kind Contributions12

 Expenditure Findings.....13

 3. Candidate Personal Contributions13

 Public Matching Funds Findings15

 4. Return of Final Bank Balance15

RESULTS IN BRIEF

The results of the New York City Campaign Finance Board’s (“CFB” or “Board”) review of the reporting and documentation of the 2013 campaign of Ari Kagan (the “Campaign”) indicate findings of non-compliance with the Campaign Finance Act (the “Act”) and Board Rules (the “Rules”) as detailed below:

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 disclose and document all contributions. Findings in this section relate to the Campaign’s failure to comply with the requirements for contributions under the Act and Rules.

- The Campaign accepted a contribution from a prohibited source (see Finding #1).
- The Campaign did not disclose in-kind contributions received (see Finding #2).

Expenditure Findings

Campaigns participating in the Campaign Finance 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 failure to comply with the Act and Rules related to its spending.

- The Campaign did not report personal contributions to non-candidate political committees made by the candidate that are attributable to the Campaign (see Finding #3).

Public Matching Funds Findings

The CFB matches contributions from individual New York City residents at a \$6-to-\$1 rate, up to \$1,050 per contributor. The CFB performs reviews to ensure that the correct amount of public funds was received by the Campaign and that public funds were spent in accordance with the Act and Rules. Findings in this section relate to whether any additional public funds are due, or any return of public funds by the Campaign is necessary.

- The Campaign is required to return its final bank balance (see Finding #4).

BACKGROUND

The Campaign Finance Act of 1988, which changed the way election campaigns are financed in New York City, created the voluntary Campaign Finance Program. The Program increases the information available to the public about elections and candidates' campaign finances, and reduces the potential for actual or perceived corruption by matching up to \$175 of contributions from individual New York City residents. In exchange, candidates agree to strict spending limits. Those who receive funds are required to spend the money for purposes that advance their campaign.

The CFB is the nonpartisan, independent city agency that administers the Campaign Finance Program for elections to the five offices covered by the Act: Mayor, Public Advocate, Comptroller, Borough President, and City Council member. All candidates are required to disclose all campaign activity to the CFB. This information is made available via the CFB's online searchable database, increasing the information available to the public about candidates for office and their campaign finances.

All candidates must adhere to strict contribution limits and are banned from accepting contributions from corporations, partnerships, and limited liability companies. Additionally, participating candidates are prohibited from accepting contributions from unregistered political committees. Campaigns must register with the CFB, and must file periodic disclosure statements reporting all financial activity. The CFB reviews these statements after they are filed and provides feedback to the campaigns.

The table below provides detailed information about the Campaign:

Name: Ari Kagan	Contribution Limit:
ID: 1717	\$2,750
Office Sought: City Council	
District: 48	Expenditure Limit:
	2010–2012: N/A
Committee Name: Ari Kagan for City Council	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 4, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$92,400
Primary Election Date: September 10, 2013	Returned: \$0
Party: Democratic	
	Campaign Finance Summary:
	http://bit.ly/1yRZLr7

SCOPE AND METHODOLOGY

Pursuant to Admin. Code § 3-710(1), the CFB conducted this audit to determine whether the Campaign complied with the Act and Rules. Specifically, we evaluated whether the Campaign:

1. Accurately reported financial transactions and maintained adequate books and records.
2. Adhered to contribution limits and prohibitions.
3. Disbursed funds in accordance with the Act and Rules.
4. Complied with expenditure limits.
5. Received the correct amount of public funds, or whether additional funds are due to the Campaign or must be returned.

Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. We evaluated the eligibility of each contribution for which the Campaign claimed matching funds, based on the Campaign's reporting and supporting documentation. We also determined the Candidate's eligibility for public funds by ensuring the Candidate was on the ballot for an election, was opposed by another candidate on the ballot, and met the two-part threshold for receiving public funds. Based on various criteria, we also selected the Campaign for an onsite review, and visited the Campaign's location to observe its activity and review its recordkeeping. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

To verify that the Campaign accurately reported and documented all financial transactions, we requested all of the Campaign's bank statements and reconciled the financial activity on the bank statements to the financial activity reported on the Campaign's disclosure statements. We identified unreported, misreported, and duplicate disbursements, as well as reported disbursements that did not appear on the Campaign's bank statements. We also calculated debit and credit variances by comparing the total reported debits and credits to the total debits and credits amounts appearing on the bank statements.

As part of our reconciliation of reported activity to the bank statements the Campaign provided, we determined whether the Campaign properly disclosed all bank accounts. We also determined if the Campaign filed disclosure statements timely and reported required activity daily during the two weeks before the election. Finally, we reviewed the Campaign's reporting to ensure it disclosed required information related to contribution and expenditure transactions, such as intermediaries and subcontractors.

To determine if the Campaign adhered to contribution limits and prohibitions, we conducted a comprehensive review of the financial transactions reported in the Campaign's disclosure statements. Based on the Campaign's reported contributions, we assessed the total amount

contributed by any one source and determined if it exceeded the applicable limit. We also determined if any of the contribution sources were prohibited. We reviewed literature and other documentation to determine if the Campaign accounted for joint activity with other campaigns.

To ensure that the Campaign disbursed funds in accordance with the Act and Rules, we reviewed the Campaign's reported expenditures and obtained documentation to assess whether funds were spent in furtherance of the Candidate's nomination or election. We also reviewed information from the New York State Board of Elections and the Federal Election Commission to determine if the Candidate had other political committees active during the 2013 election cycle. We determined if the Campaign properly disclosed these committees, and considered all relevant expenditures made by such committees in the assessment of the Campaign's total expenditures.

We requested records necessary to verify that the Campaign's disbursement of public funds was in accordance with the Act and Rules. Our review ensured that the Campaign maintained and submitted sufficiently detailed records for expenditures made in the election year that furthered the Candidate's nomination and election, or "qualified expenditures" for which public funds may be used. We specifically omitted expenditures made by the Campaign that are not qualified as defined by the Campaign Finance Act § 3-704.

We also reviewed the Campaign's activity to ensure that it complied with the applicable expenditure limits. We reviewed reporting and documentation to ensure that all expenditures—including those not reported, or misreported—were attributed to the period in which the good or service was received, used, or rendered. We also reviewed expenditures made after the election to determine if they were for routine activities involving nominal costs associated with winding up a campaign and responding to the post-election audit.

To ensure that the Campaign received the correct amount of public funds, and to determine if the Campaign must return public funds or was due additional public funds, we reviewed the Campaign's eligibility for public matching funds, and ensured that all contributions claimed for match by the Campaign were in compliance with the Act and Rules. We determined if the Campaign's activity subsequent to the pre-election reviews affected its eligibility for payment. We also compared the amount of valid matching claims to the amount of public funds paid pre-election and determined if the Campaign was overpaid, or if it had sufficient matching claims, qualified expenditures, and outstanding liabilities to receive a post-election payment. As part of this review, we identified any deductions from public funds required under Rule 5-01(n).

We determined if the Campaign met its mandatory training requirement based on records of training attendance kept throughout the 2013 election cycle. Finally, we determined if the Campaign submitted timely responses to post-election audit requests sent by the CFB.

Following an election, campaigns may only make limited winding up expenditures and are not going concerns. Because the activity occurring after the post-election audit is extremely limited, the audit focused on substantive testing of the entire universe of past transactions. The results of the substantive testing served to establish the existence and efficacy of internal controls. The CFB

also publishes and provides to all campaigns guidance regarding best practices for internal controls.

To determine if contributors were prohibited sources, we compared them to entities listed in the New York State Department of State's Corporation/Business Entity Database. Because this was the only source of such information, because it was neither practical nor cost effective to test the completeness of the information, and because candidates could provide information to dispute the Department of State data, we did not perform data reliability testing. To determine if reported addresses were residential or commercially zoned within New York City, we compared them to a database of addresses maintained by the New York City Department of Finance. Because this was the only source of such data available, because it was not cost effective to test the completeness of the information, and because campaigns had the opportunity to dispute residential/commercial designations by providing documentation, we did not perform data reliability testing.

In the course of our reviews, we determined that during the 2013 election cycle a programming error affected C-SMART, the application created and maintained by the CFB for campaigns to disclose their activity. Although the error was subsequently fixed, we determined that certain specific data had been inadvertently deleted when campaigns amended their disclosure statements and was not subsequently restored after the error was corrected. We were able to identify these instances and did not cite exceptions that were the result of the missing data or recommend violations to the Board. The possibility exists, however, that we were unable to identify all data deleted as a result of this error.

The CFB's Special Compliance Unit investigated any complaints filed against the Campaign that alleged a specific violation of the Act or Rules. The Campaign was sent a copy of all formal complaints made against it, as well as relevant informal complaints, and was given an opportunity to submit a response.

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. The Campaign responded, and the CFB evaluated any additional documentation provided and/or amendments to reporting made by the Campaign in response. The Campaign was subsequently informed of its alleged violations and obligation to repay public funds, and was asked to respond. The Campaign responded and the CFB evaluated any additional information provided by the Campaign. After reviewing the Campaign's response, CFB staff determined that the total recommended penalties for the Campaign's violations did not exceed \$500, and as a result the staff chose not to recommend penalties to the Board. CFB staff did recommend that the Board find that the Campaign must repay public funds. The Campaign chose not to contest the CFB staff recommendations. The Board's actions are summarized as a part of each Finding in the Audit Results section.

COMPLAINTS

Four complaints were filed against the Campaign, all by Dan Levitt, the treasurer of the campaign of Igor Oberman, who opposed the Candidate in the 2013 Democratic primary. All four complaints were dismissed by the Board.

March 18th Complaint

The complaint alleged that the Campaign failed to report, or misreported, expenditures related to posters, audio amplification equipment, consulting services, the website www.ari-kagan.com, and radio advertisements.

Regarding the posters, audio amplification equipment, and consulting services, the Campaign stated that it paid for these goods and services after receiving invoices from vendors, and provided relevant documentation. CFB staff confirmed that such expenditures were reported by the Campaign in its Disclosure Statement 8 filing.

Regarding the website www.ari-kagan.com, the Campaign stated that the website was not affiliated with the Campaign, that it was registered in 2009, and that the Candidate wrote articles for the site about community issues. CFB staff determined that while the website contained one article about the Campaign, out of many written by the Candidate, the website did not contain any issue positions or appeals for support, contributions, or volunteers and therefore did not constitute a Campaign expenditure.

Regarding the radio advertisements, the Campaign stated that they were not advertisements but rather announcements about a Campaign event made on two occasions by the Candidate in his role as the host of a daily news program for several years, and at the station owner's request. CFB staff determined the announcements conferred a *de minimis* benefit that did not need to be accounted for by the Campaign.

On June 20, 2013, the Board dismissed the complaint.

May 24th Complaint

The complaint alleged that the Campaign failed to report and underreported expenditures related to a fundraising event and photography services, resulting in unreported in-kind contributions from prohibited sources.

The Campaign identified previously reported expenditures for the event and photography services, and provided documentation. CFB staff found no evidence to substantiate the allegation in the complaint.

On July 11, 2013, the Board dismissed the complaint.

July 30th Complaint

The complaint alleged that the Campaign failed to report expenditures related to the Candidate's radio and television programs as well as the Candidate's newspaper column, resulting in unreported in-kind contributions from prohibited sources.

The complaint suggested that the initiation of the Candidate's role as host of the programs was directly related to his 2013 candidacy. The Campaign stated that the Candidate had a longstanding role as a media host, that he did not discuss the Campaign on the program, and that he nevertheless suspended his television role in June 2013 and his radio role in July 2013. CFB staff found no evidence to substantiate the allegation in the complaint.

Regarding the Candidate's newspaper column, the Campaign stated that the column appeared regularly since 2006 with the Candidate's byline and photograph and did not discuss the Campaign, and provided corroborating documentation. CFB staff found no evidence to substantiate the allegation in the complaint.

On August 28, 2013, the Board dismissed the complaint.

September 4th Complaint

The complaint alleged that the Campaign failed to report expenditures related to legal services provided by attorney Frank Carone.

In support of the allegation, the complaint cited the appearance of Mr. Carone's name as the "Contact Person to Correct Deficiencies" on the Campaign's designating petition cover sheet. The Campaign stated that Mr. Carone did not provide legal or petitioning-related services to the Campaign, but served as an available volunteer in the event of petition-related matters before the New York City Board of Elections. CFB staff found no evidence to substantiate the allegation in the complaint.

On September 26, 2013, the Board dismissed the complaint.

OTHER MATTERS

During the 2013 election cycle, Friends of Ari Kagan - 2012—another committee of Ari Kagan—made expenditures. As a result, the CFB attributed \$2,220.00 of the expenditures occurring between February 23, 2013 and June 17, 2013 to the Campaign.

The use of an entity other than the designated principal committee to aid in the election will result in the application of the Act and Board Rules, including the expenditure limit, to the other entity's activity. *See* Admin. Code §§ 3-702(2), (7), 3-703(1)(e); Board Rules 2-01(a), 1-08(c)(3).

Expenditures are presumed to be made for the first election following the day they are made, with the exception of State or local election expenditures made before the first January 12 following the election, or federal election expenditures made before the first January 1 following the election. *See* Board Rule 1-08(c)(1).

On September 4, 2013, the Campaign was notified that the CFB had preliminarily attributed expenditures made by other committees to the 2013 Campaign, and it subsequently disputed the attribution of the expenditures to the Campaign with its response to the Draft Audit Report on October 27, 2014, but it did not overcome its burden to show why the expenditures should not be attributed.

The Campaign's expenditures—adjusted for relevant factors including spending by other committees—did not result in a finding that the Campaign had exceeded the applicable expenditure limit(s), and as a result, the Campaign does not need to respond to this issue. However, candidates are reminded that if committees not reported to be involved in the election make expenditures, the Campaign has the burden of demonstrating that the expenditures were not related to the election.

AUDIT RESULTS

Preliminary Contribution Findings

1. 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); Admin. Code §§ 3-703(1)(l), 3-719(d); Rules 1-04(c), (e).

The Campaign accepted a contribution from entities listed on the New York State Department of State’s website as corporations, partnerships, and/or LLCs in the following instance:

CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
SpinGreen LLC	Unreported	Unknown	Unknown	(1)

(1) The CFB obtained a copy of a letter from the Campaign dated October 11, 2013, thanking SpinGreen for its “generous contribution.” *See* also Finding #2 and Exhibit I.

Previously Provided Recommendation

The Campaign must address each transaction individually:

- The Campaign must 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 an amount equal to the contribution.
- Alternatively, the Campaign may provide documentation or evidence (such as a copy of the contribution check) showing that the contribution was not from a prohibited entity.

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

Campaign’s Response

In its response to the Draft Audit Report, the Campaign stated it had no record of receiving a monetary or in-kind contribution from SpinGreen LLC, but that it did receive a contribution from

Elliot Groman, who works at SpinGreen LLC. The Campaign provided the contribution card and a copy of the personal check for \$200. The Campaign said it believes there may have been an error in the mail merge it created for thank you notes that would have created the letter found on the company's website. However, as the letter addressed directly to SpinGreen was posted on the company's website, this explanation is not sufficient to connect the personal contribution by Elliot Groman to a potential contribution from the corporation. The Campaign failed to provide an explanation or affirmation from SpinGreen that no contribution was made to the Campaign.

Board Action

The Board has taken no further action other than to make this a part of the Candidate's record with the Board.

2. 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 the 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. Volunteer services are not in-kind contributions. In-kind contributions are subject to contribution source restrictions. *See* Admin. Code § 3-702(8); Rules 1-02 and 1-04(g). Campaigns may not accept contributions from any corporation, partnership, limited liability partnership (LLP), or limited liability company (LLC). *See* Admin. Code § 3-703(1)(l).

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

Documentation obtained by the CFB indicates that one or more expenditures were made to advance the election of the Candidate. However, the Campaign did not report the expenditure.

DESCRIPTION OF ITEM	EXHIBIT #	NOTE
Contribution from SpinGreen LLC	I	(1)

(1) The CFB obtained a copy of a letter from the Campaign dated October 11, 2013, thanking SpinGreen for its “generous contribution” (see Exhibit I). If SpinGreen provided goods or services free of charge or at a discount not available to the general public, it is considered an in-kind contribution from a prohibited source. *See* also Finding #1.

Previously Provided Recommendation

For each transaction, the Campaign must provide a written explanation describing the good or service and how it was purchased or provided. If the purchase was previously reported, the Campaign must identify the relevant Transaction ID(s) of the purchase. If the Campaign purchased the goods or services listed, it must provide invoices, contracts, and any other documentation related to the purchase. If a third party purchased or donated the good or service, the Campaign must submit an in-kind contribution form completed by the contributor. If not previously reported, the Campaign must enter the bill and bill payment or in-kind contribution in C-SMART and submit an amendment to Statement 16.

Campaign’s Response

See Finding #1.

Board Action

The Board has taken no further action other than to make this a part of the Candidate’s record with the Board.

Expenditure Findings

3. Candidate Personal Contributions

Campaigns are required to report the candidate’s personal contributions of \$99 or more to political committees that support candidates in New York City and throughout New York State (except political committees of other candidates). Such contributions are presumptively campaign expenditures, unless the candidate rebuts the presumption. *See* CFB Final Determination No. 2009-1. Such contributions are also considered contributions by the candidate to the campaign, and count toward the candidate’s contribution limit.

Contributions reported to the New York State Board of Elections and the Federal Election Commission by the recipients indicate that the Candidate made contributions that the Campaign should have reported as Candidate Personal Contributions. *See* Exhibit II.

Previously Provided Recommendation

If the Campaign believes that it is not required to disclose the contribution listed on Exhibit II, it must provide an explanation and supporting documentation to demonstrate that:

- The Candidate has a prior personal relationship with the recipient political committee as described in CFB Final Determination No. 2009-1.
- The Candidate has a lengthy history of contributing to the entity at a similar or greater financial level.
- The transaction was a purchase of a good or service rather than a contribution.

If the Campaign cannot provide evidence of any of the scenarios listed above, it must enter the contributions listed on Exhibit II in C-SMART as Candidate Personal Contributions and submit amendments to its disclosure statements to report the transactions.

Campaign's Response

In response to the Draft Audit Report, the Campaign stated that the contribution was for a ticket to the Shorefront Democratic Club's Annual Dinner. The Campaign explained that the Candidate was elected Democratic District Leader in 2012 and as part of his obligations in that position he regularly contributed and attend functions of democratic clubs, before becoming a candidate for City Council in 2013. However, Board of Elections records only show one other contribution in 2011 from the Candidate to the Shorefront Democratic Club, which does not establish a lengthy history of contributing to this entity. The Campaign also noted that Friends of Ari Kagan-2012 purchased an ad in connection with this event and cited this as further proof that the personal contribution was not related to the Candidate's 2013 campaign but was part of his duties as District Leader. However, as the expenditure occurred after the Candidate's 2012 election, and as all expenditures are presumed to be made for the first election following the date they are made, that expenditure is also considered to be in furtherance of Ari Kagan for City Council (see Other Matters). The Campaign also stated that the contribution was related to a "bona fide benefit (attendance at the dinner)," however, event tickets are not considered to be a good or service, as the Candidate's attendance was not verified, and the ticket price cannot be demonstrated to be the actual fair market value of the dinner.

Board Action

The Board has taken no further action on this matter other than to make it a part of the Candidate's record with the Board.

Public Matching Funds Findings

4. Return of Final Bank Balance

Campaigns are required to return excess public funds after the election. *See* Admin. Code § 3-710(2)(c); Rule 5-03(e). Public funds are only intended to be used for campaign expenditures, and not every campaign will use all of the public funds it received. This may occur when additional contributions were received or a campaign spent less than anticipated. To ensure that excess public funds are not wasted, until excess public funds have been repaid the only disbursements allowed are those for the preceding election and routine post-election expenditures. Routine post-election expenditures are those involving nominal cost associated with winding up a campaign and responding to the post-election audit. *See* Rule 5-03(e)(2)(i), (ii).

The remaining balance in the Campaign's bank account was \$6,354.89, according to the Campaign's July 8, 2015 bank statement. The Campaign must return \$6,354.89 to the Public Fund as its final bank balance.

Previously Provided Recommendation

The Campaign must respond to all findings in this Draft Audit Report, including providing additional bank statements if requested. The Campaign must repay the final bank balance above with a check payable to the "New York City Election Campaign Finance Fund." If the Campaign disagrees with the amount, it must provide documentation and explanation to show why the amount is not correct. The Campaign may reduce the amount it must return to the Public Fund by proving that outstanding loans or outstanding liabilities timely reported on Statement 16 and not previously documented are still outstanding.

Campaign's Response

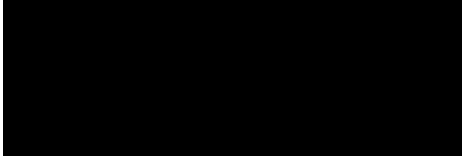
After the Board Meeting on October 23, 2015, the Campaign provided bank statements through January 11, 2016 showing a balance of \$6,004.89.

Board Action

The Board determined that the Campaign must repay \$6,004.89 to the Public Fund.

We performed this audit in accordance with the audit responsibilities of the CFB as set forth in Admin. Code § 3-710. We limited our review to the areas specified in this report's audit scope.

Respectfully submitted,

A large black rectangular redaction box covering the signature area.

signature on original

Jonnathon Kline, CFE

Director of Auditing and Accounting

Date: February 9, 2016

Staff: Danielle Willemin

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

Candidate: Kagan, Ari (ID:1717-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$84,890.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$305.00
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$200.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$151,932.26
Expenditure payments	\$151,932.26	
Advance repayments	\$0.00	
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)		\$0.00
13. Total loan repayments (Sch J)		\$0.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$0.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$805.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$50.00
Outstanding Bills	\$50.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$92,400.00
Total public funds payment	\$92,400.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$24,955.00
22. Total Invalid Matchable Claims		\$2,078.00
23. Total Amount of Penalties Assessed		N/A
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I

Ari Kagan for City Council

Prohibited Contributions – Corporate/Partnership/LLC – SpinGreen LLC

(see Finding #1 and Finding #2)



October 11, 2013

Dear SpinGreen,

Thank you so much for your generous contribution to my campaign. Your contribution helped us win nearly three thousand votes in the district!

I am deeply honored by the tremendous support our campaign received from every community and every neighborhood in the district. While I am deeply disappointed that I will not be the Democratic nominee for City Council in the 48th District, I am incredibly proud of the campaign we ran.

Over the past six months, we ran a positive race, highlighting the important issues facing Southern Brooklyn. This includes Hurricane Sandy recovery, upgrading our local infrastructure, improving schools, home care services and public transportation, helping small business owners, protecting the rights of co-op shareholders and preserving vital programs for our seniors.

Thank you for being involved in this campaign. I look forward to continuing to serve our community as a Democratic District Leader, journalist and community activist.

With sincere appreciation,

Ari

Exhibit II
Ari Kagan for City Council
Unreported Candidate Personal Political Committee Contributions
(see Finding #3)

Contributor	Payee	Source	Date	Amount
Ari Kagan	Shorefront Democratic Club	BOE	02/15/13	\$110.00
Total				<u>\$110.00</u>