



**New York City Campaign Finance Board**

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Via C-Access  
December 31, 2015

Ricky Pizarro  
Palma 2013

Dear Ricky Pizarro:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Annabel Palma (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 June 11, 2015, (attached). The report concludes that the Campaign did not fully demonstrate compliance with the requirements of the Campaign Finance Act (the "Act") and Board Rules (the "Rules").

As detailed in the attached Final Board Determination, the Campaign was assessed penalties totaling \$3,844.

The full amount owed must be paid no later than **February 1, 2016**. Please send a check in the amount of \$3,844, 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.

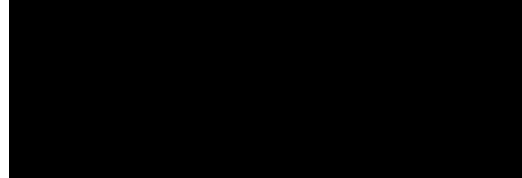
If the CFB is not in receipt of the full amount owed by **February 1, 2016**, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB may also initiate a civil action to compel payment. In addition, the Candidate will not be eligible to receive public funds for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. If the Campaign raises additional contributions to pay outstanding liabilities, please note that all 2013 election requirements, including contribution limits, remain in effect. 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](mailto:AuditMail@nyccfb.info) with any questions about the enclosed report.

Sincerely,



signature on original

Jonnathon Kline, CFE

Director of Auditing and Accounting

c: Annabel Palma



Palma 2013



Attachments



# **EC2013 Final Audit Report**

Palma 2013

December 2015

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## **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 Annabel Palma (the "Campaign") indicate findings of non-compliance with the Campaign Finance Act (the "Act") and Board Rules (the "Rules") as detailed below:

### ***Disclosure Findings***

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

- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #1).

### ***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 #2).
- The Campaign did not disclose in-kind contributions received (see Finding #3).
- The Campaign did not provide intermediary affirmation statements for contributions received through intermediaries (see Finding #4).

### ***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 #5).
- The Campaign made expenditures that were converted to a personal use (see Finding #6).

## 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: Annabel Palma	Contribution Limit:
ID: 767	\$2,750
Office Sought: City Council	
District: 18	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: Palma 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: \$168,000
Certification Date: May 23, 2013	
	Public Funds:
Ballot Status: Primary, General	Received: \$45,044.00
Primary Election Date: September 10, 2013	Returned: \$2,558.36
General Election Date: November 5, 2013	
Party: Democratic, Working Families	Campaign Finance Summary:
	<a href="http://bit.ly/1yS4OIk">http://bit.ly/1yS4OIk</a>

## 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. In January of 2013, we requested all bank statements to date from the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We then provided the results of this preliminary bank reconciliation to the Campaign on April 26, 2013. 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 was given the opportunity to respond. The Campaign responded and the CFB evaluated any additional information provided by the Campaign. CFB staff recommended that the Board determine that the Campaign committed violations subject to penalty. The Campaign chose to contest the CFB staff recommendations. The Board's actions are summarized as a part of each Finding in the Audit Results section. The finding numbers and exhibit numbers, as well as the number of transactions included in the findings, may have changed from the Draft Audit Report to the Final Audit Report.

**AUDIT RESULTS**

*Disclosure Findings*

**1. Financial Disclosure Reporting - Discrepancies**

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

The Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
Chase	XXXXX1786	Checking	Feb 2012-Aug 2014

Below are the discrepancies and the additional records needed, as identified by a comparison of the records provided and the activity reported by the Campaign on its disclosure statements.

a) The Campaign must provide the bank statements listed below:

BANK	ACCOUNT #	STATEMENT PERIOD
Chase	XXXXX1786	September 5-16, 2014
Litle & Company	XXXX4470	Inception-Present <sup>1</sup>

<sup>1</sup> The Campaign must provide copies of all merchant account statements from inception through the current date. The Campaign previously provided individual transaction receipts, which fail to document all account activity.

b) The Campaign did not report the transactions listed below that appear on its bank statements:

PAYEE/PAYOR	TRANSACTION	DATE	AMOUNT
West Farms Road Self S	Debit	10/07/13	\$70.00
Unknown <sup>2</sup>	Credit	10/11/13	\$70.00

c) A review of the Campaign’s merchant account statements revealed the following discrepancy:<sup>3</sup>

TOTAL REPORTED CREDIT CARD RECEIPTS	TOTAL CREDIT CARD RECEIPTS PER STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$5,365.00	\$0.00	\$5,365.00	100%

Also see Finding a) above.

**Previously Provided Recommendation**

- a) The Campaign must provide all pages of the requested bank statements.
- b) The Campaign must amend its disclosure statements to report these transactions. The Campaign must also provide documentation for each transaction. Because bank statements provide limited information about a transaction, the Campaign should review invoices or other records to obtain all of the information necessary to properly report the transaction.
- c) To resolve the listed discrepancies, the Campaign must compare the credit card receipts reported in its financial disclosure statements to supporting documentation, including merchant account statements, deposit slips, bank statements, and any documentation not previously submitted. The Campaign should ensure it has disclosed all depository and merchant accounts, and provided all statements from inception through present for those accounts. The Campaign should also review documentation to ensure that it correctly characterized the instrument type (i.e., Cash, Credit Card, Check, etc.) of each receipt it reported. The Campaign may need to amend its disclosure statements as a result.

<sup>2</sup> The Campaign stated that this is a cash refund from the Candidate for a personal expenditure which was mistakenly charged to the Campaign’s debit card. However, the Campaign did not report or provide documentation for these transactions.

<sup>3</sup> The percentage variance is determined by subtracting the Total Credit Card Receipts per Statements from the Total Reported Credit Card Receipts, and then dividing by the Total Reported Credit Card Receipts. A positive variance indicates that the Total Reported Credit Card Receipts exceeds the Total Credit Card Receipts per Statements. A negative variance indicates that the Total Reported Credit Card Receipts is less than the Total Credit Card Receipts per Statements.

## Campaign's Response

a) In its response to the Draft Audit Report, the Campaign did not provide the requested Litle & Co. merchant account #XXXX4470 statements. It did provide a spreadsheet, created by the Campaign, detailing fees charged to the Campaign for each reported credit card contribution. It had previously provided Act Blue transaction receipts. However, neither of these are substitutes for merchant account statements, as they fail to document all account activity.

In response to the Notice of Alleged Violations and Recommended Penalties the Campaign stated, "Act Blue a.k.a. Litle & Co. does not provide statements." Act Blue and Litle & Co. are different entities. The Campaign neither provided statements nor submitted documentation from the vendors indicating that they could not provide statements.

The Campaign did not provide a bank statement for Chase account # XXXXX1786 from September 5, 2014 through September 16, 2014, the date on the cashier's check to the New York City Campaign Finance Fund for the \$2,558.38, which the Campaign stated was the remainder of its bank balance.

b) In its response to the Draft Audit Report, the Campaign amended Disclosure Statement #16 to report several previously unreported transactions.

The Campaign asserted that CFB staff informed the Campaign that it should not report an accidental personal transaction by the candidate on October 7, 2013 to West Farms Road Self Storage that it refunded in cash to the Campaign account on October 11, 2013. However, there is no record of this conversation in CFB records. The Campaign is required to report all authorized debits and credits to the Campaign account, and it failed to report this debit. In addition, although the bank statement shows a \$70 credit to the Campaign account on October 11, 2013, the Campaign failed to report it.

c) The Campaign did not furnish any ActBlue or Litle & Co. account statements with its response to the Draft Audit Report or Enforcement Notice that would confirm the credit card receipts and reduce the merchant account variance. *See Finding #1a.*

## Board Action

a) The Board found the Campaign in violation and assessed \$500 in penalties.

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

c) The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board. *See Finding #1a.*

### *Contribution Findings*

## **2. 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).

a) Prior to the election, the Campaign accepted a contribution from an entity listed on the New York State Department of State’s website as a corporation, partnership, and/or LLC in the following instance. After notification from the CFB, the Campaign refunded the contribution.

PREVIOUSLY REFUNDED CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Savino, Marc	14/ABC/R0000909	10/09/13	\$250.00	(1)

(1) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from Century Waste Services, LLC.

b) The Campaign accepted a contribution from an entity listed on the New York State Department of State’s website as a corporation, partnership, and/or LLC in the following instance.

CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Accurateye Marketing	14/F/R0000855	10/03/13	Unknown	(1)

(1) The invoice provided contains a line item for “design, print and deliver poster stickers” with no corresponding charge, see Exhibit I. *See* also Finding #3.

### **Previously Provided Recommendation**

a) The Campaign previously refunded this prohibited contribution and no further response is necessary at this time. However, the Campaign may still be penalized for accepting this contribution. If the Campaign disagrees with this finding, it must provide an explanation and documentation to demonstrate that its acceptance of the contribution was not a violation.

b) 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 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**

a) In its response to the Draft Audit Report, the Campaign stated it had immediately refunded this prohibited contribution upon notification by the CFB. However, the Campaign did not refute the fact that it had accepted a prohibited contribution.

b) In its response to the Draft Audit Report, the Campaign stated that it paid and properly reported the full amount due on the invoice to Accurateye. However, the Campaign failed to address the vendor's missing charge for the invoice line item "design, print and deliver poster stickers." In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign stated that the line item was not a separate charge and was included in the \$2,500 invoice total; however, it failed to demonstrate that it did not receive an in-kind contribution from a prohibited source by providing a letter from the vendor supporting this statement. *See also Finding #3.*

### **Board Action**

a) The Board found the Campaign in violation and assessed \$125 in penalties.

b) The Board found the Campaign in violation and assessed \$250 in penalties.

### **3. 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).

Invoices for the expenditure listed below indicate that the Campaign received a discount in connection with the goods/services being provided.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	INVOICE DATE	AMOUNT	DISCOUNTED AMOUNT	NOTE
*Accurateye Marketing	14/F/R0000855	9/18/2013	\$2,500.00	Unknown	(1)

\*This may also be a prohibited corporate contribution. *See* Admin. Code §§ 3-703(1)(l), 3-719(2)(b); Rule 1-04(e) and Finding #2b.

(1) The invoice provided contains a line item for “design, print and deliver poster stickers” with no corresponding charge. *See* Exhibit I.

**Previously Provided Recommendation**

The Campaign must provide an explanation for the discount noted in the documentation. If the discount is routinely available to the general public or others, the Campaign must provide written confirmation from the vendor. If the discount is not routinely available to others, the Campaign must report the amount of the discount as an in-kind contribution from the vendor. If the vendor is a prohibited source, the Campaign must pay the amount of the discount to the vendor 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 prohibited contribution.

**Campaign’s Response**

In its response to the Draft Audit Report, the Campaign stated that it paid and properly reported the full amount due on the invoice to Accurateye. However, the Campaign failed to address the vendor’s missing charge for the line item of “design, print and deliver poster stickers” on the invoice for Transaction ID 14/F/R0000855. In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign stated that the line item was not a separate charge and was included in the \$2,500 invoice total; however, it failed to demonstrate that it did not receive an in-kind contribution from the vendor by providing a letter from the vendor supporting this statement. *See* also Finding #2b.

**Board Action**

The Board has taken no further action on this matter other than to make this a part of the Candidate’s record with the Board. *See* also Finding #2b.

**4. Intermediary Statements**

Campaigns are required to report all contributions delivered or solicited by an intermediary. Intermediaries are people who solicit or deliver contributions to campaigns. *See* Admin. Code §§ 3-702(12), 3-703(6) and Rules 3-03(c)(1) and (7).

The transactions listed in the Campaign’s reporting as intermediated do not match the transactions listed on the intermediary statements.

TRANSACTIONS REPORTED AS INTERMEDIATED THAT DO NOT APPEAR ON AN INTERMEDIARY STATEMENT

INTERMEDIARY ID	INTERMEDIARY NAME	STATEMENT/ SCHEDULE/ TRANSACTION	CONTRIBUTOR NAME	AMOUNT
1	Mujumder, Mohammed	6/ABC/R0000174	Yasmin, Mochha	\$10.00

**Previously Provided Recommendation**

The Campaign must explain why the contributions reported as intermediated differ from those listed on the intermediary statements provided. The Campaign must obtain updated intermediary statements signed by the intermediary with the appropriate transactions listed, or amend its reporting to match the intermediary statements, as appropriate.

**Campaign’s Response**

In its response to the Draft Audit Report, the Campaign stated that, after a review of C-SMART entries and intermediary forms, it believes that the intermediary did not collect the reported \$10 contribution from Mochha Yasmin (Transaction ID 6/ABC/R0000174), and that it was reported as an intermediated contribution in error. However, the Campaign failed to amend its reporting and continued to report it as an intermediated contribution.

**Board Action**

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



## *Expenditure Findings*

### **5. 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 contribution 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**

The Campaign did not report the Candidate's \$1,000.00 contribution to the Bronx Democratic County Committee on January 21, 2011. The Campaign stated that it did not understand the nature of the transaction, nor the CFB's request. Additionally, it noted that the Candidate made this contribution prior to registering the Campaign. Because the Campaign failed to provide a response to rebut the presumption that this contribution was a campaign expenditure, this transaction remains a finding.

**Board Action**

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

**6. Expenditures – Not In Furtherance of the Campaign**

Campaigns may only spend campaign funds for items that further the candidate’s election. Campaigns must keep detailed records to demonstrate that campaign funds were used only for those purposes. *See* Admin. Code §§ 3-703(1)(d), (g); Rule 4-01. The law gives examples of the types of expenditures that are presumed to be campaign-related, although in certain circumstances expenditures of the types listed as appropriate may be questioned. Among the relevant factors are: the quality of the documentation submitted; the timing and necessity of the expenditure; the amount of the expenditure and/or all expenditures of a specific type in relation to the Campaign’s total expenditures; and whether the expenditure is duplicative of other spending. The law also prohibits the conversion of campaign funds to personal use which is unrelated to a political campaign, and provides examples of expenditures that are not in furtherance of a campaign. *See* New York State Election Law §14-130; Admin. Code §§ 3-702(21), 3-703, and 3-710(2)(c); Rules 1-03(a), and 5-03(e), and Advisory Opinion No. 2007-3 (March 7, 2007). Expenditures not demonstrated to be in furtherance of the candidate’s election are considered “non-campaign related.”

The Campaign reported an expenditure listed below which—based on the reporting and/or documentation—is non-campaign related:

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT	NOTE
World Class Speech Services	14/F/R0000970	OTHER	10/14/13	10/21/13	\$2,375.00	(1)

(1) The characteristics of this expenditure indicate that it was made for personal use. The Campaign must provide the date and duration of each of the 10 sessions described in the documentation, and must explain how the service was in furtherance of campaign. Additionally, Campaign must explain the 5% discount and 10% “charity donation” which may represent further findings of corporate and/or unreported in-kind contributions.

**Previously Provided Recommendation**

The Campaign must explain how each expenditure listed is in furtherance of the Campaign, and provide supporting documentation. The explanation and documentation may include details of how, when, where, and by whom a good was used. For services, the documentation and explanation may include work product and/or additional details regarding how, when, and where

the service was provided; and how the service was necessary in light of the timing reported by the Campaign. The Campaign must review the questioned transaction and address any discrepancies in the timing. Expenditures that are not in furtherance of the Campaign may increase the amount of public funds that must be repaid.

### **Campaign's Response**

In its responses to both the Draft Audit Report and the Notice of Alleged Violations and Recommended Penalties, the Campaign contended that this expenditure was necessary to provide an edge in communicating with the voting public. It did not address the timing of this purchase (three weeks before the general election), nor specify how, when, and where the candidate used this service. In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign reiterated that the expense was made for the benefit of the Campaign and stated that the service was provided before the General Election. However, the Campaign again failed to address the specific request of the CFB to provide the date and duration of each session and details of how, when, and where the Candidate used the service. By failing to provide the information requested by the CFB, the Campaign failed to demonstrate that this service was related to the furtherance of the Campaign in the three weeks prior to the election rather than the personal benefit of the Candidate. Further, in neither response did the Campaign address the discount and donation language on the invoice.

### **Board Action**

The Board found the Campaign in violation and assessed \$2,969 in penalties.

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,



signature on original

Jonnathon Kline, CFE

Director of Auditing and Accounting

Date: December 31, 2015

Staff: Hannah Golden

Sonia M. Simões

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

**Candidate:** Palma, Annabel (ID:767-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$91,816.25
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$0.00
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)		\$133,463.50
Expenditure payments	\$132,809.11	
Advance repayments	\$654.39	
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)		\$590.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$35.65
Outstanding Bills	\$0.00	
Outstanding Advances	\$35.65	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$42,486.00
Total public funds payment	\$45,044.00	
Total public funds returned	(\$2,558.00)	
21. Total Valid Matchable Claims		\$9,600.00
22. Total Invalid Matchable Claims		\$225.00
23. Total Amount of Penalties Assessed		\$3,844.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

**Exhibit I**  
**Palma 2013**  
**Prohibited and Unreported In-Kind Contributions**  
**(see Findings #2b and #3)**

13/821

Accurateye Marketing & Consultant LLC

**Accurateye Marketing**

1687 Gleason Avenue  
(ALL MAIL) P.O. Box 1062  
Bronx, New York 10472  
718.822.0822  
718.931.2886  
[edison@accurateye.com](mailto:edison@accurateye.com)  
[accurateye.com](http://accurateye.com)

Bill To: Palma.2013.com  
Address: [REDACTED]

**Total Amount Due on:  
09/18/13**

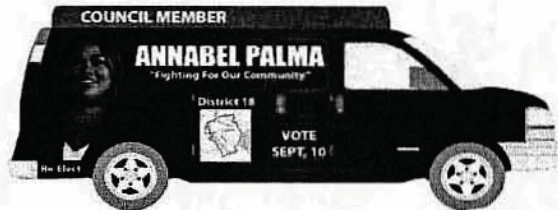


Contact: Ricky Pizarro

TAX I.D. # 270148698

Total Amount Due

Description	
Design, Print and Deliver 30,000 Palma 2013 palm cards for canvassing (general election)	\$2,500.00
Design, Print and Deliver Poster Stickers	



**Exhibit II**  
**Palma 2013**  
**Unreported Candidate Political Committee Contributions**  
**(see Finding #5)**

<b>Payee</b>	<b>Source</b>	<b>Date</b>	<b>Amount</b>
Bronx Democratic County Committee - Housekeeping	BOE	01/21/11	\$1,000.00